plaza REIT

QUARTERLY REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF RESULTS OF
OPERATIONS AND FINANCIAL CONDITION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED IN CANADIAN DOLLARS)

FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2019 AND 2018

DATED: AUGUST 8, 2019

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PART I

BASIS OF PRESENTATION

Financial information included in this Management's Discussion and Analysis ("MD&A") includes material information up to August 8, 2019. The financial statements to which this MD&A relates were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

This MD&A has been reviewed and approved by management of Plaza Retail REIT (hereinafter referred to as "Plaza" or the "Trust") and the Audit Committee on behalf of the Board of Trustees.

In this MD&A, Plaza reports non-IFRS financial measures, including: funds from operations ("FFO"); adjusted funds from operations ("AFFO"); earnings before interest, taxes, depreciation and amortization ("EBITDA"); and same-asset net property operating income ("same-asset NOI"). Plaza also reports net property operating income ("NOI") as an additional IFRS measure. These measures are widely used in the Canadian real estate industry. Plaza believes these financial measures provide useful information to both management and investors in measuring the financial performance and financial condition of Plaza. These financial measures do not have any standardized definitions prescribed by IFRS and may not be comparable to similar titled measures reported by other entities. Refer to Part VII of this MD&A under the headings "Explanation of Non-IFRS Measures Used in this Document" and "Explanation of Additional IFRS Measures Used in this Document", for definitions of these financial measures.

FORWARD-LOOKING DISCLAIMER

This MD&A should be read in conjunction with the Trust's Condensed Interim Consolidated Financial Statements and the notes thereto for the six months ended June 30, 2019 and 2018, along with the MD&A of the Trust for the year ended December 31, 2018, including the section on "Risks and Uncertainties". Historical results, including trends which might appear, should not be taken as indicative of future operations or results.

Certain information in this MD&A contains forward-looking statements, based on the Trust's estimates and assumptions, which are subject to numerous known and unknown risks and uncertainties, including those described under the heading "Risks and Uncertainties" in this MD&A. This may cause the actual results, performance and achievements of the Trust to differ materially from future results, performance or achievements expressed or implied by such forward-looking statements. Without limiting the foregoing, the words "believe", "expect", "continue", "anticipate", "could", "may", "intend", "will", "estimate", "planning" or "planned" and variations of such words and similar expressions identify forward-looking statements. Forward-looking statements (which involve significant risks and uncertainties and should not be read as guarantees of future performance or results) include, but are not limited to, statements related to distributions, development activities, leasing expectations, financing and the availability of financing sources. Factors that could cause actual results, performance or achievements to differ from those expressed or implied by forward-looking statements include, but are not limited to: economic, retail, capital market, debt market and competitive real estate conditions; Plaza's ability to lease or re-lease space at current or anticipated rents; changes in interest rates; changes in operating costs; the availability of development and redevelopment opportunities for growth; tenant insolvencies or bankruptcies; and government regulations. Management believes that the expectations reflected in forward-looking statements are based upon reasonable assumptions, however, management can give no assurance that actual results, performance or achievements will be consistent with these forward-looking statements.

These forward-looking statements are made as of August 8, 2019 and Plaza assumes no obligation to update or revise them to reflect new events or circumstances, except as required by applicable law.

OVERVIEW OF THE BUSINESS

Headquartered in Fredericton, New Brunswick, Plaza is an unincorporated "open-ended" real estate investment trust (a "REIT") established pursuant to its declaration of trust dated as of November 1, 2013 (the "Declaration of Trust"). Plaza is the successor to Plazacorp Retail Properties Ltd. ("Plazacorp"), which began operations in late 1999. Plaza trades on the Toronto Stock Exchange under the symbol "PLZ.UN".

Plaza is a developer, owner and manager of retail real estate primarily in Atlantic Canada, Quebec and Ontario. Plaza offers a unique business strategy that differs from many of its peers in the real estate industry.

- Plaza has a 19 year history of accretive growth and value creation;
- Plaza has strong relationships with leading retailers;

- Plaza's main business is driven by value-add opportunities to develop and redevelop, for its own account, unenclosed and enclosed retail real estate throughout Canada;
- Plaza has a competitive advantage as a developer in Atlantic Canada;
- Plaza's entrepreneurial abilities allow it to adapt more easily to changing market conditions;
- Plaza is fully internalized and able to develop retail properties in-house;
- Plaza minimizes the amount of short-term debt that it obtains, therefore locking in returns for unitholders and minimizing financing risk;
- Insiders hold a significant position in Plaza; and
- Plaza is focused on cash flow per unit and per unit growth and conducts its business in order to maximize this and, accordingly, unitholder value.

Summary of Properties

The Trust's portfolio at June 30, 2019 includes interests in 277 properties totaling approximately 8.4 million square feet (which are predominantly occupied by national tenants) and additional lands held for development. These include properties indirectly held by Plaza through its subsidiaries and through joint arrangements.

	Number of Properties June 30, 2019[1]	**Gross Leasable Area (sq. ft.) June 30, 2019[1] [2]**	Number of Properties June 30, 2018[1]	Gross Leasable Area (sq. ft.) June 30, 2018[1] [2]
Alberta	**2**	**34,238**	2	34,238
Newfoundland and Labrador	**12**	**746,901**	12	682,044
New Brunswick	**52**	**1,938,349**	50	1,837,396
Nova Scotia	**33**	**1,148,789**	36	1,156,117
Manitoba	**1**	**17,018**	6	30,424
Ontario	**69**	**1,771,268**	70	1,548,775
Prince Edward Island	**11**	**596,035**	11	595,427
Quebec	**97**	**2,168,953**	99	2,184,188
Total	**277**	**8,421,551**	286	8,068,609

(1) Includes properties under development and non-consolidated investments.
(2) At 100%, regardless of the Trust's ownership interest in the properties

BUSINESS ENVIRONMENT AND OUTLOOK

Plaza's entrepreneurial culture and adaptability, combined with its strong fully internalized platform, has allowed, and will continue to allow, Plaza to grow and take advantage of opportunities in the market-place. Plaza has always had a focused strategy of growing the business through value-add developments and redevelopments and opportunistic acquisitions. Its properties are primarily leased to national retailers, with a focus on retailers in the consumer staples market segment – a segment that tends to withstand broader economic conditions or other retail trends, such as online sales. Plaza's execution of this strategy and its leasing efforts over the years have produced a portfolio that is dominated by national retailers, providing investors with a stable and growing cash flow. Barring unforeseen events, management believes it can continue to deliver growth in 2019.

While it continues to be tough for the enclosed mall business and for certain retailers, particularly those focused on fashion, open-air centre retailers with a focus on consumer staple goods or value goods continue to perform well. These are the retailers that dominate Plaza's portfolio and ongoing developments and redevelopments.

Government of Canada bond rates have decreased over the last year due to economic uncertainties in Canada and abroad. As a result, it is still a very low interest rate environment, and long-term debt financing continues to be readily available from lenders at competitive fixed rates. Plaza will continue to underwrite its development and redevelopment projects to build in appropriate anticipated fixed rate debt financing. Plaza has already, and will continue, to early refinance mortgages where possible and feasible to take advantage of current rates.

DEVELOPMENT PIPELINE AND ACQUISITIONS/DISPOSITIONS

Development Pipeline

Plaza's development pipeline is robust and will continue to drive growth going forward. Plaza currently owns an interest in the following projects under development or redevelopment which, upon completion, are expected to be accretive to Plaza's earnings. The following properties are under construction, active development, or active planning and are anticipated to be completed at various points over the next three years as follows:

Properties under development/redevelopment	Square Footage[1]	Ownership	Occupied or Committed at June 30, 2019[4]	Anticipated Completion Date
In Planning/In Development:				
Open-Air Centre:				
Plaza de L'Ouest, Sherbrooke, QC – Phase III	20,000	50%	n/a	1-2 years
Fairville Boulevard, Saint John, NB – Phase III	10,000	100%	n/a	1-2 years
St. Jerome, St. Jerome (Montreal), QC -Phase III.2[2]	70,000	20%	n/a	1-2 years
100 Saint-Jude Nord, Granby, QC – Phase II[2]	100,000	10%	n/a	2-3 years
The Shoppes at Galway, St. John's, NL – Phase I.3[2]	30,000	50%	n/a	Q3 2020
The Shoppes at Galway, St. John's, NL – Phase I.4[2]	100,000	50%	n/a	1-2 years
The Shoppes at Galway, St. John's, NL – Phase II[2]	150,000	50%	n/a	2-3 years
The Shoppes at Galway, St. John's, NL – Phase III[2]	100,000	50%	n/a	2-3 years
Rideau Plaza, Smiths Falls, ON	18,640	75%	n/a	1-2 years
Taunton Rd., Oshawa, ON	40,000	50%	n/a	Q2 2020
Tri-City Center, Cambridge, ON	229,000	50%	90%	2-3 years
Timiskaming, New Liskeard, ON	75,565	50%	71%	Q3 2020
Single Use:				
5150 Blvd Arthur-Sauve, Laval, QC[2]	10,000	25%	100%	Q4 2019
464 Dundas St., Belleville, ON[3]	2,500	100%	100%	Q1 2020
90 Main St., Picton, ON[3]	2,500	100%	n/a	Q1 2020
311 Main St., Dunnville, ON[3]	2,500	100%	n/a	Q1 2020
499 Dundas St., Cambridge, ON[3]	4,000	100%	n/a	1-2 years
63 Lindsay St., Lindsay, ON[3]	4,000	100%	n/a	1-2 years
1726 Huron Church Rd, Windsor, ON[3]	14,069	100%	n/a	1-2 years
Carson & Mapleton, Moncton, NB	5,400	100%	100%	Q4 2019
Expansion:				
Champlain St. Plaza, Dieppe (Moncton), NB–Phase II.2	10,000	100%	n/a	1-2 years
Pleasant Street, Yarmouth, NS	1,000	50%	n/a	1-2 years
Silver Fox Plaza, New Minas, NS	5,000	100%	n/a	1-2 years
Powell Drive, Carbonear, NL	4,000	100%	n/a	1-2 years
Queens Place Drive Plaza, Liverpool, NS	3,500	100%	n/a	1-2 years
In Construction:				
Enclosed Mall to Open-Air Centre:				
1000 Islands Plaza, Brockville, ON	165,000	50%	96%	Q4 2019
Open-Air Centre:				
1324 Blvd Talbot, Saguenay (Chicoutimi), QC	84,000	50%	66%	Q3 2019
St. Jerome, St. Jerome (Montreal), QC -Phase III.1[2]	30,000	20%	100%	Q3 2019
The Shoppes at Galway, St. John's, NL – Phase I.1[2]	58,000	50%	100%	Q3 2019
The Shoppes at Galway, St. John's, NL – Phase I.2[2]	40,000	50%	100%	Q4 2019
Single Use:				
9205 Bd. Lacordaire, St. Leonard, QC[3]	2,632	100%	100%	Q3 2019
6685 Century Avenue, Mississauga, ON	77,262	50%	100%	Q4 2019
Expansion:				
9025 Torbram Rd, Brampton, ON[3]	34,272	100%	100%	Q3 2019
600 J.P. Perrault, Sherbrooke, QC	17,000	50%	100%	Q4 2019
Total	**1,519,840**			

(1) Approximate square footage upon completion or to be added on expansion.
(2) This is owned in a limited partnership that is part of the Trust's non-consolidated trusts and partnerships.
(3) This is an existing property being redeveloped.
(4) Occupied or committed based on redeveloped square footage.

Plaza's goal is to achieve unlevered returns on developments/redevelopments of between 8%-10%.

There is excess density at existing properties which would represent approximately 85 thousand additional square feet of gross leasable area.

At June 30, 2019, there are three land assemblies under purchase agreement and subject to due diligence or other conditions. These land purchases, if executed, will represent an additional 171 thousand square feet of retail space at completion.

The total estimated costs for the developments and redevelopments (noted in the chart on the previous page) are between $120 million and $130 million, of which approximately $71 million has already been spent (at Plaza's ownership percentage). The unspent amount has not been fully or specifically budgeted or committed at this time. For the projects in construction, remaining costs to complete are between $9 million and $10 million. For the projects in planning or in development that are expected to be completed by the end of 2019, remaining costs to complete are between $1 million and $2 million. The majority of unspent amounts for Plaza's development projects are funded by Plaza's existing development facilities or construction loans entered into.

Acquisitions/Dispositions

During the quarter ended June 30, 2019, the Trust purchased a 50% managing interest in a property located in Cambridge, ON for $12.65 million.

During the period ended June 30, 2019, the Trust disposed of properties in Ottawa, ON, London, ON, Paris, ON, Halifax, NS, Coldbrook, NS, Montreal, QC and five properties located in Winnipeg, MB for net proceeds of $11.1 million. These properties are all non-core, former KEYreit properties which had an underwritten value of $10.1 million when the Trust acquired KEYreit. As well, the Trust sold a 50% co-ownership interest in a property in Quispamsis, NB for net proceeds of $6.4 million ($2.3 million after assumption of notes and advances receivable for the purchaser's 50% interest of the existing line of credit on the property).

Subsequent to quarter end, the Trust disposed of surplus land located in Sherbrooke, QC for gross proceeds of $466 thousand, at the Trust's ownership percentage, and the Trust disposed of a property located in Laval, QC for gross proceeds of $685 thousand. In August 2019, purchasers waived conditions to buy a property located in Ottawa, ON for $968 thousand. This transaction is scheduled to close on August 28, 2019.

