

This prospectus supplement, together with the short form base shelf prospectus dated May 13, 2014 to which it relates, as amended or supplemented, and each document incorporated by reference into this prospectus supplement or the accompanying prospectus, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus supplement constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or any state securities laws and, subject to certain exceptions, may not be offered or sold in the United States. See "Plan of Distribution". This prospectus supplement does not constitute an offer to sell or a solicitation of an offer to buy any of these securities in the United States.

Information has been incorporated by reference in this prospectus supplement from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Crombie Real Estate Investment Trust at 115 King Street, Stellarton, Nova Scotia, B0K 1S0, telephone (902) 755-8100, and are also available electronically at www.sedar.com

PROSPECTUS SUPPLEMENT

New Issue

May 23, 2014



CROMBIE REAL ESTATE INVESTMENT TRUST

\$60,022,500

4,530,000 Units

This prospectus supplement ("**Prospectus Supplement**"), together with the short form base shelf prospectus filed on May 13, 2014 to which it relates (the "**Short Form Prospectus**") qualifies the distribution of 4,530,000 units (the "**Units**") of Crombie Real Estate Investment Trust ("**Crombie**" or the "**REIT**") at a price of \$13.25 per Unit. The distribution and offering of the Units pursuant to this Prospectus Supplement is herein referred to as, the "**Offering**". The Units are being offered pursuant to an underwriting agreement dated May 23, 2014 (the "**Underwriting Agreement**") between the REIT and CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc., National Bank Financial Inc., RBC Dominion Securities Inc., Canaccord Genuity Corp., Raymond James Ltd., and Desjardins Securities Inc. (collectively, the "**Underwriters**" and each an "**Underwriter**"). The price for the Units offered under this Prospectus Supplement was determined by negotiation between the REIT and the Underwriters.

The outstanding Units of the REIT, the outstanding \$45 million aggregate principal amount of 5.75% Series C convertible unsecured subordinated debentures of the REIT (the "**Outstanding Series C Debentures**"), the outstanding \$60 million aggregate principal amount of 5.00% Series D convertible unsecured subordinated debentures of the REIT (the "**Outstanding Series D Debentures**") and the outstanding \$75 million aggregate principal amount of 5.25% Series E convertible unsecured subordinated debentures of the REIT (the "**Outstanding Series E Debentures**", and, together with the Outstanding Series C Debentures and the Outstanding Series D Debentures, the "**Outstanding Debentures**") are listed on the TSX under the symbols "CRR.UN", "CRR.DB.C", "CRR.DB.D" and "CRR.DB.E", respectively. On May 21, 2014, the last full trading day prior to the public announcement of the Offering, the closing price of the Units, the Outstanding Series C Debentures, the Outstanding Series D Debentures and the Outstanding Series E Debentures on the TSX were \$13.43, \$102.00, \$102.50 and \$103.50, respectively. The REIT has applied to list the Units issuable pursuant to the Offering on the TSX. Listing will be subject to the REIT fulfilling all of the listing requirements of the TSX.

An investment in the securities offered hereunder involves risk. The risk factors identified under the heading "Risk Factors" in this Prospectus Supplement should be carefully reviewed and evaluated by prospective subscribers before purchasing the securities being offered hereunder.

Price: \$13.25 per Unit

	Price to the Public	Underwriters' Fee	Net Proceeds to the REIT⁽¹⁾
Per Unit.....	\$13.25	\$0.53	\$12.72
Total.....	\$60,022,500	\$2,400,900	\$57,621,600

Notes:

- (1) Before deducting certain expenses of the Offering and the Concurrent Private Placement (as defined herein) estimated at \$475,000 which, together with the Underwriters' fee, will be paid from the proceeds of the Offering and the Concurrent Private Placement. See "Plan of Distribution".

The Underwriters, as principals, conditionally offer the Units, subject to prior sale, if, as and when issued by the REIT and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement and subject to the approval of certain legal matters on behalf of the REIT by Stewart McKelvey and on behalf of the Underwriters by Davies Ward Phillips & Vineberg LLP. In connection with the Offering, the Underwriters may, subject to applicable laws, over-allot or effect transactions intended to stabilize or maintain the market price of the Units at levels above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. **The Underwriters propose to offer the Units initially at the offering price specified above. After a reasonable effort has been made to sell all of the Units at the price specified, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Units remaining unsold. Any such reduction will not affect the proceeds received by the REIT. See "Plan of Distribution".**

Concurrently with the closing of the Offering, the REIT's subsidiary, Crombie Limited Partnership ("**Crombie LP**"), will issue 3,018,868 Class B limited partnership units of Crombie LP ("**Class B LP Units**") to ECL Developments Limited ("**ECL**"), a wholly owned subsidiary of Empire Company Limited ("**Empire**"), on a private placement basis at a price of \$13.25 per Class B LP Unit (the "**Concurrent Private Placement**"). ECL has, in respect of the Offering, waived its pre-emptive right to maintain its pro rata interest in the REIT on a fully diluted basis as described below under the heading "Retained Interest". Each Class B LP Unit is exchangeable for one Unit and has attached one Special Voting Unit of the REIT. No commission or other fee will be paid to the Underwriters in connection with the sale of Class B LP Units and Special Voting Units pursuant to the Concurrent Private Placement. ECL currently holds 50,241,245 Class B LP Units and Special Voting Units and 909,090 Units, representing a 41.6% economic and voting interest in the REIT. Upon closing of the Concurrent Private Placement and the Offering, ECL will hold 53,260,113 Class B LP Units and Special Voting Units and 909,090 Units, representing a 41.5% economic and voting interest in the REIT. This Prospectus Supplement does not qualify the distribution of the Class B LP Units and Special Voting Units issued pursuant to the Concurrent Private Placement. The Class B LP Units and Special Voting Units purchased pursuant to the Concurrent Private Placement will be subject to a statutory hold period.

Subscriptions for the Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The book-entry only certificate representing the Units in registered form held by CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee as registered global securities will be updated to reflect the issuance of the Units on the closing date, which is expected to occur on or about May 30, 2014 or such later date as the REIT and the Underwriters may agree, but in any event not later than 42 days after the date of this Prospectus Supplement. Unitholders will not be entitled to receive physical certificates representing their ownership.

Affiliates of each of CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc. and National Bank Financial Inc. are lenders to the REIT under the Revolving Credit Facility (as defined herein). In addition, Paul D. Sobey, a trustee of the REIT, is a member of the board of directors of an affiliate of Scotia Capital Inc. and Barbara Palk, a trustee of the REIT, is a member of the board of directors of an affiliate of TD Securities Inc. Accordingly, the REIT may be considered to be a "connected issuer" of each of CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc. and National Bank Financial Inc. within the meaning of applicable Canadian securities legislation. See "Relationship Between the REIT and Certain Underwriters".

The REIT is an unincorporated open-ended real estate investment trust governed by the laws of the Province of Ontario. **The REIT is not a trust company and is not registered under applicable legislation governing trust companies as it does not carry on or intend to carry on the business of a trust company. The Units are not "deposits" within the meaning of the Canada Deposit Insurance Corporation Act and are not insured under the provisions of that Act or any other legislation.**

Although the REIT intends to make distributions of a portion of its available cash to holders of the Units (the "Unitholders"), these cash distributions are not assured. A return on an investment in the REIT is not comparable to the return on an investment in a fixed-income security. The ability of the REIT to make cash distributions and the actual amount distributed will be dependent upon, among other things, the financial performance of the REIT, its debt covenants and obligations, its working capital requirements and its future capital requirements. The market value of the Units may deteriorate if the REIT is unable to maintain current levels of cash distributions in the future, and that deterioration may be material. An investment in the Units is subject to a number of risks and investment considerations that should be considered by a prospective purchaser. See "Risk Factors".