SUMMARY OF SELECTED YEAR TO DATE INFORMATION

(000s, except as otherwise noted)	**6 Months Ended June 30, 2019 (unaudited)**	6 Months Ended June 30, 2018 (unaudited)	6 Months Ended June 30, 2017 (unaudited)
Financial Amounts			
Property rental revenue	**$ 58,120**	$ 52,226	$ 52,095
Total revenue	**$ 62,349**	$ 52,197	$ 52,685
NOI[(1)]	**$ 37,927**	$ 31,485	$ 32,561
Same-asset NOI[(1)]	**$ 30,950**	$ 30,932	N/A[(3)]
FFO[(1)]	**$ 21,676**	$ 16,700	$ 17,989
AFFO[(1)]	**$ 19,607**	$ 14,713	$ 16,724
EBITDA[(1)]	**$ 36,435**	$ 29,524	$ 29,947
Profit and total comprehensive income	**$ 33,244**	$ 4,161	$ 6,306
Total assets	**$ 1,165,205**	$ 1,061,956	$ 1,030,743
Total non-current liabilities	**$ 595,541**	$ 499,068	$ 482,922
Total mortgages, mortgage bonds, notes payable, bank credit facilities	**$ 537,165**	$ 509,834	$ 493,306
Total debentures	**$ 64,087**	$ 63,376	$ 50,148
Weighted average units outstanding [(2)]	**103,919**	103,237	102,261
Normal course issuer bid – units repurchased	**341**	-	-
Amounts on a Per Unit Basis			
FFO[(1)]	**$ 0.209**	$ 0.162	$ 0.176
AFFO[(1)]	**$ 0.189**	$ 0.143	$ 0.164
Distributions	**$ 0.140**	$ 0.140	$ 0.135
Financial Ratios			
Weighted average interest rate – fixed rate mortgages	**4.36%**	4.31%	4.42%
Debt to gross assets (excluding converts)	**51.9%**	48.8%	48.8%
Debt to gross assets (including converts)	**56.4%**	53.8%	52.7%
Interest coverage ratio[(1)]	**2.48x**	2.21x	2.37x
Debt coverage ratio[(1)]	**1.78x**	1.58x	1.68x
Distributions as a % of FFO	**67.1%**	86.5%	76.8%
Distributions as a % of AFFO	**74.2%**	98.2%	82.6%
Leasing Information			
Square footage leased during the period (total portfolio)	**777,161**	755,828	551,387
Committed occupancy[(4)]	**96.5%**	95.4%	95.9%
Same-asset committed occupancy[(4)]	**96.4%**	95.4%	N/A[(3)]
Mix of Tenancy Based on Base Rents[(4)]			
National	**90.7%**	90.3%	90.6%
Regional	**3.4%**	4.0%	3.9%
Local	**4.1%**	4.3%	3.9%
Non retail	**1.8%**	1.4%	1.6%
Other			
Average term to maturity - mortgages	**5.9 Years**	5.9 Years	6.3 Years
Average term to maturity - leases[(4)]	**5.8 Years**	5.9 Years	6.1 Years
IFRS capitalization rate	**7.10%**	7.03%	7.01%

Property Type Breakdown	**Number of Properties June 30, 2019**	**Square Footage (000s)**	Number of Properties June 30, 2018	Square Footage (000s)
Open-Air Centres	**111**	6,004	108	5,538
Enclosed	**4**	993	5	1,090
Single Use – Quick Service Restaurant	**92**	249	105	417
Single Use – Retail	**70**	1,176	68	1,024
Total	**277**	8,422	286	8,069

(1) Refer to Part VII under the headings “Explanation of Non-IFRS Measures used in this Document” and “Explanation of Additional IFRS Measures used in this Document” for further explanations.
(2) Includes Class B exchangeable limited partnership (“LP”) units.
(3) Not applicable as the same-asset calculation relates to assets owned since January 1, 2018.
(4) Excludes properties under development and non-consolidated investments.

PART II

STRATEGY

Plaza's principal goal is to deliver a reliable and growing yield to unitholders from a diversified portfolio of retail properties. To achieve this goal the Trust's Board of Trustees has set development criteria of a minimum cash yield (unlevered yield) equal to 100 basis points above the mortgage constant for a 10 year mortgage at prevailing rates and assuming a 25 year amortization period.

The Trust strives to:

- maintain access to cost effective sources of debt and equity capital to finance acquisitions and new developments;
- acquire or develop properties at a cost that is consistent with the Trust's targeted returns on investment;
- maintain high occupancy rates on existing properties while sourcing tenants for properties under development and future acquisitions; and
- diligently manage its properties to ensure tenants are able to focus on their businesses.

The Trust invests in the following property types:

- new properties developed on behalf of existing clients or in response to demand;
- well located but significantly depreciated shopping malls and open-air centres to be redeveloped; and
- existing properties that will provide stable recurring cash flows with opportunity for growth.

Management intends to achieve Plaza's goals by:

- acquiring or developing high quality properties with the potential for increases in future cash flows;
- focusing on property leasing, operations and delivering superior services to tenants;
- managing properties to maintain high occupancies and staggering lease maturities appropriately;
- increasing rental rates when market conditions permit;
- achieving appropriate pre-leasing prior to commencing construction;
- managing debt to obtain both a low cost of debt and a staggered debt maturity profile;
- matching, as closely as practical, the weighted average term to maturity of mortgages to the weighted average lease term;
- retaining sufficient capital to fund capital expenditures required to maintain the properties;
- raising capital where required in the most cost-effective manner;
- properly integrating new properties acquired;
- using internal expertise to ensure that value is surfaced from all of the properties; and
- periodically reviewing the portfolio to determine if opportunities exist to re-deploy equity from slow growth properties into higher growth investments.

KEY PERFORMANCE DRIVERS AND INDICATORS

There are numerous performance drivers, many beyond management's control, that affect Plaza's ability to achieve its above-stated goals. These key drivers can be divided into internal and external factors.

Management believes that the key internal performance drivers are:

- occupancy rates;
- rental rates;
- tenant service; and
- maintaining competitive operating costs.

Management believes that the key external performance drivers are:

- the availability of new properties for acquisition and development;
- the availability and cost of equity and debt capital; and
- a stable retail market.

The key performance indicators by which management measures Plaza's performance are as follows:

- FFO;
- AFFO;
- debt service ratios;
- debt to gross assets;
- same-asset NOI;
- weighted average effective cost of debt; and
- occupancy levels.

The key performance indicators discussed throughout the MD&A are summarized in the table that follows. Management believes that its key performance indicators allow it to track progress towards the achievement of Plaza's primary goal of providing a steady and increasing cash flow to unitholders. The following chart discusses the key performance indicators for the six months ended June 30, 2019 compared to the six months ended June 30, 2018.

FFO[(1)]

	YTD Q2 2019	YTD Q2 2018
FFO	**$21,676**	$16,700
FFO per unit	**$0.209**	$0.162
Distributions as a % of FFO	**67.1%**	86.5%

- The increase in FFO and FFO per unit was mainly due to the impact of lease buyout revenues recorded primarily from two significant lease buyout transactions.
- Excluding the effect of the lease buyouts and other similar items from the current and prior year, FFO would have been 1.0% higher than the prior year. On a per unit basis, FFO would have been 0.4% higher than the prior year. Notwithstanding a decrease in NOI of $713 thousand due to property sales, NOI grew by $459 thousand from developments/redevelopments and acquisitions.

AFFO[(1)]

	YTD Q2 2019	YTD Q2 2018
AFFO	**$19,607**	$14,713
AFFO per unit	**$0.189**	$0.143
Distributions as a % of AFFO	**74.2%**	98.2%

- The principal factors influencing AFFO are consistent with those impacting FFO, partly offset by higher leasing costs compared with the prior year.
- Excluding the effect of the lease buyouts and other similar items from the current and prior year, AFFO would have been 0.6% higher than the prior year and on a per unit basis would have been consistent with the prior year.

Debt Service Ratios[(1)]

	YTD Q2 2019	YTD Q2 2018
Interest coverage ratio	**2.48x**	2.21x
Debt coverage ratio	**1.78x**	1.58x

- The interest and debt coverage ratios were higher than the prior year mainly due to the $5.5 million in lease buyout revenues recorded. The debt coverage and interest coverage ratios exceed the requirements under borrowing arrangements.

Debt to Gross Assets

	Q2 2019	Q2 2018
Debt to gross assets (excluding converts)	**51.9%**	48.8%
Debt to gross assets (including converts)	**56.4%**	53.8%

- The increase in debt to gross assets over the prior year relates to the new accounting standards on leases implemented on January 1, 2019 requiring Plaza to record a land lease liability and right of use land lease asset on its books.

Same-Asset NOI[(1)]

	YTD Q2 2019	YTD Q2 2018
Same-asset NOI	**$30,950**	$30,932

- Same-asset NOI is consistent with the prior year.
- Excluding the effect of the lease buyouts, same-asset NOI would have been 1.3% higher than the prior year.

Weighted Average Interest Rate – Fixed Rate Mortgages

	Q2 2019	Q2 2018
Weighted average interest rate – fixed rate mortgages	**4.36%**	4.31%

- Plaza continues to finance at low rates.

Occupancy Levels

	Q2 2019	Q2 2018
Committed occupancy	**96.5%**	95.4%
Same-asset committed occupancy	**96.4%**	95.4%

(1) Refer to Part VII under the headings “Explanation of Non-IFRS Measures used in this Document” and “Explanation of Additional IFRS Measures used in this Document” for further explanations.

PROPERTY AND CORPORATE FINANCIAL PERFORMANCE 2019 AND 2018

Funds from Operations (FFO) and Adjusted Funds from Operations (AFFO)

Plaza's summary of FFO and AFFO for the three and six months ended June 30, 2019, compared to the three and six months ended June 30, 2018 is presented below:

(000s – except per unit amounts and percentage data)	3 Months Ended June 30, 2019 (unaudited)	3 Months Ended June 30, 2018 (unaudited)	6 Months Ended June 30, 2019 (unaudited)	6 Months Ended June 30, 2018 (unaudited)
Profit and total comprehensive income for the period attributable to unitholders	**$ 16,863**	$ 7,246	**$ 33,114**	$ 4,123
Add (deduct):				
Incremental leasing costs included in administrative expenses	**550**	640	**844**	1,012
Debenture issuance costs, net of amortization	**(102)**	121	**(205)**	2,143
Distributions on Class B exchangeable LP units included in finance costs	**84**	89	**167**	177
Deferred income taxes	**81**	10	**467**	105
Principal repayments of land lease liability	**(165)**	-	**(328)**	-
Fair value adjustment to restricted share units	**3**	16	**15**	10
Fair value adjustment to investment properties	**(11,485)**	300	**(18,114)**	5,814
Fair value adjustment to investments	**(156)**	(905)	**(633)**	2,890
Fair value adjustment to Class B exchangeable LP units	**47**	392	**357**	126
Fair value adjustment to convertible debentures	**1,055**	659	**4,214**	533
Fair value adjustment to interest rate swaps and bond forwards	**1,493**	(18)	**1,533**	(49)
Fair value adjustment to right-of-use land lease assets	**165**	-	**328**	-
Equity accounting adjustment	**(8)**	(15)	**(7)**	(33)
Non-controlling interest adjustment	**(9)**	(17)	**(76)**	(151)
Basic FFO	**$ 8,416**	$ 8,518	**$ 21,676**	$ 16,700
Add (deduct):				
Non-cash revenue – straight-line rent[4]	**2**	50	**210**	126
Leasing costs – existing properties[1] [4]	**(633)**	(927)	**(1,716)**	(1,447)
Maintenance capital expenditures – existing properties[1] [4]	**(326)**	(368)	**(623)**	(674)
Non-controlling interest adjustment	**14**	6	**60**	8
Basic AFFO	**$ 7,473**	$ 7,279	**$ 19,607**	$ 14,713
Basic weighted average units outstanding [2]	**103,838**	103,418	**103,919**	103,237
Basic FFO per unit	**$ 0.081**	$ 0.082	**$ 0.209**	$ 0.162
Basic AFFO per unit	**$ 0.072**	$ 0.070	**$ 0.189**	$ 0.143
Gross distributions to unitholders [3]	**$ 7,263**	$ 7,242	**$ 14,540**	$ 14,452
Distributions as a percentage of basic FFO	**86.3%**	85.0%	**67.1%**	86.5%
Distributions as a percentage of basic AFFO	**97.2%**	99.5%	**74.2%**	98.2%
Basic FFO	**$ 8,416**	$ 8,518	**$ 21,676**	$ 16,700
Interest on dilutive convertible debentures	**601**	607	**1,356**	1,215
Diluted FFO	**$ 9,017**	$ 9,125	**$ 23,032**	$ 17,915
Diluted weighted average units outstanding [2]	**112,200**	111,780	**113,192**	111,600
Basic AFFO	**$ 7,473**	$ 7,279	**$ 19,607**	$ 14,713
Interest on dilutive convertible debentures	**-**	-	**1,356**	-
Diluted AFFO	**$ 7,473**	$ 7,279	**$ 20,963**	$ 14,713
Diluted weighted average units outstanding [2]	**103,838**	103,418	**113,192**	103,237
Diluted FFO per unit	**$ 0.080**	$ 0.082	**$ 0.203**	$ 0.161
Diluted AFFO per unit	**$ 0.072**	$ 0.070	**$ 0.185**	$ 0.143

(1) Based on actuals.
(2) Includes Class B exchangeable LP units.
(3) Includes distributions on Class B exchangeable LP units.
(4) Includes proportionate share of expenditures at equity-accounted investments.