The Canadian income tax consequences to Unitholders who are Canadian residents will depend, in part, on the composition for tax purposes of distributions paid by the REIT. Distributions can be made up of both a "return on" and a "return of" capital. That composition may change over time, thus affecting a Unitholder's after-tax return. Subject to the application of the SIFT Regime (as defined herein) discussed under the heading "Certain Canadian Federal Income Tax Considerations", returns on capital are generally taxed as ordinary income, capital gains or dividends in the hands of a Unitholder while returns of capital are generally tax-deferred (and reduce the Unitholder's adjusted cost base in the Unit for tax purposes). Distributions of income and returns of capital to a Unitholder who is not resident in Canada for purposes of the *Income Tax Act* (Canada), as amended (the "**Tax Act**") or is a partnership that is not a "Canadian partnership" for purposes of the Tax Act may be subject to Canadian withholding tax. Prospective Unitholders should consult their own tax advisors with respect to the Canadian income tax considerations applicable in their circumstances.

The principal, registered and head office of the REIT is located at 115 King Street, Stellarton, Nova Scotia, B0K 1S0.

TABLE OF CONTENTS

ELIGIBILITY FOR INVESTMENT	S-1	CERTAIN CANADIAN FEDERAL INCOME	
ABOUT THIS PROSPECTUS SUPPLEMENT	S-1	TAX CONSIDERATIONS	S-8
MARKETING MATERIALS	S-2	PRIOR SALES	S-14
NOTE REGARDING FORWARD-LOOKING STATEMENTS	S-2	TRADING PRICE AND VOLUME	S-14
DOCUMENTS INCORPORATED BY REFERENCE	S-2	RISK FACTORS	S-16
THE REIT	S-3	MATERIAL CONTRACTS	S-16
CONSOLIDATED CAPITALIZATION	S-3	LEGAL MATTERS	S-16
USE OF PROCEEDS	S-4	AUDITORS, TRANSFER AGENT AND REGISTRAR	S-17
DESCRIPTION OF UNITS	S-4	INTEREST OF EXPERTS	S-17
PLAN OF DISTRIBUTION	S-5	PURCHASERS' STATUTORY RIGHTS	S-17
RELATIONSHIP BETWEEN THE REIT AND CERTAIN UNDERWRITERS	S-6	CERTIFICATE OF THE REIT	C-1
RETAINED INTEREST	S-7	CERTIFICATE OF THE UNDERWRITERS	C-2

ELIGIBILITY FOR INVESTMENT

In the opinion of Stewart McKelvey, counsel to the REIT, and Davies Ward Phillips & Vineberg LLP, counsel to the Underwriters, provided that the REIT qualifies as a "mutual fund trust" under the Tax Act at the date of closing, then on that date the Units will be qualified investments for a trust governed by registered retirement savings plan ("**RRSP**"), a registered retirement income fund ("**RRIF**"), a registered disability savings plan, a deferred profit sharing plan, a registered education savings plan or a tax-free savings account ("**TFSA**"), each as defined in the Tax Act ("**Exempt Plans**"). However, notwithstanding that the Units may be qualified investments for a trust governed by a TFSA, RRSP or RRIF, the holder of a or the annuitant of a RRSP or RRIF (each a "**Plan Holder**") will be subject to a penalty tax if the Units are a prohibited investment for such TFSA, RRSP or RRIF. Generally a Unit will not be a prohibited investment for a TFSA, RRSP or RRIF unless the Plan Holder does not deal at arm's length with the REIT for purposes of the Tax Act or has a significant interest (within the meaning of the Tax Act for purposes of the prohibited investment rules) in the REIT. Any Plan Holder who intends to acquire Units should consult a tax advisor.

ABOUT THIS PROSPECTUS SUPPLEMENT

In this Prospectus Supplement, references to the "REIT" includes its subsidiaries where the context requires. References to "dollars" or "\$" are to Canadian currency.

This document is in two parts. The first part is this Prospectus Supplement, which describes the specific terms of the securities that the REIT is offering and also adds to and updates certain information contained in the Short Form Prospectus and the documents incorporated by reference into this Prospectus Supplement or the Short Form Prospectus. The second part, the Short Form Prospectus, gives more general information.

Readers should rely only on the information contained in this Prospectus Supplement and the Short Form Prospectus or in documents incorporated by reference into this Prospectus Supplement and the Short Form Prospectus. The REIT and the Underwriters have not authorized any other person to provide prospective investors with different information and any such information should not be relied upon. The REIT and the Underwriters are not making an offer to sell the Units in any jurisdiction where the offer or sale is not permitted. Readers should

assume that the information appearing in this Prospectus Supplement and the Short Form Prospectus, as well as information the REIT has previously filed with the securities regulatory authority in each of the provinces of Canada that is incorporated by reference into this Prospectus Supplement and the Short Form Prospectus is accurate as of their respective dates only. The business, financial condition, results of operations and prospects of the REIT may have changed since those dates.

MARKETING MATERIALS

The Marketing Materials are not part of this Prospectus Supplement to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in this Prospectus Supplement. Any "template version" of "marketing materials" (each as defined in National Instrument 41-101 – General Prospectus Requirements) filed after the date of this Prospectus Supplement and before the termination of the distribution under the Offering (including any amendments to, or an amended version of, the Marketing Materials) is deemed to be incorporated into this Prospectus Supplement.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus Supplement contains forward-looking statements which reflect management's expectations regarding objectives, plans, goals, strategies, future growth, results of operations, performance and business prospects and opportunities of the REIT. Forward-looking statements are typically identified by words or phrases such as "anticipates", "expects", "believes", "estimates", "intends", and other similar expressions. These statements are based on management's assumptions and beliefs in light of the information currently available to them. These forward-looking statements are subject to inherent uncertainties, risks and other factors that could cause actual results to differ materially from such statements. These uncertainties and risks are discussed under "Risk Factors" in this Prospectus Supplement and in the information incorporated by reference herein, including those discussed in the "Risk Management" sections of the REIT's fiscal 2013 management's discussion and analysis and in the REIT's management's discussion and analysis for the quarter ended March 31, 2014 and in the "Risks" section of the REIT's annual information form in respect of the year ended December 31, 2013. Reference is also made to the disclosure concerning forward-looking statements in the information incorporated by reference herein.

When relying on forward-looking statements to make decisions, the REIT cautions readers not to place undue reliance on these statements, as a number of important factors could cause actual results to differ materially from any estimates or intentions expressed in such forward-looking statements. The REIT does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the REIT, except as required by Canadian securities laws.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference into the Short Form Prospectus solely for the purpose of the Offering. Other documents are also incorporated, or deemed to be incorporated, by reference into the Short Form Prospectus and reference should be made to the Short Form Prospectus for full particulars thereof.

Information has been incorporated by reference in this Prospectus Supplement from documents filed with the securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of the REIT at 115 King Street, Stellarton, Nova Scotia, B0K 1S0 (Telephone (902) 755-8100), and are also available electronically at www.sedar.com.

The following documents, filed with the securities commissions or similar regulatory authorities in Canada, are specifically incorporated by reference in, and form an integral part of, this Prospectus Supplement:

- (i) the unaudited interim consolidated financial statements of the REIT as at March 31, 2014 and 2013 and for the three months then ended, together with the notes thereto;
- (ii) management's discussion and analysis of the consolidated financial condition and results of operations of the REIT for the three months ended March 31, 2014; and

- (iii) the term sheet in connection with this Offering dated May 21, 2014 filed on SEDAR (the "**Marketing Materials**").

Any documents of the type referred to above and any interim financial statements, management's discussions and analyses, business acquisition reports or material change reports (other than confidential material change reports) filed by the REIT with the securities commissions or similar regulatory authorities in each of the provinces of Canada subsequent to the date of this Prospectus Supplement and prior to the termination of this distribution shall be deemed to be incorporated by reference into this Prospectus Supplement. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Prospectus Supplement to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document or statement that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that was required to be stated or that was necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus Supplement.