Basic FFO and basic FFO per unit for the three months ended June 30, 2019 were marginally lower by 1.2% compared to the prior year.

Items impacting FFO were:

(i) growth in NOI of $190 thousand from developments/redevelopments/acquisitions;
(ii) a decrease in NOI of $389 thousand from property sales;
(iii) the impact of the vacancies from two significant lease buyouts concluded in the first quarter of 2019, which negatively affected same-asset NOI by $289 thousand for the quarter;
(iv) an increase in other income of $400 thousand in development and leasing fees earned from co-owned properties; and
(v) an increase in administrative expenses of $104 thousand as a result of additional non-recurring professional fees incurred, partly offset by a reduction in bonuses.

For the three months ended June 30, 2019, AFFO increased by $194 thousand, or 2.7% over the prior year and AFFO per unit increased by 2.9% over the prior year. The increase in AFFO and AFFO per unit was mainly due to the changes in FFO and FFO per unit described above, as well as, lower leasing costs in the current quarter compared to the same period in the prior year.

Excluding the impact of the lease buyouts, the additional non-recurring professional fees incurred and any loan defeasance and early mortgage discharge fees from the current and prior year, FFO and FFO per unit would have been almost 3.0% higher than the prior year. AFFO would have been approximately 7.5% higher than the prior year and AFFO per unit would have been approximately 7.0% higher than the prior year, adjusted for the same items.

Basic FFO for the six months ended June 30, 2019 increased by $5.0 million, or 29.8% over the prior year. Basic FFO per unit for the six months ended June 30, 2019 was 29.0% higher than the prior year. The increase was mainly due to lease buyout revenues recorded in the current year.

More specifically, impacting FFO was:

(i) growth in NOI of $459 thousand from developments/redevelopments/acquisitions;
(ii) lease buyout revenues recorded of $5.5 million, primarily from two significant lease buyout transactions;
(iii) a decrease in NOI of $713 thousand from property sales;
(iv) the impact of the vacancies from the two lease buyout transactions, which negatively affected same-asset NOI by $385 thousand;
(v) an increase in other income of $559 thousand mainly due to an increase in development and leasing fees earned from co-owned properties; and
(vi) an increase in administrative expenses of $297 thousand as a result of additional non-recurring professional fees incurred.

For the six months ended June 30, 2019, AFFO increased by $4.9 million, or 33.3% over the prior year and AFFO per unit increased by 32.2% over the prior year. The increase in AFFO and AFFO per unit was mainly due to the increase in FFO and FFO per unit described above, partly offset by higher leasing costs compared to the prior year.

Excluding the impact of the lease buyouts, the additional non-recurring professional fees incurred and any loan defeasance and early mortgage discharge fees from the current and prior year, FFO would have been 1.0% higher and AFFO would have been 0.6% higher than the prior year. On a per unit basis, FFO would have been 0.4% higher and AFFO would have been consistent with the prior year.

Profit and Total Comprehensive Income for the Period

The Trust recorded a profit for the three months ended June 30, 2019 of $17.0 million compared to $7.3 million for the same period in the prior year. The increase was mainly due to an increase in the fair value of investment properties of $11.5 million as compared to a fair value decrease of $300 thousand in the prior year. The fair value increase was mainly due to the decrease in capitalization rates in the quarter, largely stemming from higher values on a number of appraisals received on properties during the quarter. Profit was also impacted by the same factors mentioned in the discussion of FFO above, as well as:

(i) a net loss of $1.1 million compared to a net loss of $659 thousand in the prior year, relating to the non-cash fair value adjustment to convertible debentures; and
(ii) a net loss of $1.5 million compared to a net gain of $18 thousand in the prior year, relating to the non-cash fair value adjustment to interest rate swaps and bond forwards and the addition of three new interest rate swaps entered into during the quarter.

The Trust recorded a profit for the six months ended June 30, 2019 of $33.2 million compared to $4.2 million for the same period in the prior year. The increase was mainly due to an increase in the fair value of investment properties of $18.1 million as compared to a fair value decrease of $5.8 million in the prior year. The fair value increase was mainly due to the decrease in capitalization rates, largely stemming from higher values on a number of appraisals received on properties during the year. Profit was also impacted by the same factors mentioned in the discussion of FFO above, as well as:

(i) an increase in the share of profit of associates of $3.6 million mainly relating to the non-cash fair value adjustment to the underlying investment properties and a fair value loss on the disposal of land at an underlying investment property in the prior year;
(ii) convertible debenture issuance costs in the prior year, negatively impacting the prior year results by $2.3 million;
(iii) a net loss of $4.2 million compared to a net loss of $533 thousand in the prior year, relating to the non-cash fair value adjustment to convertible debentures; and
(iv) a net loss of $1.5 million compared to a net gain of $49 thousand in the prior year, relating to the non-cash fair value adjustment to interest rate swaps and bond forwards and the addition of three new interest rate swaps entered into during the quarter.

Same-Asset Net Property Operating Income (Same-Asset NOI)

Same-asset categorization refers to those properties which were owned and operated by Plaza for the six months ended June 30, 2019 and the entire year ended December 31, 2018 and excludes partial year results from certain assets due to timing of acquisition, development, redevelopment or disposition.

Significant portions of the Trust’s leases have common cost recoveries from tenants linked to the consumer price index (CPI).

At June 30, 2019, approximately 48.3% of the Trust’s leased area is tied to a CPI cost recovery formula. As well, certain anchor tenant leases may restrict recovery of common costs. As a result, certain costs such as snow removal and utility costs may not be completely offset by cost recoveries in a period, or recovery revenues may exceed costs. Municipal taxes are generally net and fully recoverable from all tenants. Most tenants in open-air centres and single use properties are responsible for their own utilities, and changes to these costs do not materially impact NOI.

(000s)	**3 Months Ended June 30, 2019 (unaudited)**	3 Months Ended June 30, 2018 (unaudited)	**6 Months Ended June 30, 2019 (unaudited)**	6 Months Ended June 30, 2018 (unaudited)
Same-asset rental revenue	**$ 23,030**	$ 22,817	**$ 46,216**	$ 45,651
Same-asset operating expenses	**(2,938)**	(2,698)	**(6,318)**	(5,881)
Same-asset realty tax expense	**(4,480)**	(4,428)	**(8,948)**	(8,838)
Same-asset NOI	**$ 15,612**	$ 15,691	**$ 30,950**	$ 30,932

Same-asset NOI for the three and six months ended June 30, 2019 was impacted by the vacancies from two significant lease buyouts concluded in the first quarter of 2019, which negatively affected same-asset NOI by $289 thousand for the quarter and $385 thousand for the year to date as compared to the prior year, as well as the bankruptcy of a tenant, which negatively affected same-asset NOI by $89 thousand for the quarter and year to date as compared to the prior year. These losses were offset by new lease up and rent increases within the portfolio, leaving same-asset NOI relatively consistent with the prior year.

Excluding the effect of the lease buyouts, same-asset NOI for the three and six months ended June 30, 2019 would have increased by 1.3% compared with the same periods in the prior year.

The following table shows a breakdown of same-asset NOI by province.

(000s except percentage data)	**3 Months Ended June 30, 2019 (unaudited)**	3 Months Ended June 30, 2018 (unaudited)	**6 Months Ended June 30, 2019 (unaudited)**	6 Months Ended June 30, 2018 (unaudited)
New Brunswick	**$ 3,825**	$ 3,866	**$ 7,542**	$ 7,671
Nova Scotia	**2,663**	2,774	**5,408**	5,423
Quebec	**3,340**	3,414	**6,579**	6,634
Alberta	**179**	188	**375**	379
Manitoba	**88**	88	**176**	176
Ontario	**2,123**	2,057	**4,217**	4,149
Newfoundland and Labrador	**1,478**	1,445	**2,871**	2,810
Prince Edward Island	**1,916**	1,859	**3,782**	3,690
Same-asset NOI	**$ 15,612**	$ 15,691	**$ 30,950**	$ 30,932
Percentage increase (decrease) over prior period	**(0.5)%**		**0.1%**	

Net Property Operating Income (NOI)

The following table shows the breakdown of total NOI and relevant variances from the prior year.

(000s)	**3 Months Ended June 30, 2019 (unaudited)**	3 Months Ended June 30, 2018 (unaudited)	**6 Months Ended June 30, 2019 (unaudited)**	6 Months Ended June 30, 2018 (unaudited)
Same-asset NOI	**$ 15,612**	$ 15,691	**$ 30,950**	$ 30,932
Land lease expense in NOI [(1)]	**-**	(719)	**-**	(1,439)
Developments and redevelopments transferred to income producing in 2018 ($3.7 million annualized NOI)	**845**	597	**1,551**	994
Acquisitions ($3.1 million annualized NOI)	**677**	380	**1,153**	538
NOI from properties currently under development and redevelopment ($4.6 million annualized NOI)	**272**	627	**669**	1,382
Straight-line rent	**(2)**	(50)	**(210)**	(126)
Administrative expenses charged to NOI	**(903)**	(908)	**(1,695)**	(1,695)
Lease buyout revenue	**-**	-	**5,502**	-
Property disposals	**12**	401	**88**	801
Other	**(64)**	106	**(81)**	98
Total NOI	**$ 16,449**	$ 16,125	**$ 37,927**	$ 31,485

(1) Under new accounting rules in effect January 1, 2019, Plaza's land leases have been required to be recorded on the balance sheet. Payments to land lessors are no longer recorded in NOI. Instead an imputed interest expense on the land lease liability is recorded in finance costs and a fair value adjustment to the right-of-use land lease assets is recorded in the statement of income and comprehensive income. Principal repayments are booked directly on the balance sheet reducing the land lease liability recorded. The new standard has been implemented prospectively and therefore prior year comparatives have not been restated.

Share of Profit of Associates

Share of profit of associates consists of income from equity accounted investments as well as fair value changes in the underlying investment properties included within equity-accounted investments and other changes to the equity position of the equity-accounted investments that would impact the residual returns on wind-up (such as debt financing incurred). The following schedule shows Plaza's ownership position, rates of preferred returns on investment and Plaza's interest in cash on capital appreciation beyond the preferred returns.

	Ownership Position	Preferred Return	Residual Return
Equity Accounted Investments[(1)]			
Centennial Plaza Limited Partnership	10%	10%	20%
Trois Rivières Limited Partnership	15%	10%	30%
Plazacorp Ontario1 Limited Partnership	25%	4%	25%
Plazacorp Ontario2 Limited Partnership	50%	n/a	n/a
Plazacorp Ontario3 Limited Partnership	50%	n/a	n/a
Plazacorp Ontario4 Limited Partnership	50%	n/a	n/a
RBEG Limited Partnership	50%	n/a	n/a
CPRDL Limited Partnership	50%	n/a	n/a
Fundy Retail Ltd.	50%	n/a	n/a
VGH Limited Partnership[(2)]	20%	8%	27%
Ste. Hyacinthe Limited Partnership	25%	n/a	n/a
144 Denison East Limited Partnership[(2)]	25%	n/a	n/a
The Shoppes at Galway Limited Partnership[(2)]	50%	n/a	n/a

(1) Equity and fair value accounted investments consist of the following properties: 3550 Sources, Centennial Plaza, Place Du Marche, BPK Levis and 100 Saint-Jude Nord (Centennial Plaza Limited Partnership); Plaza des Recollets (Trois Rivières Limited Partnership); Ottawa Street Almonte, Hastings Street Bancroft and Main Street Alexandria (Plazacorp Ontario1 Limited Partnership); Amherstview and Scugog Street Port Perry (Plazacorp Ontario2 Limited Partnership); King & Mill (Plazacorp Ontario3 Limited Partnership); Manotick (Plazacorp Ontario4 Limited Partnership); Bureau en Gros (RBEG Limited Partnership); CPRDL (CPRDL Limited Partnership); Gateway Mall (Fundy Retail Ltd.); St. Jerome (VGH Limited Partnership); 5400 Laurier Ouest (Ste. Hyacinthe Limited Partnership); 144 Denison and 5150 Arthur-Sauvé (144 Denison East Limited Partnership); and the Shoppes at Galway (The Shoppes at Galway Limited Partnership).

(2) Land within this partnership is currently in development.

Share of profit of associates for the three months ended June 30, 2019 includes Plaza's share of NOI of approximately $1.0 million, which is consistent with the prior year. Share of profit of associates decreased by $732 thousand for the three months ended June 30, 2019 compared to the three months ended June 30, 2018. The decrease was mainly due to the non-cash fair value adjustment to the underlying investment properties.

Share of profit of associates for the six months ended June 30, 2019 includes Plaza's share of NOI of approximately $2.0 million, which is consistent with the prior year. Share of profit of associates increased by $3.6 million for the six months ended June 30, 2019 compared to the six months ended June 30, 2018. The increase was mainly due to the non-cash fair value adjustment to the underlying investment properties and a fair value loss on the disposal of land at an underlying investment property in the prior year.

Overall committed occupancy for non-consolidated investments (excluding land under development) was 98.3% at June 30, 2019, compared to 98.3% at June 30, 2018.

Distributions received from associates for the three months ended June 30, 2019 were $234 thousand compared to $727 thousand for the three months ended June 30, 2018. The decrease was a result of the timing of the receipt of the distributions from two underlying investment properties as compared to the prior year. Distributions received from associates for the six months ended June 30, 2019 were $1.5 million compared to $940 thousand for the six months ended June 30, 2018. The increase was a result of an extra distribution at one of the underlying investment properties, relating to refinancing proceeds.