THE REIT

General

The REIT is an unincorporated open-ended real estate investment trust established pursuant to a declaration of trust dated as of January 1, 2006, as amended and restated from time to time (the "**Declaration of Trust**"), under, and governed by, the laws of the Province of Ontario.

The REIT was formed to invest in income-producing retail, office and mixed-use properties located in Canada. As at May 23, 2014 the REIT owned a portfolio of 250 commercial properties in ten provinces, comprising approximately 17.6 million square feet of gross leasable area. The objectives of the REIT are to: (i) generate reliable and growing cash distributions; (ii) enhance the value of the REIT's assets and maximize long-term unit value through active management; and (iii) expand the asset base of the REIT and increase its cash available for distribution through accretive acquisitions.

CONSOLIDATED CAPITALIZATION

There have not been any material changes in the consolidated capitalization or indebtedness of the REIT since March 31, 2014, the date of the REIT's most recently filed financial statements, other than the draw downs under the REIT's secured floating rate revolving credit facility with a maximum principal amount of \$285 million (the "**Revolving Credit Facility**").

The following table sets forth the pro forma capitalization of the REIT as at March 31, 2014, as adjusted to give effect to transactions that have closed since March 31, 2014, this Offering and the Concurrent Private Placement.

	As at March 31, 2014 before giving effect to transactions since March 31, 2014, this Offering and the Concurrent Private Placement	As at March 31, 2014 after giving effect to transactions since March 31, 2014, this Offering and the Concurrent Private Placement
	(unaudited) (expressed in 000's)	(unaudited) (expressed in 000's)
Indebtedness		
Mortgages	\$1,565,873	\$1,540,069
Senior Unsecured Notes	275,000	275,000
Convertible Debentures	180,000	180,000
Revolving Credit Facility	50,000	3,882
Deferred Financing Charges and Unamortized Issue Premium	(18,083)	(18,083)
Total Indebtedness	2,052,790	1,980,868
Net Assets Attributable to Unitholders Represented By:		
Crombie REIT Unitholders ⁽¹⁾	675,135	732,472
Special Voting Units and Class B LP Unitholders ⁽¹⁾	439,126	478,936
TOTAL CAPITALIZATION	\$3,167,051	\$3,192,276

Notes:

- (1) For financial statement purposes, the Units and Class B LP Units are classified as liabilities under International Financial Reporting Standards ("IFRS").

USE OF PROCEEDS

The net proceeds to the REIT from the Offering, after deducting the Underwriters' fee and certain other expenses of the Offering, are estimated to be \$57,337,000. The net proceeds to Crombie LP of the Concurrent Private Placement after deducting certain expenses of the Concurrent Private Placement are estimated to be approximately \$39,810,000. No commission or other fee will be paid to the Underwriters in connection with the sale of Class B LP Units and Special Voting Units pursuant to the Concurrent Private Placement.

Substantially all of the net proceeds from the Offering and the Concurrent Private Placement are expected to be used by the REIT to reduce a portion of the outstanding borrowings under the Revolving Credit Facility and for general trust purposes, including possible future acquisitions. See "Relationship Between the REIT and Certain Underwriters". The borrowings under the Revolving Credit Facility were principally used to fund property acquisitions by the REIT and repayment of maturing mortgage debt of the REIT. As of May 22, 2014 the principal amount outstanding under the Revolving Credit Facility was approximately \$107.2 million.

DESCRIPTION OF UNITS

The following is a summary of additional disclosure regarding the Units and is supplemental to the disclosure in the Short Form Prospectus. A more detailed summary of the attributes of the Units can be found in the REIT's AIF under the heading "Description of Capital Structure and Declaration of Trust".

Distributions on the Units are made to Unitholders of record as at the close of business on the last business day of the month preceding a distribution date. The current indicated monthly distribution is \$0.07417 per Unit. The first distribution that purchasers of Units may be eligible to receive will be for the month of May, payable on June 15, 2014 to holders of record as of May 31, 2014.

PLAN OF DISTRIBUTION

Under the Underwriting Agreement, the REIT has agreed to sell and the Underwriters have agreed to purchase on or about May 30, 2014, or on such later date as the REIT and the Underwriters may agree, 4,530,000 Units at a price of \$13.25 per Unit, for total gross proceeds to the REIT of \$60,022,500. The obligations of the Underwriters under the Underwriting Agreement may be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Units if any of the Units are purchased under the Underwriting Agreement. The obligations of the Underwriters to purchase the Units are several (and not joint or joint and several). The terms of the Offering and the price of the Units have been determined by negotiation between the REIT and the Underwriters.

Under the Underwriting Agreement, the REIT has agreed to pay the Underwriters a fee of \$0.53 per Unit, for an aggregate fee payable by the REIT of \$2,400,900, subject to the following paragraph, in consideration for their services in connection with the Offering. The Underwriters' fee in respect of the Units is payable on the closing of the Offering.

ECL has waived its pre-emptive right under the Exchange Agreement in connection with the Offering. See "Retained Interest". Instead, concurrently with the closing of the Offering, Crombie LP will issue 3,018,868 Class B LP Units of Crombie LP to ECL on a private placement basis at a price of \$13.25 per Class B LP Unit pursuant to the Concurrent Private Placement for total gross proceeds of approximately \$40 million. The obligation of the Underwriters to purchase the Units is subject to the condition, for the exclusive benefit of the Underwriters, that the Concurrent Private Placement shall have occurred on or before the closing of the Offering. This condition may be waived by the Underwriters in their sole discretion. Each Class B LP Unit is exchangeable for one Unit and has attached one Special Voting Unit of the REIT. No commission or other fee will be paid to the Underwriters in connection with the sale of Class B LP Units and Special Voting Units pursuant to the Concurrent Private Placement. ECL currently holds 50,241,245 Class B LP Units and Special Voting Units and 909,090 Units, representing a 41.6% economic and voting interest in the REIT. As a result, the Concurrent Private Placement constitutes a "related party transaction" under Multilateral Instrument 61-101 – Protection of Minority Security Holdings in Special Transactions ("**MI 61-101**"). MI 61-101 provides a number of circumstances in which a transaction between an issuer and a related party may be subject to valuation and minority approval requirements. An exemption from such requirements is available when the fair market value of the transaction is not more than 25% of the market capitalization of the issuer. The REIT has obtained exemptive relief from the requirements of MI 61-101 that, subject to certain conditions, would permit it to be exempt from the minority approval and valuation requirements for transactions that would have a value of less than 25% of the REIT's market capitalization if ECL's indirect economic and voting interest in the REIT was included in the calculation of the REIT's market capitalization. As a result, the 25% threshold referred to above would be approximately \$244 million as of May 21, 2014, which is more than the amount of the Concurrent Private Placement. Consequently the Concurrent Private Placement will not be subject to the valuation and minority approval requirements of MI 61-101. Upon closing of the Concurrent Private Placement and the Offering, ECL will hold 53,260,113 Class B LP Units and Special Voting Units and 909,090 Units, representing a 41.5% economic and voting interest in the REIT. This Prospectus Supplement does not qualify the distribution of the Class B LP Units and Special Voting Units issued pursuant to the Concurrent Private Placement. The Class B LP Units and Special Voting Units issued pursuant to the Concurrent Private Placement, and all Units issuable upon exchange of the Class B LP Units issued pursuant to the Concurrent Private Placement, will be subject to a minimum statutory hold period of four months from the closing of the Offering. The members of the Board of Trustees of the REIT who are considered to be independent of both the REIT and Empire approved the terms of the Concurrent Private Placement based on the fact that the Class B LP Units and Special Voting Units issuable under the Concurrent Private Placement are the economic and voting equivalent of the Units that ECL would be entitled to receive under its pre-emptive right in respect of the Offering, and the form of investment by ECL is consistent with its prior investments in the REIT.

Other than the Class B LP Units and Special Voting Units to be issued to ECL in connection with the Concurrent Private Placement and certain other exceptions, the REIT has agreed not to offer or issue, or enter into an agreement to offer or issue, Units or any securities convertible or exchangeable for Units for a period of 90 days subsequent to the closing of the Offering without the consent of the Underwriters, which consent may not be unreasonably withheld.

The REIT has applied to list the Units issuable pursuant to the Offering on the TSX. Listing will be subject to the REIT fulfilling all of the listing requirements of the TSX. Closing of the Offering is conditional on the Units issuable pursuant to the Offering being approved for listing on the TSX subject to the satisfaction of customary post closing conditions.

The Underwriters propose to offer the Units to the public initially at the offering price specified on the cover page of this Prospectus Supplement. After the Underwriters have made a reasonable effort to sell all of the Units at the offering price specified on the cover page, the offering price for the Units may be decreased and may be further changed from time to time to amounts not greater than those set forth on the cover page, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers of the Units is less than the amount paid by the Underwriters to the REIT.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Units. The foregoing restriction is subject to certain exceptions, on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of the Units. These exceptions include: (i) a bid or purchase permitted under the by-laws and rules of the TSX relating to market stabilization and passive market making activities; and (ii) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of the distribution. Such transactions, if commenced, may be discontinued at any time.

In connection with the Offering, the Underwriters may effect transactions that stabilize or maintain the market price of the Units offered hereby at levels other than those which otherwise might prevail on the open market. Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Units while the Offering is in progress. As a result of these activities, the price of the Units offered hereby may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on the TSX, in the over-the-counter market or otherwise.

The Units offered by this Prospectus Supplement have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**1933 Act**"), or the securities laws of any state, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in limited circumstances. The Underwriters have agreed that they will not offer or sell the Units within the United States, its territories or possessions or other areas subject to its jurisdiction or to, or for the account or benefit of, a U.S. Person (as such term is defined under the 1933 Act). In addition, until 40 days after the commencement of the Offering, an offer or sale of Units within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the 1933 Act if such offer is made otherwise than in compliance with Rule 144A.

Under the Underwriting Agreement, the REIT has agreed to indemnify and hold harmless the Underwriters and their respective officers, directors, employees, shareholders, partners, advisors and agents against certain liabilities.

RELATIONSHIP BETWEEN THE REIT AND CERTAIN UNDERWRITERS

Affiliates of each of CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc. and National Bank Financial Inc. are lenders to the REIT under the Revolving Credit Facility. In addition, Paul D. Sobey, a trustee of the REIT, is a member of the board of directors of an affiliate of Scotia Capital Inc. and Barbara Palk, a trustee of the REIT, is a member of the board of directors of an affiliate of TD Securities Inc. Accordingly, the REIT may be considered to be a "connected issuer" of each of CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc. and National Bank Financial Inc. within the meaning of applicable Canadian securities legislation.

Substantially all of the net proceeds of the Offering will be used by the REIT to reduce the outstanding balance under the Revolving Credit Facility and for general trust purposes including possible future acquisitions. As at May 22, 2014, approximately \$107.2 million was outstanding under the Revolving Credit Facility. As at that date, the REIT was in compliance in all material respects with the terms and conditions of the Revolving Credit Facility and no breach thereunder has been waived by the lenders under such agreements since their execution. The

Revolving Credit Facility is currently secured by first charges on six properties and related personal property held by the REIT, second mortgages on four properties and related personal property held by the REIT, and a security interest in all of the personal property of the REIT subject to certain exceptions relating to site specific financing. There has been no material change in the financial position of the REIT since the execution of the agreements governing the Revolving Credit Facility, except as described elsewhere in this Prospectus Supplement and in the documents incorporated by reference herein.

The decision to purchase Units by the Underwriters was made independently of their being affiliated lenders under the Revolving Credit Facility, and those lenders had no influence as to the determination of the terms of the distribution of the Units. The offering price of the Units and the other terms and conditions of the Offering were established through negotiations with the REIT and the Underwriters, without involvement of their affiliate lenders under the Revolving Credit Facility. None of CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc. and National Bank Financial Inc. nor their affiliate lenders will receive any benefit from the Offering, other than these Underwriters' respective portion of the Underwriters' fee payable by the REIT as described above and the lenders' receipt of their pro rata share of any repayments under the Revolving Credit Facility.

RETAINED INTEREST

Pursuant to the exchange agreement dated March 23, 2006 (the "**Exchange Agreement**") between the REIT, Crombie Subsidiary Trust, a trust established under the laws of the Province of Ontario, the sole unitholder of which is the REIT ("**CS Trust**"), Crombie LP, Crombie General Partner Limited, a company incorporated under the laws of Nova Scotia and which is a wholly-owned subsidiary of CS Trust ("**Crombie GP**") and ECL Properties Limited ("**ECL Properties**"), ECL Properties was granted certain rights in respect of the REIT, which include a pre-emptive right, for so long as ECL Properties and its affiliates continue to hold at least 10% of the Units (including Units issuable upon the exchange of the Class B LP Units of Crombie LP), to purchase Units in the REIT to maintain its pro rata ownership interest in the REIT. ECL Properties holds its interest in the REIT through its wholly-owned direct subsidiary ECL, a company existing under the laws of Nova Scotia, and has assigned its pre-emptive right to ECL.

As of the date hereof, ECL holds 41.6% of the economic and voting interest in the REIT through its ownership of 50,241,245 Class B LP Units and Special Voting Units and 909,090 Units. Each Class B LP Unit entitles the holder to cash distributions from Crombie LP equal to the distributions paid to holders of Units by the REIT. Each Class B LP Unit is accompanied by one Special Voting Unit of the REIT which provides the Class B LP Unit holder with the same voting rights in the REIT as one Unit provides to a Unitholder. Each Class B LP Unit is exchangeable into one Unit (subject to customary anti-dilution adjustments).

In connection with the Offering, the REIT was notified that instead of exercising the pre-emptive rights of ECL under the Exchange Agreement to acquire Units of the REIT, ECL would prefer to subscribe for a number of Class B LP Units and Special Voting Units, to be consistent with its prior investments in the REIT. The members of the Board of Trustees of the REIT who are considered to be independent of both the REIT and Empire approved the terms of the Concurrent Private Placement based on the fact that the Class B LP Units and Special Voting Units issuable under the Concurrent Private Placement are the economic equivalent of the Units that ECL would be entitled to receive under its pre-emptive right in respect of the Offering, and the form of investment by ECL is consistent with its prior investments in the REIT. Consequently, concurrently with the closing of the Offering, pursuant to the Concurrent Private Placement, ECL will subscribe for, and Crombie LP and the REIT will issue to ECL, 3,018,868 Class B LP Units and the associated Special Voting Units, at a price per Class B LP Unit equal to the price per Unit under the Offering. The Concurrent Private Placement will be completed by way of an exemption from the prospectus requirements under the applicable securities laws.

Following closing of the Concurrent Private Placement and the Offering, ECL will hold a 41.5% economic and voting interest in the REIT through its ownership of 53,260,113 Class B LP Units and Special Voting Units and 909,090 Units. Should all Outstanding Debentures, including those held by Empire, be converted into Units in accordance with their terms, then ECL's economic and voting interest in the REIT could be decreased to approximately 39.3%.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Stewart McKelvey, counsel to the REIT, and Davies Ward Phillips & Vineberg LLP, counsel to the Underwriters, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to the acquisition, holding and disposition of the Units by a holder who acquires such Units pursuant to this Prospectus Supplement. This summary is applicable to a holder of Units, who, for purposes of the Tax Act and at all relevant times, is resident in Canada, deals at arm's length with and is not affiliated with the REIT or the Underwriters and holds the Units as capital property (a "**Resident Unitholder**"). Generally, Units will be considered to be capital property to a Resident Unitholder provided that the Resident Unitholder does not hold the Units in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Resident Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have them (and every other "Canadian security" owned by the taxpayer in that taxation year and any subsequent taxation year) treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such holders should consult their own tax advisors regarding their particular circumstances.