Finance Costs

Finance costs for the three months ended June 30, 2019 were $7.4 million, compared to $6.9 million for the same period in the prior year. Finance costs were impacted by:

(i) new imputed interest on land lease liability of $564 thousand due to the implementation of the new accounting leasing standard. Under the new accounting rule in effect January 1, 2019, Plaza's land leases have been required to be recorded on the balance sheet. Payments to land lessors are no longer recorded in NOI. Instead an imputed interest expense on the land lease liability is recorded in finance costs and a fair value adjustment to the right-of-use land lease assets is recorded in the statement of income and comprehensive income. Principal repayments are booked directly on the balance sheet reducing the land lease liability recorded. The new standard has been implemented prospectively and therefore prior year comparatives have not been restated.

Finance costs for the six months ended June 30, 2019 were $14.8 million, compared to $13.6 million for the same period in the prior year. Finance costs were impacted by new imputed interest on land lease liability of $1.1 million due to the implementation of the new accounting leasing standard as mentioned above. Higher development line and construction loan interest due to carrying higher balances than the prior year was offset by:

(i) higher early mortgage discharge fees in the amount of $196 thousand incurred in the prior year; and
(ii) one month overlap of interest on the convertible debentures incurred in the prior year in the amount of $162 thousand due to the timing of issuance of the Series E convertible debentures compared to the redemption of the Series D convertible debentures.

Of note, a large number of refinancings were undertaken during the quarter at historically low rates, the net proceeds of which have been used to reduce Plaza's operating line of credit, thereby reducing operating line of credit interest expense in future quarters.

Administrative Expenses

Administrative expenses for the three months ended June 30, 2019 are $104 thousand higher than the prior year at $2.8 million. Additional non-recurring professional fees were incurred relating to the review of various strategies for the business. These were partly offset by a reduction in bonuses.

Administrative expenses for the six months ended June 30, 2019 are $297 thousand higher than the prior year at $5.1 million, mainly due to the additional professional fees incurred, as noted above.

Plaza maintains a fully internalized and integrated structure and therefore incurs certain costs related to development and redevelopment activity that are not capitalizable for accounting purposes or for AFFO purposes, but that in Plaza's view is not indicative of regular income producing activities. Plaza carries between $700 and $900 thousand per year in these costs included in administrative expenses. Other real estate entities that are not development-oriented or not fully internalized for their development activities would not incur this level of expenses, or they might otherwise be able to capitalize these costs for accounting purposes.

Change in Fair Value of Investment Properties

Investment properties are recorded at fair value based on a combination of external appraisals and internal valuations, whereby appropriate capitalization rates (supplied by independent appraisers) are applied to budgeted normalized net operating income (property revenue less property operating expenses).

The Trust recorded a fair value increase to investment properties of $11.5 million for the three months ended June 30, 2019 compared to a fair value decrease of $300 thousand for the three months ended June 30, 2018. The Trust recorded a fair value increase to investment properties of $18.1 million for the six months ended June 30, 2019 compared to a fair value decrease of $5.8 million for the six months ended June 30, 2018. The weighted average capitalization rate at June 30, 2019 was 7.10% compared to 7.25% at December 31, 2018 and 7.03% at June 30, 2018. The fair value increase recorded in the current quarter and year to date are mainly due to the decrease in capitalization rates, largely stemming from higher values on a number of appraisals received on properties during both the quarter and year to date. The fair value decrease in the prior year was largely due to an increase in capitalization rates compared to December 31, 2017.

Change in Fair Value of Convertible Debentures

The majority of the convertible debentures are publicly traded with their fair values based on their traded prices.

The fair value adjustment to convertible debentures for the three months ended June 30, 2019 was a net loss of $1.1 million compared to a net loss of $659 thousand in the prior year. The fair value adjustment to convertible debentures for the six months ended June 30, 2019 was a net loss of $4.2 million compared to a net loss of $533 thousand in the prior year.

Change in Fair Value of Class B Exchangeable LP Units

The Class B exchangeable LP units were issued effective January 1, 2015 in connection with the purchase by Plaza of the interests of certain equity partners in eight properties located in New Brunswick and Prince Edward Island. Distributions paid on these exchangeable units are based on the distributions paid to Plaza unitholders. The exchangeable LP units are exchangeable on a one-for-one basis into Plaza units at the option of the holders. The fair value of these exchangeable LP units is based on the trading price of Plaza's units.

The fair value adjustment to Class B exchangeable LP units for the three months ended June 30, 2019 was a net loss of $47 thousand compared to a net loss of $392 thousand in the prior year. The fair value adjustment to Class B exchangeable LP units for the six months ended June 30, 2019 was a net loss of $357 thousand compared to a net loss of $126 thousand in the prior year.

LEASING AND OCCUPANCY

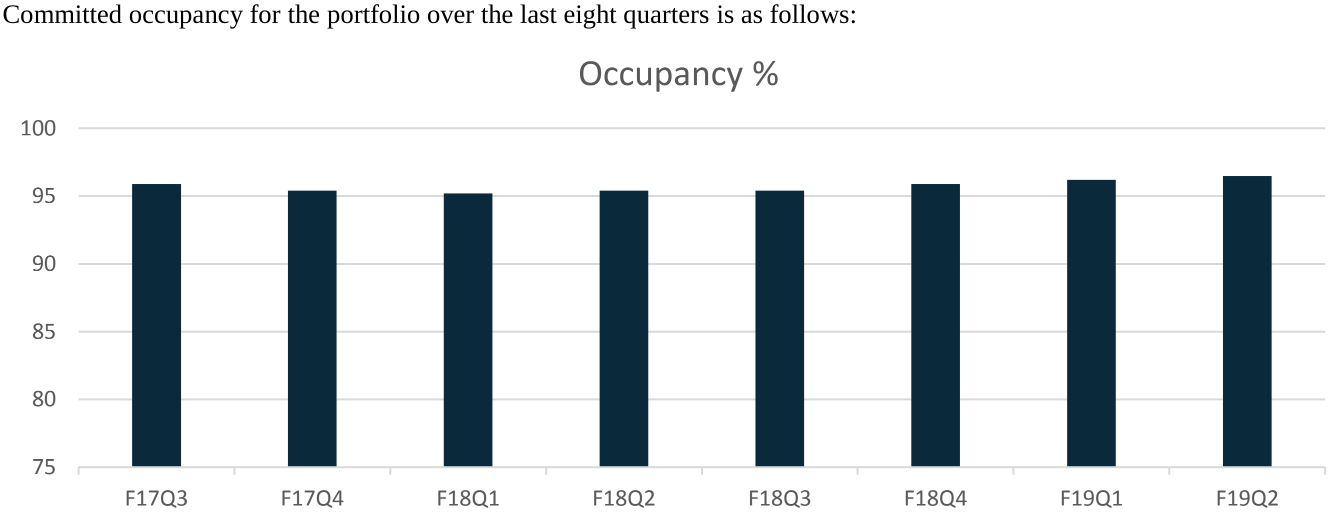
The following table represents leases expiring for the next 5 years and thereafter for Plaza's property portfolio at June 30, 2019 (excluding developments, redevelopments and non-consolidated investments).

	Open-Air Centres		Enclosed Malls		Single-User Retail		Single-User QSR [(2)]		**Total**	
Year	Sq Ft[(1)]	%	Sq Ft[(1)]	%	Sq Ft[(1)]	%	Sq Ft[(1)]	%	**Sq Ft[(1)]**	**%**
Remainder of 2019	112,413	2.5	20,739	3.3	-	-	4,530	2.4	**137,682**	**2.2**
2020	467,264	10.5	66,742	10.7	32,930	3.7	21,954	11.4	**588,890**	**9.6**
2021	553,004	12.4	30,055	4.8	38,537	4.3	15,279	8.0	**636,875**	**10.3**
2022	464,588	10.4	19,500	3.1	103,739	11.6	45,847	23.9	**633,674**	**10.3**
2023	557,954	12.5	69,355	11.1	152,739	17.1	33,792	17.6	**813,840**	**13.2**
2024	430,332	9.7	77,491	12.4	50,262	5.6	-	-	**558,085**	**9.1**
Thereafter	1,863,209	42.0	341,831	54.6	514,635	57.7	70,434	36.7	**2,790,109**	**45.3**
Subtotal	4,448,764	100.0	625,713	100.0	892,842	100.0	191,836	100.0	**6,159,155**	**100.0**
Vacant	145,291		87,856		-		11,845		**244,992**	
Total	**4,594,055**		**713,569**		**892,842**		**203,681**		**6,404,147**	
Weighted average lease term	**5.9 years**		**3.5 years**		**6.8 years**		**6.6 years**		**5.8 years**	

(1) At 100%, regardless of the Trust's ownership interest in the properties.
(2) QSR refers to quick service restaurants.

At June 30, 2019, overall committed occupancy for the portfolio (excluding properties under development, redevelopment and non-consolidated investments) was 96.5% compared to 95.4% at June 30, 2018. Same-asset committed occupancy was 96.4% at June 30, 2019, compared to 95.4% at June 30, 2018.

Committed occupancy for the portfolio over the last eight quarters is as follows:



The weighted average contractual base rent per square foot on renewals/new leasing in 2019 versus expiries (excluding developments, redevelopments and non-consolidated investments) is outlined in the following table:

	Open-Air Centres	Enclosed Malls	Single-User Retail	Single-User QSR
2019 – Q2 YTD				
Leasing renewals (sq. ft.)	295,044	74,098	97,788	7,945
Weighted average rent ($/sq. ft.)	$15.51	$13.52	$18.41	$24.85
Change in weighted average rent	11.7%	(2.2)%	0.5%	-%
Expiries that renewed (sq. ft.)	295,044	74,098	97,788	7,945
Weighted average rent ($/sq. ft.)	$13.88	$13.82	$18.32	$24.85
New leasing (sq. ft.)	71,051	4,788	-	-
Weighted average rent ($/sq. ft.)	$12.91	$17.00	-	-
Expiries not renewed (sq. ft.)	42,102	10,137	-	8,419
Weighted average rent ($/sq. ft.)	$16.09	$17.88	-	$24.92
2019 – Remainder of Year				
Expiries (sq. ft.)	112,413	20,739	-	4,530
Weighted average rent ($/sq. ft.)	$11.24	$14.50	-	$33.80

The majority of the renewals in the single-user retail category were early renewals of 2020 lease expiries.

In addition, for the six months ended June 30, 2019, the Trust completed 79 thousand square feet of new and renewal leasing deals on developments and redevelopments at market rates and 147 thousand square feet of new and renewal leasing deals at market rates at non-consolidated investments.

Plaza's financial exposure to vacancies and lease roll-overs differs among the different retail asset types, as gross rental rates differ by asset class. Committed occupancy by asset class (excluding non-consolidated investments) was as follows:

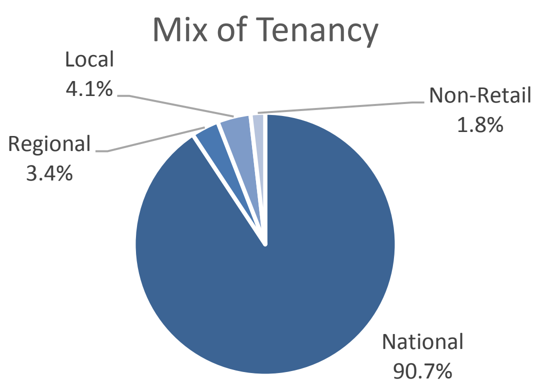
- Committed occupancy in the open-air centres was 97.3% at June 30, 2019, compared to 95.4% at June 30, 2018.
- Committed occupancy for enclosed malls was 87.7% at June 30, 2019, compared to 88.6% at June 30, 2018.
- Committed occupancy for single use assets was 98.9% at June 30, 2019, compared to 99.6% at June 30, 2018.
- Pre-leased space in active properties under development was 79.8% at June 30, 2019.

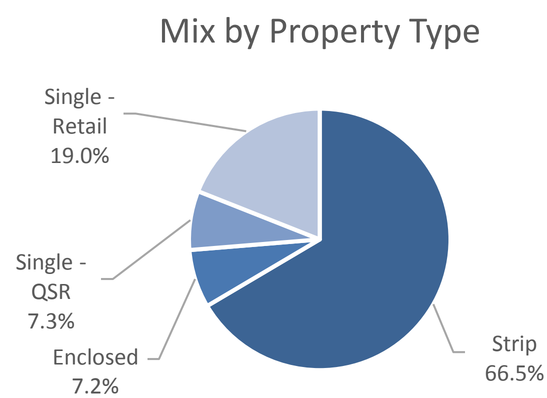
Plaza has built a portfolio with a high quality revenue stream. Plaza's ten largest tenants based upon current monthly base rents at June 30, 2019 represent approximately 55.1% of total base rent revenues in place.

	% of Base Rent Revenue[5]		% of Base Rent Revenue[5]
1. Shoppers Drug Mart	25.1	6. TJX Group[4]	3.4
2. KFC[1]	5.9	7. Staples	3.0
3. Dollarama	5.1	8. Bulk Barn	1.7
4. Canadian Tire Group[2]	4.1	9. Tim Hortons	1.6
5. Sobeys Group[3]	3.6	10. Rexall Pharma Plus	1.6

(1) The majority is represented by 3 operators.
(2) Canadian Tire Group represents the following stores: Canadian Tire, Mark's/L'Équipeur, Paderno and Sport Chek.
(3) Sobeys Group represents the following stores: Sobeys, IGA, Sobeys Fast Fuel and Lawtons.
(4) TJX Group represents the following stores: Winners, HomeSense, and Marshalls.
(5) Excludes developments, redevelopments and non-consolidated investments.