This summary is not applicable to a Resident Unitholder (i) that is a "financial institution" subject to the mark-to-market rules in the Tax Act, (ii) that enters into a "derivative forward agreement" with respect to the Units, (iii) an interest in which is a "tax shelter investment" or (iv) that has elected to determine its Canadian tax results in accordance with the "functional currency" rules, as each of those terms is defined in the Tax Act. Such Resident Unitholders should consult their own tax advisors to determine the tax consequences to them of the acquisition, holding and disposition of Units acquired pursuant to this Prospectus Supplement. In addition, this summary does not address the deductibility of interest by a Resident Unitholder who has borrowed to acquire Units. For the purposes of this summary and the opinion given under the heading "Eligibility for Investment," a reference to the REIT is a reference to Crombie Real Estate Investment Trust only and is not a reference to any of its subsidiaries.

This summary is based on certain representations as to factual matters made in a certificate signed by an officer of the REIT and provided to counsel (the "**Officer's Certificate**"). This summary assumes that the representations made in the Officer's Certificate, including the representations whose satisfaction will ensure that the REIT qualifies and will continue to qualify as a "mutual fund trust", are true and correct and that the REIT has complied and will at all times comply with the Declaration of Trust, and that the REIT does and will continue to qualify as a "mutual fund trust" under the provisions of the Tax Act while the Units remain outstanding.

This summary is of a general nature only and is based upon the facts set out herein (including the documents incorporated by reference) and in the Officer's Certificate, the current provisions of the Tax Act and the Regulations, all proposals to amend the Tax Act and the Regulations publicly announced by the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"), and counsel's understanding of the current published administrative policies of the Canada Revenue Agency ("**CRA**"). There can be no assurance that the Tax Proposals will be implemented in their current form or at all. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in the law whether by legislative, governmental or judicial action or decision, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed in this Prospectus Supplement. There can be no assurances that the CRA will not change its administrative policies. Amendment of the Tax Act and Regulations could significantly alter the tax status of the REIT or the tax consequences of investing in Units.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on the Unitholder's particular circumstances. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any prospective purchaser of Units. Consequently, a prospective Unitholder (including a prospective Resident Unitholder) should consult the Unitholder's own tax advisor for advice with respect to the tax consequences of an investment in Units based on the prospective Unitholder's particular circumstances.

Status of the REIT

Mutual Fund Trust

This summary is based on the assumption that the REIT qualifies as a "mutual fund trust" as defined in the Tax Act on completion of the Offering and will thereafter continuously qualify as a mutual fund trust. This summary also assumes that the REIT was not established and was not and will not be maintained primarily for the benefit of non-residents of Canada or partnerships that are not "Canadian partnerships" (as defined in the Tax Act) and that the SIFT Regime (as described in more detail below under "SIFT Regime") is not applicable to the REIT.

If the REIT were not to qualify as a mutual fund trust, the income tax considerations described below would, in some respects, be materially different, with the potential for materially adverse effects on the after-tax returns of most Unitholders.

If Tax Proposals which were released by the Minister on September 16, 2004, and which have not been formally withdrawn, were enacted as proposed, the REIT might cease to qualify as a mutual fund trust for purposes of the Tax Act if, at any relevant time, the fair market value of all Units held by non-residents or partnerships which are not "Canadian partnerships" as defined in the Tax Act (or any combination thereof) was more than 50% of the fair market value of all issued and outstanding units of the REIT.

Qualified Investment

The Units will be qualified investments under the Tax Act for Exempt Plans, but may be a prohibited investments for certain Exempt Plans. See "Eligibility for Investment".

If the REIT ceases to qualify as a mutual fund trust and the Units are no longer listed on a designated stock exchange, the Units will cease to be qualified investments for Exempt Plans. Series 2 and Series 3 Trust Notes of CS Trust or other property received as a result of an *in specie* redemption of Units by the REIT would not be qualified investments for Exempt Plans, and, if acquired, could give rise to adverse consequences to the Exempt Plan or the annuitant or beneficiary thereunder. Accordingly, Exempt Plans that own Units should consult their own tax advisors before deciding to exercise the redemption rights attached to the Units.

Taxation of the REIT

The taxation year of the REIT is the calendar year. In each taxation year, the REIT will be subject to tax under Part I of the Tax Act on its income for the year, including net realized taxable capital gains, less the portion thereof that it deducts in respect of the amounts paid or payable in the year to Unitholders. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid to the Unitholder in the year by the REIT or if the Unitholder is entitled in that year to enforce payment of the amount.

The REIT's income will be determined under the Tax Act for each taxation year. The REIT's income will include such amount of income (including net realized taxable capital gains) as is paid or becomes payable to the REIT in the year in respect of CS Trust Units (and that CS Trust deducts in computing its income) and all interest on the Series 1 Trust Notes of CS Trust that accrues to the REIT to the end of the year, or that becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year. The REIT generally will not be subject to tax on any amount received as a repayment of principal in respect of the Series 1 Trust Notes, advances from CS Trust or any amount received as a return of capital from CS Trust in respect of CS Trust Units (provided that the amount of capital returned, if any, does not exceed the cost amount of the CS Trust Units held by the REIT).

Upon redemption of CS Trust Units in exchange for Series 2 Trust Notes and Series 1 Trust Notes in exchange for Series 3 Trust Notes, in connection with an *in specie* redemption of Units by the Unitholder, the REIT will be considered to dispose of the CS Trust Units and the Series 1 Trust Notes for proceeds of disposition equal to the fair market value of the Series 2 Trust Notes and Series 3 Trust Notes, respectively (which may give rise to income or capital gains to the REIT). The cost to the REIT of the Series 2 Trust Notes and Series 3 Trust Notes so acquired generally will be the fair market value thereof at the time of the exchange.

A distribution by the REIT of its property upon a redemption of Units will be treated as a disposition by the REIT of the property so distributed. The REIT's proceeds from the disposition of Series 2 and Series 3 Trust Notes on the distribution by the REIT of such CS Trust Notes to a Unitholder on an *in specie* redemption of Units will generally be equal to the fair market value of such CS Trust Notes. Such proceeds of disposition will generally be reduced by any accrued but unpaid interest in respect thereof. Such interest will generally be included in the REIT's income in the year of disposition to the extent it was not included in the REIT's income in a previous year. The REIT will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition of the CS Trust Units and the CS Trust Notes exceed (or are less than) the adjusted cost base of the CS Trust Units and the CS Trust Notes, respectively, and any reasonable costs of disposition.

In computing its income for purposes of the Tax Act, the REIT may deduct reasonable administrative costs and other reasonable expenses incurred by it for the purpose of earning income, generally including reasonable interest on borrowed funds. The REIT generally may also deduct from its income for the year a portion of the reasonable expenses incurred by the REIT to issue units. The portion of the issue expenses deductible by the REIT in a taxation year is 20% of the total issue expenses, pro-rated where the REIT's taxation year is less than 365 days.

Counsel has been advised that the REIT intends that an amount equal to all of the the REIT's income (determined without deduction for any distributions made by it and without regard to any dividend gross-up), including net realized taxable capital gains (other than income and taxable capital gains of the REIT arising on or in connection with an *in specie* redemption of Units which are paid or payable by the REIT to redeeming Unitholders and capital gains the tax on which may be offset by capital losses carried forward from prior years or is otherwise recoverable by the REIT), and the non-taxable portion of net realized capital gains of the REIT, will be payable by it in each year to the holders of the Units by way of cash distributions, subject to the exceptions described below. Under the Declaration of Trust, income of the REIT may also be used to finance purchases of Units for cash and accordingly would not be payable to Unitholders by way of cash distributions but rather will be payable in the form of additional Units ("**Reinvested Units**"). Income of the REIT (including net taxable capital gains) payable to Unitholders, whether in cash, Series 2 or Series 3 Trust Notes or Reinvested Units, will generally be deductible by the REIT in computing its income.

Counsel has been advised that the REIT intends to deduct in computing its income for purposes of the Tax Act the full amount available for deduction in each taxation year to the extent of its taxable income for the year otherwise determined so that the REIT will generally not be liable in such year for income tax under Part I of the Tax Act. Counsel can provide no opinion in this regard.

The REIT will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized taxable capital gains by an amount determined under the Tax Act based on the redemption of Units during the year (the "**Capital Gains Refund**"). Any Capital Gains Refund in a particular taxation year may not completely offset the REIT's tax liability for such taxation year. The Declaration of Trust provides that all or a portion of the income, including the taxable portion of any capital gains, realized by the REIT arising on or in connection with an *in specie* redemption of Units may, at the discretion of the Trustees, be paid or payable to, and as applicable designated as a taxable capital gain of, the redeeming Unitholders. Any amount so paid or payable must be included in the income of the redeeming Unitholders and will be deductible by the REIT. In addition, any accrued interest on CS Trust Notes distributed to a redeeming Unitholder will be treated as an amount paid or payable to such Unitholder and will be deductible by the REIT.

Losses of the REIT cannot be allocated to Unitholders but may be deducted by the REIT in future years, subject to and in accordance with the detailed rules in the Tax Act in that regard.

SIFT Regime

A taxation regime in the Tax Act applies to specified investment flow-through trusts or partnerships ("**SIFTs**"). If the REIT were to become subject to this regime (the "**SIFT Regime**"), the REIT would generally be taxed in a manner similar to corporations on income from business carried on in Canada by the REIT, and on income (other than taxable dividends) or capital gains from non-portfolio properties (as defined in the Tax Act), at a combined federal/provincial tax rate similar to that of a public corporation. Allocations or distributions of income and capital gains that are subject to the SIFT rules are taxed as a dividend from a taxable Canadian corporation in the hands of the beneficiaries or partners of the SIFT.

REIT Exception

The SIFT Regime is not applicable to a real estate investment trust that meets certain specified criteria relating to the nature and extent of its direct or indirect revenues, gains and property (a "**Non-SIFT REIT**"). In particular, to qualify under the Tax Act for the exception under the SIFT Regime applicable to a Non-SIFT REIT (the "**REIT Exception**") in a particular taxation year (i) not less than 90% of the REIT's "non-portfolio property" must be "qualified REIT properties" at all times in the year, (ii) not less than 90% of the REIT's "gross REIT revenues" for the taxation year must be from one or more of the following: "rent from real or immovable properties"; interest; capital gains from dispositions of "real or immovable properties"; dividends; royalties; and gains from the disposition of certain real estate inventory properties which are contiguous to "real or immovable property" and that are necessary and incidental to the holding of such property; (iii) not less than 75% of the REIT's "gross REIT revenues" for the taxation year must be from one or more of the following: "rent from real or immovable properties"; interest from mortgages, or hypothecs, on "real or immovable properties"; and capital gains from dispositions of "real or immovable properties"; and (iv) at no time in the taxation year may the total fair market value of all properties held by the REIT, each of which is a "real or immovable property", indebtedness of a Canadian corporation represented by a bankers' acceptance, cash (including bank deposits or deposits with a credit union), or, generally, a debt obligation of a government in Canada or certain other public bodies, be less than 75% of the fair market value of all the REIT's issued and outstanding units at that time. The definition of "qualified REIT property" includes property held by the REIT that is: "real or immovable property" and capital property of the REIT; a security of a "subject entity" that is a nominee holder of legal title of certain real or immovable property; and property (excluding certain securities or obligations) that is ancillary to the earning by the REIT of (A) rent from "real or immovable property" or (B) capital gains from the disposition of such properties. Interest or other distributions received from a subsidiary (but potentially excluding a subsidiary which is a partnership whose revenues or gains are recognized for the above purposes based on the interest of the REIT in such partnership) generally will be deemed to be "rent from real or immovable property" to the extent that the distribution may reasonably be considered to be derived from such rent. The REIT has advised counsel that it anticipates that it will qualify as a Non-SIFT REIT throughout 2014 and that it has no reason to anticipate that it will not continue to qualify thereafter as a Non-SIFT REIT.

Taxation of CS Trust

The taxation year of CS Trust is the calendar year. In each taxation year, CS Trust will be subject to tax under Part I of the Tax Act on its income for the year, including net realized taxable capital gains, less the portion thereof that it deducts in respect of amounts paid or payable in the year to its sole unitholder, the REIT. The income of CS Trust will include its share of the income of Crombie LP for each fiscal year of Crombie LP ending on or before the year-end of CS Trust. If Crombie LP were to incur losses for tax purposes, CS Trust's ability to deduct such losses may be limited by certain rules under the Tax Act.

In computing its income for purposes of the Tax Act, CS Trust may deduct reasonable administrative costs and other reasonable expenses incurred by it for the purpose of earning income, generally including reasonable interest on borrowed funds. Under the CS Trust Declaration, an amount equal to all of the income of CS Trust including net realized taxable capital gains and the non-taxable portion of net realized capital gains of CS Trust, will be payable in the year to the REIT.

Counsel has been advised that CS Trust intends to deduct in computing its income for purposes of the Tax Act the full amount available for deduction in each taxation year to the extent of its taxable income for the year otherwise determined so that CS Trust will generally not be liable in such year for income tax under Part I of the Tax Act. Counsel can provide no opinion in this regard.

Taxation of Crombie LP

Crombie LP is not subject to tax under the Tax Act. Each partner of Crombie LP, including CS Trust, will be required to include in computing the partner's income the partner's share of the income or loss of Crombie LP for its fiscal year ending in or coincidentally with the partner's taxation year, whether or not any such income is distributed to the partner in the taxation year. For this purpose, the income or loss of Crombie LP will be computed for each fiscal year as if Crombie LP were a separate person resident in Canada. In computing the income or loss of Crombie LP, deductions will be claimed in respect of its reasonable administrative and other expenses incurred for

the purpose of earning income from business or property (generally including reasonable interest on borrowed funds) and available capital cost allowances. The income (including taxable capital gains) or loss of Crombie LP for a fiscal year will be allocated to the partners of Crombie LP, including the CS Trust, on the basis of their respective shares of such income or loss determined in accordance with the terms of the LP Agreement, subject to the detailed rules in the Tax Act in that regard. Crombie LP will include, in computing its income for these purposes, its share of the income (or in many circumstances, the loss) for purposes of the Tax Act of Crombie Properties II Partnership for its fiscal year ending in or coincidentally with Crombie LP's taxation year.

Crombie LP is not subject to taxation in its current taxation year under the SIFT Regime based on all equity interests in Crombie LP being held throughout the year directly or indirectly by the REIT and a taxable Canadian corporation (ECL). Management has advised counsel that it does not anticipate that Crombie LP will be subject to such tax in any subsequent taxation year.

Taxation of CDL

The taxation year of Crombie Developments Limited ("**CDL**") is the calendar year. In each taxation year, CDL is subject to tax on its taxable income determined under the Tax Act.

Taxation of Resident Unitholders

Distributions

A Resident Unitholder will generally be required to include in income for a particular taxation year the portion of the net income of the REIT for a taxation year, including net realized taxable capital gains, that is paid or payable to the Resident Unitholder in the particular taxation year (and that the REIT deducts in computing its income), whether such portion is received in cash, additional Units or otherwise.