The Trust's mix of tenancies, based on base rents, is primarily made up of national tenants. The graphs below exclude developments, redevelopments and non-consolidated investments.





PART III

OPERATING LIQUIDITY AND WORKING CAPITAL

Cash flow, in the form of recurring rent generated from the portfolio, represents the primary source of liquidity to service debt, to pay operating, leasing and property tax costs, and to fund distributions. Costs of development activities, which form a large portion of accounts payable and accrued liabilities, are generally funded by a combination of debt and equity.

Cash flow from operations is dependent upon occupancy levels of properties owned, rental rates achieved, effective collection of rents, and efficiencies in operations as well as other factors.

Plaza maintains a prudent cash distribution policy, in order to retain sufficient funds to manage the business, including ongoing maintenance capital expenditures and debt service. New debt or equity capital raised is generally directed to acquisitions or continuing development activities, which are discretionary, based on the availability of such capital. In setting the annual distributions to unitholders, Plaza reviews budgets and forecasts and considers future growth prospects for the business, including developments/redevelopments and leasing within the portfolio and considers maintenance capital expenditures and leasing costs, among other things. Plaza may also look at other qualitative capital markets factors when determining any increase in distributions. Plaza does not consider temporary fluctuations in cash flow due to working capital items such as the timing of property tax installments and semi-annual debenture interest payments, in determining the level of distributions to be paid in any given time period. Profit under IFRS is not used by Plaza when setting the annual distribution, as profit reflects, among other things, non-cash fair value adjustments relating to the Trust's income producing property and debt – items that are not reflective of Plaza's ability to pay distributions and outside of Plaza's control.
For 2019, Plaza's annual distributions are currently set at $0.28 per unit.

(000s)	**3 Months Ended June 30, 2019 (unaudited)**	3 Months Ended June 30, 2018 (unaudited)	**6 Months Ended June 30, 2019 (unaudited)**	6 Months Ended June 30, 2018 (unaudited)
Total distributions[(1)]	**$ 7,263**	$ 7,242	**$ 14,540**	$ 14,452
Less: Distribution Reinvestment Plan proceeds[(2)]	**-**	(1,312)	**-**	(2,750)
Cash distributions paid	**$ 7,263**	$ 5,930	**$ 14,540**	$ 11,702

(1) Total distributions include cash distributions paid and payable to unitholders, unit distributions under the Distribution Reinvestment Plan (DRIP) and distributions on Class B exchangeable LP units classified as finance costs.

(2) Plaza's DRIP allowed Canadian unitholders to acquire additional units through the reinvestment of distributions, otherwise receivable in cash, and to receive a bonus distribution in units equivalent to 3% of each distribution.

Commencing with the October 2018 distribution, payable November 15, 2018, the Trust suspended its DRIP until further notice due to the Trust's previous announcement of a normal course issuer bid (see further details in Part III of this MD&A under the heading "Units"). As a result, unitholders enrolled in the DRIP began receiving distribution payments in cash. If Plaza elects to reinstate the DRIP in the future, unitholders that were enrolled in the DRIP at the time of its suspension and remain enrolled at the time of its reinstatement will automatically resume participation in the DRIP.

Total distributions compared to cash provided by operating activities is summarized in the following table.

(000s)	**3 Months Ended June 30, 2019 (unaudited)**	3 Months Ended June 30, 2018 (unaudited)	**6 Months Ended June 30, 2019 (unaudited)**	6 Months Ended June 30, 2018 (unaudited)
Cash provided by operating activities[(1)]	**$ 6,730**	$ 6,696	**$ 19,504**	$ 14,520
Total distributions[(2)]	**(7,263)**	(7,242)	**(14,540)**	(14,452)
Excess of cash provided by operating activities over total distributions	**$ (533)**	$ (546)	**$ 4,964**	$ 68

(1) Cash provided by operating activities is presented net of interest paid, but excludes distributions paid on Class B exchangeable LP units classified as finance costs.

(2) Total distributions include cash distributions paid and payable to unitholders, unit distributions under the DRIP and distributions on Class B exchangeable LP units classified as finance costs.

As a result of the timing of significant property tax payments and employee bonus payments, distributions exceed cash provided by operating activities in the current quarter and prior quarter. Since the shortfall is due to timing only, Plaza does not believe that the distributions should be regarded as an economic return of capital. In the interim, the excess distributions have been funded through Plaza's operating line of credit. Plaza believes its current distributions are sustainable based on expected and historical results and cash flows.

CAPITAL RESOURCES, EQUITY AND DEBT ACTIVITIES

Operating and Development Facilities

(000s)	$44.0 Million Operating	$20.0 Million Development	$15.0 Million Development
December 31, 2018[(1)]	$ 35,604	$ 11,579	$ 4,885
Net change	(18,754)	(734)	5,516
June 30, 2019[(1)]	$ 16,850	$ 10,845	$ 10,401
Interest rate	Prime + 0.75% or BA + 2.00%	Prime + 0.75% or BA + 2.25%	Prime + 0.75% or BA + 2.00%
Maturity	July 31, 2020	July 31, 2019[(2)]	July 31, 2020
Security	First charges on pledged properties	First charges on applicable pledged development property	First charges on applicable pledged development property
Other terms	Debt service, maximum leverage, occupancy & equity maintenance covenants	Debt service & maximum leverage covenants	Debt service, maximum leverage, occupancy & equity maintenance covenants
Line reservations available for letters-of-credit	$2.0 million	$1.5 million	$0.5 million
Issued and outstanding	$0.5 million	-	-

(1) Excludes unamortized finance charges.
(2) Subsequent to quarter end this line of credit was renewed until July 31, 2020.

Funding is secured by first mortgage charges on properties or development properties as applicable. The Trust must maintain certain financial ratios to comply with the facilities. As of June 30, 2019, all debt covenants in respect of the above facilities have been maintained.

Costs of development activities are generally funded by a combination of debt and equity. Timing of development activities or whether a development project is launched at all (including those listed in Part I of this MD&A under the heading “Development Pipeline and Acquisitions/Dispositions – Development Pipeline”) is dependent on tenant demand and availability of capital, among other factors. Plaza’s operating facility is generally used to fund the equity portion of development projects (which usually consists of the actual acquisition of the development projects or land). Plaza’s existing development facilities or new construction loans entered into (generally in the case where Plaza has partners in a development) are used to fund construction costs until permanent long-term financing is placed on the finished development. Given the rotation of development projects onto, and off of, the development facilities and the availability of specific construction financing when required, Plaza’s facilities and its debt capacity are sufficient to fund ongoing planned and committed development expenditures.

Mortgage Bonds

Mortgage bonds are secured by either property or cash. The mortgage bonds terms are as follows:

(000s)	Series X	Series XI	Series XII
Interest rate	5.00%	5.00%	5.50%
Maturity date	June 25, 2020	July 8, 2019	July 15, 2022
Amount	$6,000	$6,000	$3,000

The Series X, XI and XII mortgage bonds can be deployed up to 90% of the cost of a property under a first or second charge on that property. If it is a second charge, the total debt, including mortgage bonds, cannot exceed 90%. These mortgage bonds can be reallocated to different properties from time to time as required. The Trust can redeem up to one-half of the Series XII mortgage bonds at par on the second anniversary, being July 15, 2019.
On July 8, 2019 the Series XI mortgage bonds matured and were paid out.

Debentures

Convertible and non-convertible debentures are subordinate and unsecured. Convertible debentures are recorded at fair value and changes in the fair value are recorded quarterly in profit and loss. The debenture terms are as follows:

(000s)	Convertible Series E	Convertible Series VII	Non-convertible Series I	Non-convertible Series II
Interest rate	5.10%	5.50%	5.00%	5.00%
Conversion price	$5.65	$6.04	n/a	n/a
Par call date	April 1, 2022	June 30, 2020	n/a	n/a
Maturity date	March 31, 2023	June 30, 2021	May 2, 2021	February 28, 2022
Face amount	$47,250	$5,500	$3,860	$6,000

Mortgages

During 2019, the Trust obtained an unsecured variable-rate interest-only loan in the amount of $1.2 million (at Plaza's consolidated share) in connection with the acquisition of a property. The loan has a term of 5 years and a rate of prime plus 1.05% with a minimum 5.00% rate.

During 2019, long-term financing was obtained in the amount of $11.0 million with a term of 10 years and an interest rate of 3.67%. This property is held in a non-consolidated investment of which the Trust owns 25%.

During 2019, long-term financing was obtained in the amount of $62.9 million with a weighted average term of 8.6 years and a weighted average interest rate of 3.71%.

During 2019, the Trust obtained a $10.1 million secured non-revolving construction facility. The loan has a term of 2 years and a rate of prime plus 1.00% or BAs plus 2.25%. At June 30, 2019, $8.9 million has been drawn on the loan.

The Trust has a $6.6 million variable rate secured construction loan/credit facility in connection with the acquisition of a redevelopment project. The loan bears interest at prime plus 1.25% or BAs plus 2.75%, and matures on November 30, 2019. At June 30, 2019, $4.9 million has been drawn on the loan.

In January 2018, the Trust obtained a $14.9 million variable rate secured construction loan/credit facility in connection with the acquisition of a redevelopment project. Upon the sale of a 50% co-ownership interest in the underlying property in the second quarter of 2018, 50% of this facility was assumed by the partner. The loan bears interest at prime plus 1.25% or BAs plus 2.50%, and matures on January 10, 2020. At June 30, 2019 at Plaza's proportionate share, $6.7 million has been drawn on the loan.

Subsequent to quarter end, fixed term loans were obtained for $6.5 million with a term of 6.0 years and an interest rate of 3.32%. These loans are secured by properties located in Amherstview and Port Perry, ON and are held in a non-consolidated investment of which the Trust owns 50%. These mortgages are funded by a variable rate that has an interest rate swap in place, thereby fixing the variable interest rate.

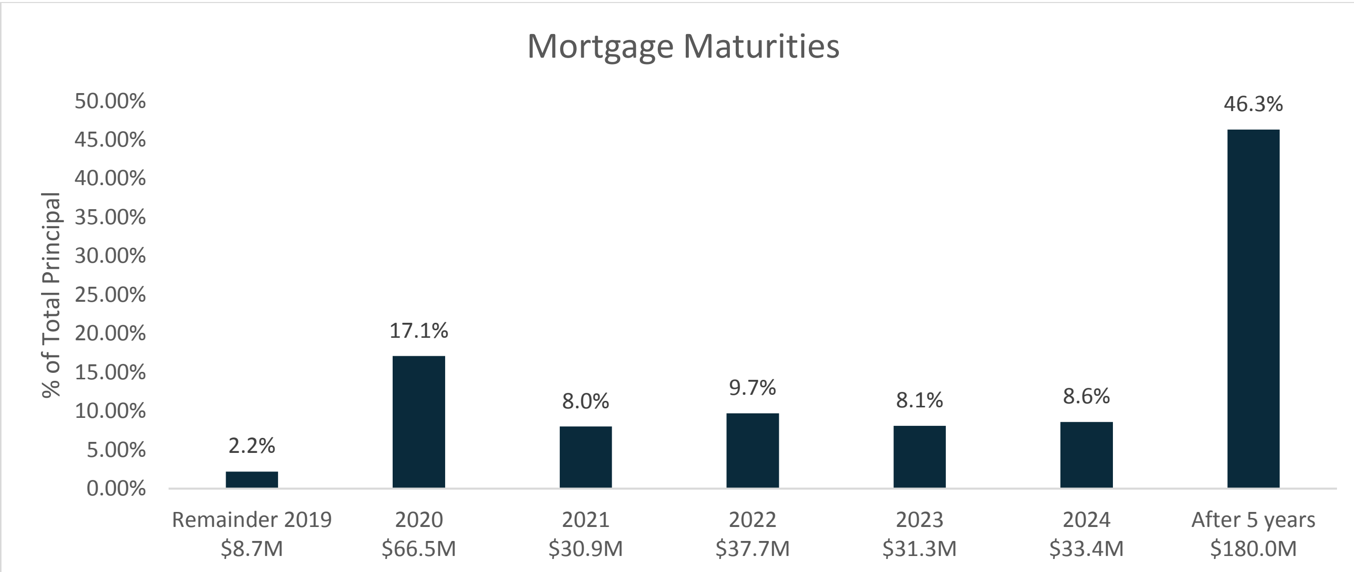
Subsequent to quarter end, a construction facility for $27.4 million was entered into with a term of 2.0 years and an interest rate of prime plus 0.75% or BA plus 2.0%. As of August 8, 2019, $16.7 million has been drawn of which $7.6 million was used to repay a portion of a land loan for the same property. This facility is held in a non-consolidated investment for a property located in St. John's, NL of which the Trust owns 50%.

Subsequent to quarter end, fixed term loans were early extended with the existing lender for $36 million with a weighted average term of 10.0 years and a weighted average interest rate of 4.7%. These loans are secured by properties located in Montreal, QC and are held in a non-consolidated investment of which the Trust owns 10%.

The Trust's strategy is to balance maturities and terms on new debt with existing debt maturities to minimize maturity exposure in any one year and to reduce overall interest costs. Maintaining or improving the average cost of debt will be dependent on market conditions at the time of refinancing. Plaza's debt strategy involves maximizing the term of long-term debt available based on the tenant profiles for the assets being financed, at current market rates, in order to stabilize cash flow available for reinvestment and distribution payments.