The after-tax return from an investment in Units to Resident Unitholders subject to Canadian federal income tax will depend, in part on the composition for tax purposes of distributions paid by the REIT (portions of which may be fully or partially taxable or may constitute non-taxable returns of capital). The composition for tax purposes of those distributions may change over time, thus affecting the after-tax return to Resident Unitholders.

The Declaration of Trust provides that income and net taxable capital gains of the REIT for purposes of the Tax Act will be allocated to Resident Unitholders in the same proportion as distributions received by Resident Unitholders, subject to the discretion of the Trustees to adopt an allocation method which the Trustees consider to be more reasonable in the circumstances.

Provided that appropriate designations are made by the REIT and CS Trust, such portion of net taxable capital gains as is paid or payable to a Resident Unitholder will effectively retain its character and be treated as such in the hands of the Resident Unitholder for purposes of the Tax Act. As a result of designations that may be made by CS Trust in respect of distributions made by it to the REIT that are considered under the Tax Act to be traceable to any dividends paid by CDL to Crombie LP, the REIT may be deemed for purposes of the Tax Act to have received taxable dividends from a taxable Canadian corporation. To the extent that amounts distributed by the REIT to Resident Unitholders are designated as taxable dividends from a taxable Canadian corporation, the gross-up and dividend tax credit rules, including the enhanced dividend tax credit applicable to certain dividends will apply in respect of Resident Unitholders who are individuals, the refundable tax under Part IV of the Tax Act will be payable by Resident Unitholders that are private corporations (or certain other corporations controlled directly or indirectly by or for the benefit of an individual or related group of individuals) and the deduction in computing taxable income generally will be available to Resident Unitholders that are corporations. An additional refundable 6 $\frac{2}{3}$ % tax will be payable by Resident Unitholders that are "Canadian-controlled private corporations" (as defined in the Tax Act) in certain circumstances.

The non-taxable portion of any net realized capital gains of the REIT paid or payable to a Resident Unitholder in a taxation year will not be included in computing the Resident Unitholder's income for the year. Any other amount in excess of the net income of the REIT that is paid or payable to a Resident Unitholder in such year (otherwise than as proceeds of disposition of the Units), will not generally be included in the Resident Unitholder's income for the year but will reduce the adjusted cost base of the Units held by the Resident Unitholder. To the extent

that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Resident Unitholder from the disposition of the Unit and will be added to the adjusted cost base of the Unit so that the adjusted cost base will be re-set to zero.

Purchasers of Units

Since distributions are made on a monthly basis, a Resident Unitholder may become taxable on a portion of the net income of the REIT accrued or realized by the REIT in a month before the time the Unit was acquired by such Resident Unitholder but which was not paid or made payable to Resident Unitholders until the end of the month and after the time the Unit was acquired. A similar result may apply on an annual basis in respect of a portion of capital gains accrued or realized by the REIT in a year before the time the Unit was acquired but which is paid or made payable to Resident Unitholders at year end and after the time the Unit was acquired.

Dispositions of Units

On the disposition or deemed disposition of a Unit, including on the redemption of the Unit, the Resident Unitholder will realize a capital gain (or capital loss) equal to the amount by which the Resident Unitholder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. Proceeds of disposition will not include an amount payable by the REIT that is otherwise required to be included in the Resident Unitholder's income (such as an amount designated as payable by the REIT to a redeeming Resident Unitholder out of the capital gains or income of the REIT as described above).

For the purpose of determining the adjusted cost base to a Resident Unitholder of Units, when a Unit is acquired, the cost of the newly acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the Resident Unitholder as capital property immediately before that time. Where Units are redeemed and the redemption price is satisfied by the distribution of Series 2 or Series 3 Trust Notes, or other property of the REIT, to the redeeming Resident Unitholder, the proceeds of disposition to the Resident Unitholder of the Units will be equal to the fair market value of the Series 2 or Series 3 Trust Notes, or other property of the REIT, so distributed less any income or capital gain realized by the REIT as a result of or in connection with such distribution which is paid or payable by the REIT to the redeeming Resident Unitholder including, in the case of Series 2 or Series 3 Trust Notes, any accrued interest thereon. Where any income or a capital gain is realized by the REIT upon or in connection with an *in specie* distribution of property on a redemption of Units and such income or gain is paid or payable by the REIT to a redeeming Resident Unitholder, the Resident Unitholder will be required to include the income, or the taxable portion of the capital gain, designated by the REIT, in the Resident Unitholder's income. Under the Declaration of Trust, at the discretion of the Trustees, interest accrued in the taxation year of the REIT in which the redemption occurs on Series 2 or Series 3 Trust Notes distributed on or in connection with an *in specie* distribution of property on a redemption of Units which has not been paid at the time of such distribution may be paid or payable to the Resident Unitholder and therefore may be included in the Resident Unitholder's income in the year the Unit is redeemed. The cost to a Resident Unitholder of any Series 2 or Series 3 Trust Notes or other property of the REIT distributed by the REIT to the Resident Unitholder upon a redemption of Units will be equal to the fair market value of such property at the time of the distribution less, in the case of a Series 2 or Series 3 Trust Note, any accrued but unpaid interest. The Resident Unitholder will thereafter be required to include in income interest on any Series 2 or Series 3 Trust Note so distributed in accordance with the provisions of the Tax Act. To the extent such interest inclusion is in respect of any interest accrued to the date of the acquisition of a Series 2 or Series 3 Trust Note by the Resident Unitholder, an offsetting deduction generally will be available.

Capital Gains and Capital Losses

One-half of any capital gain realized by a Resident Unitholder on a disposition or deemed disposition of Units and the amount of any net taxable capital gains designated by the REIT in respect of a Resident Unitholder will be included in the Resident Unitholder's income as a taxable capital gain. One-half of any capital loss realized by a Resident Unitholder on a disposition or deemed disposition of Units may generally be deducted only from taxable capital gains, subject to and in accordance with the provisions of the Tax Act.

A Resident Unitholder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6²/₃% on certain types of income, including taxable capital gains.

Where a Resident Unitholder that is a corporation or trust (other than a mutual fund trust) disposes of a Unit, the Resident Unitholder's capital loss from the disposition will generally be reduced by the amount of dividends, previously designated by the REIT to the Resident Unitholder except to the extent that a loss on a previous disposition of a Unit has been reduced by those dividends. Analogous rules apply where a corporation or trust (other than a mutual fund trust) is a member of a partnership that disposes of Units.

Alternative Minimum Tax

In general terms, net income of the REIT paid or payable to a Resident Unitholder, who is an individual or a certain type of trust, that is designated as net taxable capital gains and capital gains realized on the disposition of Units by such a Resident Unitholder, may increase the Resident Unitholder's liability for alternative minimum tax.

PRIOR SALES

No Units, or any securities convertible into or exchangeable for Units, have been issued by the REIT within the last 12 months, other than as set out in the Short Form Prospectus.

TRADING PRICE AND VOLUME

Units

The Units are listed and posted for trading on the TSX under the symbol "CRR.UN". The following table sets forth information relating to the trading of the Units on the TSX for the months indicated.

Month	High	Low	Volume
May 2013	\$16.04	\$15.05	1,401,490
June 2013	\$15.32	\$12.76	2,878,554
July 2013	\$13.73	\$13.00	3,878,690
August 2013.....	\$13.54	\$12.48	7,747,379
September 2013	\$13.24	\$12.61	2,179,416
October 2013	\$13.45	\$12.66	2,066,627
November 2013	\$13.68	\$13.00	3,389,900
December 2013.....	\$13.84	\$13.04	4,150,253
January 2014	\$13.93	\$13.05	2,676,493
February 2014	\$13.59	\$13.07	2,013,429
March 2014	\$13.64	\$13.00	2,662,500
April 2014.....	\$13.47	\$13.16	1,774,324
May 2014 (1-22).....	\$13.65	\$13.23	1,920,186

On May 21, 2014 the last full trading day prior to the public announcement of the Offering, the closing price of the Units on the TSX was \$13.43. On May 22, 2014, the last trading day prior to the date of this Prospectus Supplement, the closing price of the Units on the TSX was \$13.35.