As a conservative interest rate risk management practice, the Trust's use of floating-rate debt is generally limited to its operating line (to fund ongoing operations and acquisitions) and its development lines/construction loans (until long term fixed-rate mortgage financing is placed on the completed development projects).

The following is a maturity chart of mortgages by year:



Weighted average expiring rate on long-term fixed-rate mortgages

4.29%	4.70%	4.93%	4.09%	4.83%	4.42%	4.08%

The weighted average term to maturity for the long-term mortgages is 5.9 years. The average remaining repayment (amortization) period on long-term mortgage debt is 22.3 years.

Debt Service Ratios

Plaza's summary of EBITDA and debt service ratios for the three and six months ended June 30, 2019, compared to the three and six months ended June 30, 2018 is presented below:

(000s – except debt service ratios)	3 Months Ended June 30, 2019 (unaudited)	3 Months Ended June 30, 2018 (unaudited)	6 Months Ended June 30, 2019 (unaudited)	6 Months Ended June 30, 2018 (unaudited)
Profit and total comprehensive income for the period	**$ 16,954**	$ 7,327	**$ 33,244**	$ 4,161
Add (deduct):				
Income taxes	**76**	42	**657**	184
Finance costs	**7,438**	6,854	**14,841**	13,608
Finance costs - convertible debenture issuance costs	**-**	228	**-**	2,280
Fair value adjustment to investment properties	**(11,485)**	300	**(18,114)**	5,814
Fair value adjustment to investments	**(156)**	(905)	**(633)**	2,890
Fair value adjustment to convertible debentures	**1,055**	659	**4,214**	533
Fair value adjustment to Class B exchangeable LP units	**47**	392	**357**	126
Fair value adjustment to restricted share units	**3**	16	**15**	10
Fair value adjustment to interest rate swaps and bond forwards	**1,493**	(18)	**1,533**	(49)
Fair value adjustment to right-of-use land lease assets	**165**	-	**328**	-
Equity accounting adjustment for interest rate swaps and bond forwards	**(8)**	(15)	**(7)**	(33)
EBITDA	**$ 15,582**	$ 14,880	**$ 36,435**	$ 29,524
Finance costs[1]	**$ 7,323**	$ 6,753	**$ 14,691**	$ 13,338
Periodic mortgage principal repayments[2]	**2,842**	2,681	**5,736**	5,347
Total debt service	**$ 10,165**	$ 9,434	**$ 20,427**	$ 18,685
Debt service ratios				
Interest coverage ratio	**2.13 times**	2.20 times	**2.48 times**	2.21 times
Debt coverage ratio	**1.53 times**	1.58 times	**1.78 times**	1.58 times

(1) Excludes mark-to-market adjustments, loan defeasance and early mortgage discharge fees and distributions on Class B exchangeable LP units recorded in finance costs.
(2) Includes land lease principal repayments.

For the three months ended June 30, 2019, the interest and debt coverage ratios were slightly lower than the prior year mainly due to the new accounting standard relating to leases. Under the new rules in effect January 1, 2019, Plaza's land leases have been required to be recorded on the balance sheet. Payments to land lessors are no longer recorded in NOI. Instead an imputed interest expense on the land lease liability is recorded in finance costs. Principal repayments are booked directly on the balance sheet reducing the land lease liability recorded. The new standard has been implemented prospectively and therefore prior year comparatives have not been restated. As it pertains to the above debt service ratios, the prior year numbers had land lease expense reducing the numerator, EBITDA, while the current year numbers have the imputed interest expense and the principal repayments on the land lease liability increasing the denominator, total debt service. Without the new accounting rules, and calculating the ratios on a basis consistent with the prior year, the interest and debt coverage ratios would have been consistent with the prior year.

For the six months ended June 30, 2019, the interest and debt coverage ratios were significantly higher than the prior year mainly due to $5.5 million in lease buyout revenues recorded in the current year.

The debt coverage and interest coverage ratios exceed the requirements under borrowing arrangements.

Debt to Gross Assets

Plaza's debt to gross assets is presented below:

	June 30, 2019	June 30, 2018	December 31, 2018
Debt to gross assets:			
Including convertible debentures(1)	56.4%	53.8%	54.7%
Excluding convertible debentures	51.9%	48.8%	49.7%

(1) Convertible debentures valued at cost.

The increase in debt to gross assets over the prior year relates to the new accounting standards on leases implemented on January 1, 2019 requiring Plaza to record a land lease liability and right-of-use land lease asset on its books. This standard has been implemented prospectively and therefore prior year comparatives have not been restated. The Trust's general philosophy is to maintain its leverage at no more than approximately 50% excluding convertible debentures and approximately 55% including convertible debentures. By its Declaration of Trust, Plaza is limited to an overall indebtedness ratio of 60% excluding convertible debentures and 65% including convertible debentures.

Units

If all rights to convert units under the provisions of convertible debt were exercised and exchangeable LP units were exchanged, the impact on units outstanding would be as follows:

At August 8, 2019 (000s) (unaudited)	**Units**
Current outstanding units	**102,406**
Class B exchangeable LP units	**1,191**
Series VII convertible debentures	**911**
Series E convertible debentures	**8,363**
Total adjusted units outstanding	**112,871**

Effective September 28, 2018, the Trust instituted a normal course issuer bid ("NCIB"). Pursuant to the NCIB, the Trust can purchase through the facilities of the TSX and any alternative trading system in Canada, from time to time over the next twelve months, if considered advisable, up to an aggregate of 8,025,793 of the Trust's issued and outstanding units. All units that are purchased under the NCIB will be cancelled. The NCIB will conclude on the earlier of the date on which purchases under the bid have been completed and September 27, 2019. Daily purchases made by the Trust may not exceed 14,623 units, being 25% of the average daily trading volume of the units on the TSX for the six month period ended August 31, 2018, subject to certain prescribed exemptions and any block purchase made in accordance with the rules of the TSX.

On March 1, 2019, Plaza entered into an automatic securities repurchase plan with its designated broker in order to facilitate purchases of units under the NCIB. All units that are repurchased will be cancelled monthly, on or before the record date for each monthly distribution. For the six months ended June 30, 2019, 348,389 units have been repurchased, 341,389 of which have been settled and cancelled.

Subsequent to quarter end, an additional 96,100 units have been repurchased under the normal course issuer bid.

Land Leases

Return on invested cash or equity is a measure Plaza uses to evaluate development and strategic acquisitions. Investing in a project subject to a land lease reduces the cash equity required for an individual project and increases the number of projects which can be undertaken with available capital. This spreads risk and enhances overall unitholder return. In some instances, use of a land lease will enhance project feasibility where a project might not otherwise be undertaken without use of a land lease.

In January 2016, the IASB issued IFRS 16, *Leases* ("IFRS 16"). The new standard replaced the previous lease guidance in IFRS and related interpretations, requiring lessees to bring most leases on their balance sheet. Lessor accounting remains similar to the current standard and the distinction between operating and finance leases is retained. The new standard was effective beginning January 1, 2019.

The Trust has investment properties located on land which is leased. Under the former lease standard, these leases were accounted for as operating leases and the related lease payments were expensed. Under the new lease standard, a right-of-use ("ROU") asset and a land lease liability have been recorded along with the corresponding financing charges. The ROU asset is accounted for as investment property, as these land leases meet the definition of investment property under IAS 40, *Investment property*.

At transition, for leases classified as operating leases under the old standard, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Trust's incremental borrowing rate as at January 1, 2019. The Trust elected to measure all its ROU assets at an amount equal to the lease liability, adjusted for any prepaid or accrued lease payments.

As at January 1, 2019, the Trust recognized lease liabilities of $60.4 million recorded as land lease liability and ROU assets of $60.4 million in investment properties on its balance sheet. The nature and timing of the related expenses has changed under the new standard, as IFRS 16 replaces the straight-line operating lease expense recorded in NOI with interest expense on lease liabilities. Changes in the fair value of the ROU asset are also now being recorded.

Land lease commitment at December 31, 2018, as disclosed in the Trust's consolidated financial statements	$ 141,181
Additional land lease commitments upon transition[(1)]	17,541
Total land lease liability commitments	158,722
Discounted using the incremental borrowing rate at January 1, 2019	(98,285)
Land lease liability recognized at January 1, 2019	$ 60,437

(1) Land lease commitments upon transition represent those leases that, in the opinion of management, will be renewed for terms beyond the current contractual commitments based on the estimated useful lives of the investment properties occupying the leased land.

When measuring lease liabilities for leases that were classified as operating leases, the Trust discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted average rate applied was 4.67%.

The Trust has 26 long-term land leases (affecting 25 properties). One of the land leases relates to shared parking facilities. Land leases expire (excluding any non-automatic renewal periods) on dates ranging from 2022 to 2084 with an average life of 40 years, with some of the leases also containing non-automatic renewal options, extending the average life of the leases to 65 years including these non-automatic renewal options. Of the 26 land leases, 10 of the land leases have options to purchase, generally at fair market value. At June 30, 2019, the recorded amount of the right-of-use asset and land lease liability is $60.1 million.

Gross Capital Additions Including Leasing Fees:

(000s)	**3 Months Ended June 30, 2019 (unaudited)**	3 Months Ended June 30, 2018 (unaudited)	**6 Months Ended June 30, 2019 (unaudited)**	6 Months Ended June 30, 2018 (unaudited)
Existing properties				
Leasing commissions	**$ 48**	$ 33	**$ 163**	$ 180
Other leasing costs	**253**	408	**950**	541
	301	441	**1,113**	721
Maintenance capital expenditures	**326**	368	**623**	674
Total capital additions – existing properties	**627**	809	**1,736**	1,395
Development/redevelopment properties				
Leasing commissions	**6**	131	**33**	353
Other leasing costs	**1,826**	3,287	**4,300**	5,064
Capital additions	**4,476**	3,366	**5,931**	5,485
Total capital additions - developments/redevelopments	**6,308**	6,784	**10,264**	10,902
Total gross additions per statements of cash flows	**$ 6,935**	$ 7,593	**$ 12,000**	$ 12,297
Reconciliation of leasing costs for AFFO purposes				
Leasing costs – existing properties per above	**$ 301**	$ 441	**$ 1,113**	$ 721
Internal leasing salaries	**332**	486	**603**	726
Total leasing costs – existing properties for AFFO purposes	**$ 633**	$ 927	**$ 1,716**	$ 1,447

COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

The Trust has $21.9 million in short-term commitments in respect of development activities. Management believes that Plaza has sufficient unused bank line availability, and/or mortgage bond deployment potential, to fund these commitments.

The Trust's estimated commitments at June 30, 2019 in respect of certain projects under development and other long-term obligations are as follows:

	Remainder 2019	**Year 1 2020**	**Year 2 2021**	**Year 3 2022**	**Year 4 2023**	**Year 5 2024**	**After 5 Years**	**Face Value Total**
Mortgages – periodic payments	$5,443	$10,740	$9,227	$8,868	$7,286	$6,945	$24,530	$73,039
Mortgages – due at maturity	8,691	66,532	30,896	37,653	31,298	33,422	179,951	388,443
Development lines of credit	10,845	10,401	-	-	-	-	-	21,246
Construction loans	4,896	6,707	8,855	-	-	-	-	20,458
Unsecured interest-only loan	-	-	-	-	-	1,171	-	1,171
Bank indebtedness	-	16,850	-	-	-	-	-	16,850
Mortgage bonds payable	6,000	6,000	-	3,000	-	-	-	15,000
Debentures[1]	-	-	9,360	6,000	47,250	-	-	62,610
Right-of-use land leases	1,643	3,289	3,337	3,327	3,293	3,331	121,921	140,141
Development activities	21,941	-	-	-	-	-	-	21,941
Total contractual obligations	**$59,459**	**$120,519**	**$61,675**	**$58,848**	**$89,127**	**$44,869**	**$326,402**	**$760,899**

(1) Stated at face value.

Contingent Liabilities

The Trust has contingent liabilities as original borrower on three mortgages partially assumed by the purchasers of the underlying properties, where a 75% interest in each was sold in 2009. These commitments are subject to indemnity agreements. These sales did not relieve the Trust's obligations as original borrower in respect of these mortgages. The debt subject to such guarantees at June 30, 2019 totals $5.0 million with a weighted average remaining term of 3.6 years. As well, the Trust has contingent liabilities as original borrower on eight mortgages partially assumed by the purchasers of the underlying properties, where a 50% interest in each was sold in November 2017. These commitments are subject to indemnity agreements. These sales did not relieve the Trust's obligations as original borrower in respect of these mortgages. The debt subject to such guarantees at June 30, 2019 totals $9.7 million with a weighted average remaining term of 4.5 years.

The Trust guarantees mortgage debt in excess of its pro-rata position in joint ventures and non-consolidated subsidiaries in the amount of $14.0 million. As well, the Trust has a guarantee in excess of its ownership percentage to the mortgagee on one property in the amount of $517 thousand. This amount is subject to cross-guarantees by the other co-owners.

PART IV

SUMMARY OF SELECTED QUARTERLY INFORMATION

Plaza's summary of selected quarterly information for the last eight quarters is presented below:

(000s except per unit and percentage data) (unaudited)	**Q2'19**	Q1'19	Q4'18	Q3'18	Q2'18	Q1'18	Q4'17	Q3'17
Total revenue[(1)]	**$28,491**	$33,858	$26,162	$27,077	$28,639	$23,558	$26,461	$26,817
Property rental revenue	**$26,373**	$31,747	$26,068	$25,723	$26,260	$25,966	$25,679	$25,113
Net property operating income	**$16,449**	$21,478	$15,740	$16,699	$16,125	$15,360	$15,489	$16,308
Profit (loss) and total comprehensive income (loss)	**$16,954**	$16,290	$1,068	$6,983	$7,327	$(3,166)	$9,530	$7,611
Distributions per unit	**7.0¢**	7.0¢	7.0¢	7.0¢	7.0¢	7.0¢	6.75¢	6.75¢
Funds from operations per unit – basic	**8.1¢**	12.8¢	7.9¢	9.0¢	8.2¢	7.9¢	8.2¢	8.9¢
Funds from operations per unit – diluted	**8.0¢**	12.3¢	7.8¢	8.9¢	8.2¢	7.9¢	8.2¢	8.9¢
Adjusted funds from operations per unit – basic	**7.2¢**	11.7¢	7.2¢	7.8¢	7.0¢	7.2¢	7.6¢	8.3¢
Adjusted funds from operations per unit – diluted	**7.2¢**	11.3¢	7.2¢	7.8¢	7.0¢	7.2¢	7.6¢	8.3¢
Distributions as a percentage of basic FFO	**86.3%**	54.9%	89.0%	77.4%	85.0%	88.1%	82.2%	75.4%
Distributions as a percentage of basic AFFO	**97.2%**	60.0%	97.5%	89.4%	99.5%	97.0%	89.1%	81.6%
Gross Leasable Area (000s of sq. ft.) (at 100% and excluding non-consolidated investments and properties under development/redevelopment)								
Total income producing properties	**6,418**	6,430	6,430	6,358	6,326	6,065	5,547	5,542
Occupancy % (at 100% and excluding non-consolidated investments and properties under development/redevelopment)								
Total income producing properties	**96.5%**	96.3%	96.2%	95.9%	95.4%	95.1%	95.2%	95.4%

(1) Includes investment income, other income and share of profit of associates.

During the last eight quarters occupancy has remained high which contributes to stability of cash flow. Significant fluctuations in profit and loss are mainly due to non-cash fair value adjustments on the Trust's investment properties and debt instruments. Fair value adjustments are based on market parameters for which the Trust has no control or ability to predict.

Some of Plaza's leases have common cost recoveries from tenants linked to the consumer price index (CPI) or otherwise have caps on operating costs. At June 30, 2019, approximately 48.3% of the Trust's leased area is tied to a CPI cost recovery formula. As well, anchor tenant leases may restrict common area maintenance (CAM) cost recoveries. As a result of all of these factors, seasonal fluctuations in NOI, FFO and AFFO occur primarily due to winter costs as well as yearly repair and maintenance activities which typically occur in spring and early summer which may create inconsistencies in quarterly recovery revenues compared with quarterly expenses.

PART V

RISKS AND UNCERTAINTIES

All property investments are subject to a degree of risk and uncertainty. Property investments are affected by various factors including general economic conditions and local market circumstances. Local business conditions such as oversupply of space or a reduction in demand for space particularly affect property investments. Management attempts to manage these risks through geographic and retail asset class diversification in the portfolio. At June 30, 2019, the Trust held interests in 277 properties spread geographically across Canada. Some of the more important risks are outlined below. See Financial Risk Management Note 28 to the December 31, 2018 Consolidated Financial Statements of the Trust for further details. Also see the Trust's Annual Information Form dated March 27, 2019 for a complete list of risks and uncertainties.

Interest Rate, Financing and Refinancing Risk

Management attempts to lock in cash returns on assets for the longest period possible, consistent with exposure to debt maturing and leases expiring in any given year. Matching as closely as possible the debt term on a particular asset with its average lease term, helps ensure that any interest rate increases could be offset by increases in rental rates.

The Trust mitigates interest rate risk by maintaining the majority of its debt at fixed rates. Floating rate debt is typically used on its operating line of credit and for development or redevelopment projects as interim financing, until the projects are completed and are then able to attract the appropriate long-term financing. The hypothetical impact of a 1% change in interest rates would be approximately $597 thousand. The Trust mitigates its exposure to fixed-rate interest risk on its debt by staggering maturities in order to avoid excessive amounts of debt maturing in any one year. If market conditions warrant, the Trust may attempt to renegotiate its existing debt to take advantage of lower interest rates. At existing financing rates, the Trust is able to obtain positive returns from debt financing. The quality of the Trust's projects and properties makes management believe it can obtain suitable long-term financing for those projects on completion of development as well as those properties with maturing existing debt. The Trust has an ongoing requirement to access the debt markets and there is a risk that lenders will not refinance such maturing debt on terms and conditions acceptable to the Trust or on any terms at all. Management believes that all debts maturing in 2019 or properties needing long term financing in 2019 will be able to be financed or refinanced as they come due.

From time to time Plaza may enter into derivative instruments to hedge the cash flow variability on future interest payments on anticipated mortgage financings from changes in interest rates until the time the mortgage interest rate is set.

Credit Risk

Credit risk mainly arises from the possibility that tenants may experience financial difficulty and will be unable to fulfill their lease commitments. Management mitigates this risk by ensuring that Plaza's tenant mix is diversified and heavily weighted to national tenants. Plaza also maintains a portfolio that is diversified geographically so that exposure to local business is lessened and Plaza limits loans granted under lease arrangements to credit-worthy mainly national tenants.

Currently one tenant, Shoppers Drug Mart, represents 25.1% of current monthly base rents in place, while franchisees of KFC represent 5.9%. The top 10 tenants collectively represent approximately 55.1% of current monthly base rents in place. National and regional tenants represent 94.1% of the tenant base, based on base rents in place.

Lease Roll-Over and Occupancy Risk

Lease roll-over risk arises from the possibility that Plaza may experience difficulty renewing leases as they expire or in re-leasing space vacated by tenants.

Plaza's principal management of occupancy risk is the skewing of tenancies towards national tenants, the signing of longer term leases and significant pre-leasing of development space. As well, management attempts to stagger the lease expiry profile so that Plaza is not faced with a disproportionate amount of square footage of leases expiring in any one year. Management further mitigates this risk by maintaining a diversified portfolio mix by geographic location and ensuring that the Trust maintains a well-staffed and highly skilled leasing department to deal with all leasing issues.

One of Plaza's performance drivers is related to occupancy levels. The majority of Plaza's leases in place are referred to as "net leases", meaning tenants reimburse Plaza fully for their share of property operating costs (subject to consumer price index adjustments in many cases) and realty taxes. Many of Plaza's operating costs and realty taxes are not reduced by vacancy. Certain costs such as utilities and janitorial costs would not decline with a decline in occupancy.

The hypothetical impact to NOI of a change in occupancy of 1% would be approximately $600 thousand to $1.0 million per annum. The analysis does not identify a particular cause of such changing occupancy and as a result, it does not reflect the actions management may take in relation to the changes.

Development and Acquisition Risk

Plaza's external growth prospects will depend in large part on identifying suitable development, redevelopment and acquisition opportunities, pursuing such opportunities, conducting necessary due diligence, consummating acquisitions (including obtaining necessary consents) and effectively operating the properties acquired or developed by the Trust. If Plaza is unable to manage its growth and integrate its acquisitions and developments effectively, its business, operating results and financial condition could be adversely affected. Developments and acquisitions may not meet operational or financial expectations due to unexpected costs or market conditions, which could impact the Trust's performance.

Environmental Risk

Plaza is subject to various laws relating to the environment which deal primarily with the costs of removal and remediation of hazardous substances such as asbestos or petroleum products. Environmental risk is relevant to Plaza's ability to sell or finance affected assets and could potentially result in liabilities for the costs of removal and remediation of hazardous substances or claims against Plaza. Management is not aware of any material non-compliance with environmental laws or regulations with regard to Plaza's portfolio, or of any material pending or threatened actions, investigations or claims against Plaza relating to environmental matters. Plaza manages environmental exposures in a proactive manner during every aspect of the property life cycle including extensive due diligence in respect of environmental risk before purchase or development.

Status of the REIT

Plaza is required to comply with specific restrictions regarding its activities and the investments held by it in order to maintain its mutual fund trust status. Should Plaza cease to qualify as a mutual fund trust, the consequences could be material and adverse. As well, Plaza conducts its affairs in order to qualify as a REIT under applicable tax statutes so that it retains its status as a flow-through vehicle for the particular year. Should Plaza not meet the conditions to qualify as a REIT in a particular year, it may be subject to tax similar to a corporation, which may have an adverse impact on it and its unitholders, on the value of the units and on its ability to undertake financings and acquisitions, and its distributable cash may be materially reduced. Management believes that it complies with both the mutual fund trust rules and the REIT rules.

PART VI

RELATED PARTY TRANSACTIONS

Notes Payable to Related Parties

The following non-interest bearing notes existed at the time of acquisition of properties in September 2000. Certain of the notes are owed to parties controlled directly or indirectly by Michael Zakuta. The notes are repayable on sale or refinancing of the related asset.

(000s)	June 30, 2019 (unaudited)	December 31, 2018
Non-interest bearing notes:		
Entities owned (directly or indirectly), controlled or significantly influenced by Michael Zakuta, President, Chief Executive Officer and trustee of the Trust	**$ 261**	$ 261

Bonds and Debentures Held

The trustees, directly or indirectly, held mortgage bonds or debentures of the Trust as follows (stated at face value):

(000s)	June 30, 2019 (unaudited)	December 31, 2018
Edouard Babineau	**$ 150**	$ 150
Earl Brewer	**450**	450
Stephen Johnson	**300**	300
Michael Zakuta	**100**	100
Total	**$ 1,000**	$ 1,000

Other key management personnel own $20 thousand in mortgage bonds of the Trust at June 30, 2019.

Other Related Party Transactions

TC Land LP, an entity controlled by Michael Zakuta and Earl Brewer, leases nine parcels of land to the Trust at a total annual rent of $1.2 million. The land leases expire at various times from October 2043 to November 2047, subject to options to renew. All of these land leases have options to purchase, of which one is at a fixed price and the others are at fair market value. The business purpose of the leases was to enhance levered equity returns on the affected assets.

Earl Brewer and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 25% interest in the Gateway Mall, Sussex, NB. A subsidiary of the Trust manages the mall. There is no accounts receivable balance owing to the Trust for property management, leasing and development fees. For the six months ended June 30, 2019, property management, development, financing and leasing fees of $128 thousand were earned by a subsidiary of the Trust from this property. The $405 thousand note receivable owing to the Trust at December 31, 2018, relating to short-term funding requirements for the construction of a retail pad on the property was repaid during the first quarter of 2019.

Until January 31, 2018, Edouard Babineau, Earl Brewer and Michael Zakuta, directly or indirectly, held interests in common with the Trust's 10% interest in Northwest Plaza Commercial Trust, the owner of Northwest Centre, Moncton, NB. A subsidiary of the Trust manages the centre. On January 31, 2018, the Trust completed the acquisition of the remaining 90% of the issued and outstanding units of Northwest Plaza Commercial Trust that it did not already own. A special committee of independent trustees of the Trust was formed to review and approve the related party transaction. For the one month ended January 31, 2018, property management, development and leasing fees of $18 thousand were earned by a subsidiary of the Trust from this property.

The Montreal office of Plaza Group Management Limited (a wholly-owned subsidiary of the Trust) shares office space with a company indirectly owned by Michael Zakuta in an office building owned by that related party. No basic minimum rent is payable for the space.

Edouard Babineau, Earl Brewer and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 20% interest in Mountainview Plaza, Midland, ON and Park Street Plaza, Kenora, ON. A subsidiary of the Trust manages the malls. At June 30, 2019 there is $5.8 million owed by the properties to the Trust which is recorded in notes and advances receivable. As well, there is a $14 thousand accounts receivable balance owing to the Trust for property management, leasing and development fees. For the six months ended June 30, 2019, property management, leasing, development and financing fees of $102 thousand were earned by a subsidiary of the Trust from these properties.

Until January 31, 2018, Edouard Babineau, Earl Brewer, Denis Losier and Michael Zakuta, directly or indirectly, held interests in common with the Trust's 10% interest in Shediac West Plaza, Shediac, NB. A subsidiary of the Trust manages the property. On January 31, 2018, the Trust completed the acquisition of the remaining 90% of the issued and outstanding units of Plazacorp – Shediac Limited Partnership that it did not already own. A special committee of independent trustees of the Trust was formed to review and approve the related party transaction. For the one month ended January 31, 2018, property management, leasing and development fees of $2 thousand were earned by a subsidiary of the Trust from this property.

Earl Brewer and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 50% interest in two single-use properties located in Amherstview and Port Perry, ON. A subsidiary of the Trust manages the properties. For the six months ended June 30, 2019, property management fees of $2 thousand were earned by a subsidiary of the Trust from these properties.

Edouard Babineau, Earl Brewer, James Petrie, Barbara Trenholm and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 25% interest in KGH Plaza, Miramichi, NB, a single-use property located at 681 Mountain Road, Moncton, NB, a single-use property located at 201 Main Street, Sussex, NB and Robie Street Truro Plaza, Truro, NS. A subsidiary of the Trust manages the properties. At June 30, 2019 there is a $5 thousand accounts receivable balance owing to the Trust for property management, leasing and development fees. For the six months ended June 30, 2019, property management, leasing and development fees of $116 thousand were earned by a subsidiary of the Trust from these properties.

Edouard Babineau, Earl Brewer and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 50% interest in Scott Street Plaza, St. Catharines, ON, and five single-use properties located at St. Joseph's Boulevard, Orleans, ON, Dufferin and Wilson, Perth, ON, Ontario Street Port Hope, Port Hope, ON, Civic Centre Road, Petawawa, ON and 615 King Street, Gananoque, ON. A subsidiary of the Trust manages the properties. For the six months ended June 30, 2019, property management fees of $15 thousand were earned by a subsidiary of the Trust from these properties.