Series C Debentures

The Outstanding Series C Debentures are listed and posted for trading on the TSX under the symbol "CRR.DB.C". The following table sets forth information relating to the trading of the Outstanding Series C Debentures on the TSX for the months indicated.

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
May 2013.....	\$109.50	\$105.62	1,152,000
June 2013.....	\$106.25	\$101.50	1,730,000
July 2013	\$104.54	\$102.02	804,000
August 2013.....	\$106.46	\$103.15	582,000
September 2013	\$105.00	\$102.50	423,000
October 2013	\$104.96	\$103.00	987,000
November 2013	\$106.00	\$104.15	325,000
December 2013.....	\$105.50	\$104.50	316,000
January 2014	\$105.50	\$104.50	247,000
February 2014	\$105.00	\$103.75	352,000
March 2014	\$105.00	\$104.00	230,000
April 2014.....	\$105.00	\$104.20	206,000
May 2014 (1-22).....	\$110.02	\$101.50	266,000

On May 21, 2014, the last full trading day prior to the public announcement of the Offering, the closing price of the Outstanding Series C Debentures on the TSX was \$102.00. On May 22, 2014, the last trading day prior to the date of this Prospectus Supplement, the closing price of the Outstanding Series C Debentures on the TSX was \$102.15.

Series D Debentures

The Outstanding Series D Debentures are listed and posted for trading on the TSX under the symbol "CRR.DB.D". The following table sets forth information relating to the trading of the Outstanding Series D Debentures on the TSX for the months indicated.

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
May 2013.....	\$105.00	\$103.50	172,000
June 2013.....	\$104.00	\$100.51	466,000
July 2013	\$102.75	\$101.00	348,000
August 2013.....	\$102.00	\$100.00	327,000
September 2013	\$101.00	\$99.70	599,000
October 2013	\$101.00	\$100.50	139,000
November 2013	\$101.00	\$100.50	205,000
December 2013.....	\$101.50	\$100.58	163,000
January 2014	\$102.51	\$100.51	130,000
February 2014	\$103.00	\$102.00	48,000
March 2014	\$103.50	\$102.50	95,000
April 2014.....	\$104.00	\$103.00	75,000
May 2014 (1-22).....	\$103.00	\$102.50	11,000

On May 21, 2014, the last full trading day prior to the public announcement of the Offering, the closing price of the Outstanding Series D Debentures on the TSX was \$102.50. On May 22, 2014, the last trading day prior to the date of this Prospectus Supplement, the closing price of the Outstanding Series D Debentures on the TSX was \$102.50.

Series E Debentures

The Outstanding Series E Debentures are listed and posted for trading on the TSX under the symbol "CRR.DB.E". The following table sets forth information relating to the trading of the Outstanding Series E Debentures on the TSX for the months indicated.

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
August 2013 (14-1).....	\$100.50	\$98.00	10,624,000
September 2013	\$100.50	\$99.79	4,514,500
October 2013	\$101.25	\$99.90	2,607,000
November 2013	\$102.00	\$101.10	1,413,000
December 2013.....	\$102.25	\$101.00	907,000
January 2014	\$101.95	\$101.00	4,712,000
February 2014	\$103.25	\$101.95	534,000
March 2014	\$103.00	\$102.00	835,000
April 2014	\$104.00	\$102.77	228,000
May 2014 (1-22).....	\$103.76	\$103.25	726,000

On May 21, 2014, the last full trading day prior to the public announcement of the Offering, the closing price of the Outstanding Series E Debentures on the TSX was \$103.50. On May 22, 2014, the last trading day prior to the date of this Prospectus Supplement, the closing price of the Outstanding Series E Debentures on the TSX was \$103.75.

RISK FACTORS

An investment in securities of the REIT involves risk. Any prospective investor should carefully consider the risk factors set forth in the information incorporated by reference herein (including those discussed in the Risk Management section of the REIT's management's discussion and analysis of the consolidated financial condition of the results and operations of the REIT for the year ended December 31, 2013, and the REIT's management's discussion analysis for the three months ended March 31, 2014 and in the "Risks" section of the REIT's annual information form dated March 31, 2014 for the year ended December 31, 2013), and all of the other information contained in this Prospectus Supplement (including, without limitation, the documents incorporated by reference), before purchasing any of the securities distributed under this Prospectus Supplement. The risks described herein are not the only risks facing the REIT. Additional risks and uncertainties not currently known to the REIT, or that the REIT currently deems immaterial, may also materially and adversely affect its business.

Dilution

While the net proceeds to the REIT of this offering are expected to be applied towards the uses specified in "Use of Proceeds", to the extent that any of the net proceeds of this offering remain uninvested pending their use, or are used to pay down indebtedness with a low interest rate, this offering may result in dilution, on a per Unit basis, to the REIT's increase/decrease in net assets attributable to unitholders and other measures used by the REIT.

MATERIAL CONTRACTS

The Underwriting Agreement is the only material contract entered into or to be entered into by the REIT and/or its affiliates in connection with the Offering.

A waiver and subscription agreement dated May 21, 2014 between ECL, Crombie LP, Crombie General Partner Limited and the REIT was entered into in connection with the subscription of Class B LP Units and Special Voting Units pursuant to the Concurrent Private Placement.

A copy of the foregoing agreements may be obtained on request without charge from the Secretary of the REIT, via the REIT's website at: www.crombiereit.com, or on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

LEGAL MATTERS

Certain legal matters relating to the Offering will be passed upon by Stewart McKelvey, on behalf of the REIT, and by Davies Ward Phillips & Vineberg LLP, on behalf of the Underwriters.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the REIT are Grant Thornton LLP, Halifax, Nova Scotia.

The transfer agent and registrar for the Units is CST Trust Company, at its principal offices in Halifax, Nova Scotia and Toronto, Ontario.

INTEREST OF EXPERTS

As at the date hereof, the partners and associates of each of Stewart McKelvey and Davies Ward Phillips & Vineberg LLP beneficially own, directly or indirectly, less than 1% of the securities of the REIT and its associates and affiliates. Grant Thornton LLP has advised the REIT that it is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Nova Scotia.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. The right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the short form prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

CERTIFICATE OF THE REIT

Dated: May 23, 2014

This short form prospectus, together with the documents incorporated by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces of Canada.

(Signed) "Donald E. Clow"
DONALD E. CLOW
Chief Executive Officer

(Signed) "Glenn Hynes"
GLENN HYNES
Chief Financial Officer

On behalf of the Board of Trustees

(Signed) "Paul D. Sobey"
PAUL D. SOBEY
Trustee

(Signed) "Frank C. Sobey"
FRANK C. SOBEY
Trustee

CERTIFICATE OF THE UNDERWRITERS

Dated: May 23, 2014

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces of Canada.

CIBC World Markets Inc.

By: (Signed) "*Mark G. Johnson*"

BMO Nesbitt Burns Inc.

By: (Signed) "*Onorio Lucchese*"

Scotia Capital Inc.

By: (Signed) "*Stephen Sender*"

TD Securities Inc.

By: (Signed) "*Andrew Phillips*"

National Bank Financial Inc.

By: (Signed) "*Andrew Wallace*"

RBC Dominion Securities Inc

By: (Signed) "*David Switzer*"

Canaccord Genuity Corp.

By: (Signed) "*Justin Bosa*"

Raymond James Ltd.

By: (Signed) "*Lucas Atkins*"

Desjardins Securities Inc.

By: (Signed) "*Mark Edwards*"



Crombie
REIT