Edouard Babineau, Earl Brewer, Denis Losier and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 50% interest in the following eight properties: Boulevard Hebert Plaza and Victoria Street Plaza in Edmundston, NB; Grand Falls Shopping Center and Madawaska Road Plaza in Grand Falls, NB; Connell Road Plaza, Woodstock, NB; Welton Street Plaza, Sydney, NS; and Pleasant Street Plaza and Starrs Road Plaza in Yarmouth, NS. A subsidiary of the Trust manages the properties. At June 30, 2019 there is a $17 thousand accounts receivable balance owing to the Trust for property management fees. For the six months ended June 30, 2019, property management, leasing and development fees of $108 thousand were earned by a subsidiary of the Trust from these properties.

PART VII

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that material information is gathered and reported to senior management to permit timely decisions regarding public disclosure. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Trust maintains appropriate DC&P and ICFR to ensure that information disclosed externally is complete, reliable and timely.

A control system, no matter how well conceived and operated, can provide only reasonable and not absolute assurance that the objectives of the control system are met. As a result of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected. These inherent limitations include, amongst other items: (i) that management's assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances; or (ii) the impact of isolated errors.

Additionally, controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of controls is also based, in part, upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

The Trust's Chief Executive Officer and Chief Financial Officer evaluated, or under their supervision caused to be evaluated, the design of the Trust's DC&P and ICFR at June 30, 2019. Based on that evaluation they determined that the Trust's DC&P and ICFR were appropriately designed based on the criteria established in the *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

During the six months ended June 30, 2019, there were no changes in the Trust's ICFR that occurred that have materially affected, or are reasonably likely to materially affect, the Trust's ICFR.

CRITICAL ACCOUNTING POLICIES

Critical Accounting Estimates

The preparation of the Trust's Consolidated Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of certain assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. The significant estimates and judgments include the assessment of fair values, the discount rates used in the valuation of the Trust's assets and liabilities, capitalization rates, the relative credit worthiness of the Trust to its counterparties, the determination of the accounting basis for investments and joint arrangements, the amount of borrowing costs to capitalize to properties under development and the selection of accounting policies.

(i) Investment properties

One significant judgment and key estimate that affects the reported amounts of assets at the date of the Consolidated Financial Statements and the reported amounts of profit or loss during the period, relates to property valuations. Investment properties, which are carried on the consolidated statements of financial position at fair value, are valued either by the Trust or by external valuators. The valuation of investment properties is one of the principal estimates and uncertainties of the financial statements. The valuations are based on a number of assumptions, such as appropriate discount rates and capitalization rates and estimates of future rental income, operating expenses and capital expenditures. These investment properties are sensitive to fluctuations in capitalization and discount rates.

Specifically, the fair value of investment properties is based on a combination of external appraisals and internal valuations as noted below. Management undertakes a quarterly review of the fair value of its investment properties to assess the continuing validity of the underlying assumptions, such as cash flows and capitalization rates. Where increases or decreases are warranted, the Trust adjusts the fair values of its investment properties. Related fair value gains and losses are recorded in profit and loss in the period in which they arise.

(a) External appraisals

Independent appraisals are obtained in the normal course of business as refinancing activities require them, and as applicable, the fair value of various investment properties is based on these external appraisals.

(b) Internal approach – direct capitalization income approach

Under this approach the Trust determines the fair value based upon capitalization rates applied to budgeted normalized net operating income (property revenue less property operating expenses). Normalized net operating income adjusts net operating income for things like market property management fees, or in the case of development properties, to reflect full intended occupancy (less a normal vacancy allowance). The key assumption is the capitalization rate for each specific property. The Trust receives quarterly capitalization rate matrices from an external independent appraiser. The capitalization rate matrices provide a range of rates for various geographic regions and for various types and qualities of properties within each region. The Trust utilizes capitalization rates within the range of rates provided. To the extent that the externally provided capitalization rate ranges change from one reporting period to the next or should another rate within the provided ranges be more appropriate than the rate previously used, the fair value of the investment properties would increase or decrease accordingly.

At June 30, 2019 a decrease of 0.25% in the capitalization rates used to determine the fair value of investment properties would have resulted in an increase in investment properties of approximately $36.6 million. An increase of 0.25% in the capitalization rates used would have resulted in a decrease in investment properties of approximately $34.0 million.

FUTURE ACCOUNTING POLICY CHANGES

Please refer to Note 3 to the Consolidated Financial Statements for the year ended December 31, 2018 for details about future accounting policy changes.

EXPLANATION OF NON-IFRS MEASURES USED IN THIS DOCUMENT

The below-noted measures are not defined by IFRS, and therefore should not be considered as alternatives to profit or net income calculated in accordance with IFRS.

Funds From Operations (FFO) and Adjusted Funds From Operations (AFFO) are not IFRS financial measures. FFO and AFFO are industry terms commonly used in the real estate industry and their calculations are prescribed in publications of the Real Property Association of Canada (REALpac). Plaza calculates FFO and AFFO in accordance with REALpac's publications.

In late 2016, REALpac undertook an initiative to prescribe definitions for certain non-IFRS financial measures used in the real estate industry, such as AFFO (whereas previously a prescribed definition only existed for FFO). The new guidelines were issued in March 2017 and Plaza adopted the new definition for AFFO, as this is a non-IFRS financial measure that has always been used and reported by Plaza.

FFO and AFFO as calculated by Plaza may not be comparable to similar titled measures reported by other entities. FFO is an industry standard widely used for measuring operating performance and is exclusive of unrealized changes in the fair value of investment properties, deferred income taxes and gains or losses on property dispositions. AFFO is an industry standard widely used for measuring recurring or sustainable economic operating performance and AFFO further primarily adjusts FFO for operating capital and leasing (both internal and external) requirements that must be made merely to preserve the existing rental stream. Capital expenditures which generate a new investment or revenue stream, such as the development of a new property or the construction of a new retail pad during property expansion or intensification would not be included in determining AFFO. See the reconciliation of FFO and AFFO to profit for the period attributable to unitholders in Part II of this MD&A under the heading "Property and Corporate Financial Performance".

Plaza considers FFO and AFFO meaningful additional measures as they adjust for certain non-cash and other items that do not necessarily provide an appropriate picture of the Trust's recurring performance. They more reliably show the impact on operations of trends in occupancy levels, rental rates, net property operating income, interest costs and sustaining capital expenditures compared to profit determined in accordance with IFRS. As well, FFO and AFFO allow some comparability amongst different real estate entities using the same definition of FFO and AFFO.

FFO per unit and AFFO per unit are not IFRS financial measures. Plaza calculates FFO per unit and AFFO per unit as FFO or AFFO divided by the weighted average number of units outstanding.

Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) is not an IFRS financial measure. EBITDA, as calculated by Plaza, may not be comparable to similarly titled measures reported by other entities. EBITDA is used in calculations that measure the Trust's ability to service debt. Its calculation is profit before finance costs, income tax expense, gains/losses on property dispositions, unrealized changes from fair value adjustments, transaction costs expensed as a result of the purchase of a business or properties, and net revaluation of interest rate swaps. See the reconciliation of EBITDA to profit for the period in Part III of this MD&A under the heading "Capital Resources, Equity and Debt Activities – Debt Service Ratios".

Same-Asset Net Property Operating Income (Same-asset NOI) is not an IFRS financial measure. Same-asset NOI, as calculated by Plaza, may not be comparable to similarly titled measures reported by other entities. Same-asset NOI is used by Plaza to evaluate the period over period performance of those properties owned by Plaza since January 1, 2017, and excludes partial year results from certain assets due to timing of acquisition, development, redevelopment or disposition. Its calculation is revenues less operating expenses for the same-asset pool of properties. The revenues or operating expenses exclude the impact of non-cash straight-line rent, administrative expenses charged to NOI, property tax settlements and lease buyout revenue. Excluding these items enables the users to better understand the period over period performance for a consistent pool of assets from contractual rental rate changes embedded in lease agreements, and the impact of leasing and occupancy on the same-asset portfolio. See the reconciliation of same-asset NOI to NOI in Part II of this MD&A under the heading "Property and Corporate Financial Performance".

EXPLANATION OF ADDITIONAL IFRS MEASURES USED IN THIS DOCUMENT

Net Property Operating Income (NOI) is an industry term in widespread use. The Trust includes NOI as an additional IFRS measure in its consolidated statement of comprehensive income. NOI as calculated by Plaza may not be comparable to similar titled measures reported by other entities. Plaza considers NOI a meaningful additional measure of operating performance of property assets, prior to financing considerations. Its calculation is total revenues less total operating expenses as shown in the consolidated statements of comprehensive income (property revenues less total property operating costs, including operating ground rents).

ADDITIONAL INFORMATION

Additional information relating to Plaza including the Management Information Circular, Material Change reports and all other continuous disclosure documents required by the securities regulators, are filed on the System for Electronic Document Analysis and Retrieval (SEDAR) and can be accessed electronically at www.sedar.com or on Plaza's website at www.plaza.ca.

PROPERTIES OF THE TRUST

A chart listing the Trust's properties at June 30, 2019 can be accessed on Plaza's website at www.plaza.ca.

Plaza Retail REIT

Condensed Interim Consolidated Statements of Financial Position

(unaudited) **(in thousands of Canadian dollars)**	**June 30, 2019**	December 31, 2018
Assets		
Non-Current Assets		
Investment properties (Note 5)	**$ 1,075,038**	$ 988,640
Investments	**49,442**	44,614
Tenant loans	**562**	613
Deferred income tax asset	**370**	461
Total non-current assets	**1,125,412**	1,034,328
Current Assets		
Cash	**7,933**	7,296
Receivables (Note 6)	**4,125**	3,398
Prepaid expenses and deposits (Note 7)	**8,814**	3,390
Tenant loans	**110**	105
Notes and advances receivable (Note 8)	**18,811**	12,549
Total current assets	**39,793**	26,738
Total assets	**$ 1,165,205**	$ 1,061,066
Liabilities and Unitholders' Equity		
Non-Current Liabilities		
Debentures payable (Note 9)	**$ 64,087**	$ 59,835
Mortgage bonds payable (Note 10)	**2,942**	8,893
Mortgages payable (Note 11)	**455,970**	399,867
Class B exchangeable LP units (Note 19)	**4,979**	4,622
Land lease liability (Note 13)	**60,109**	-
Deferred income tax liability	**7,454**	7,078
Total non-current liabilities	**595,541**	480,295
Current Liabilities		
Current portion of mortgage bonds payable (Note 10)	**11,971**	5,970
Bank indebtedness (Note 12)	**16,850**	35,604
Current portion of mortgages payable (Note 11)	**47,962**	68,471
Accounts payable, accrued liabilities, tenant payables and tenant deposits (Note 14)	**22,181**	17,683
Income tax payable	**122**	-
Notes payable	**1,470**	1,341
Total current liabilities	**100,556**	129,069
Total liabilities	**696,097**	609,364
Unitholders' equity	**464,498**	447,181
Non-controlling interests	**4,610**	4,521
Total unitholders' equity	**469,108**	451,702
Total liabilities and unitholders' equity	**$ 1,165,205**	$ 1,061,066

Subsequent events – see Note 24

Barbara Trenholm, Trustee

Earl Brewer, Trustee

See accompanying notes which are an integral part of these condensed interim consolidated financial statements.

Plaza Retail REIT

Condensed Interim Consolidated Statements of Comprehensive Income (unaudited) (in thousands of Canadian dollars)	**3 Months Ended June 30, 2019**	3 Months Ended June 30, 2018	**6 Months Ended June 30, 2019**	6 Months Ended June 30, 2018
Revenues (Note 15)	**$ 26,373**	$ 26,260	**$ 58,120**	$ 52,226
Operating expenses (Note 16)	**(9,924)**	(10,135)	**(20,193)**	(20,741)
Net property operating income	**16,449**	16,125	**37,927**	31,485
Share of profit (loss) of associates	**800**	1,532	**1,944**	(1,611)
Administrative expenses (Note 17)	**(2,824)**	(2,720)	**(5,096)**	(4,799)
Investment income	**256**	185	**513**	369
Other income	**1,062**	662	**1,772**	1,213
Income before finance costs, fair value adjustments and income taxes	**15,743**	15,784	**37,060**	26,657
Finance costs (Note 18)	**(7,438)**	(6,854)	**(14,841)**	(13,608)
Finance costs – convertible debenture issuance costs	**-**	(228)	**-**	(2,280)
Finance costs - net change in fair value of convertible debentures (Note 9)	**(1,055)**	(659)	**(4,214)**	(533)
Finance costs - net change in fair value of Class B exchangeable LP units (Note 19)	**(47)**	(392)	**(357)**	(126)
Finance costs - net change in fair value of interest rate swaps and bond forwards (Note 11)	**(1,493)**	18	**(1,533)**	49
Net change in fair value of right-of-use land lease assets (Note 5)	**(165)**	-	**(328)**	-
Net change in fair value of investment properties (Note 5)	**11,485**	(300)	**18,114**	(5,814)
Profit before income tax	**17,030**	7,369	**33,901**	4,345
Income tax expense				
- Current	**5**	(32)	**(190)**	(79)
- Deferred	**(81)**	(10)	**(467)**	(105)
	(76)	(42)	**(657)**	(184)
Profit and total comprehensive income for the period	**$ 16,954**	$ 7,327	**$ 33,244**	$ 4,161
Profit and total comprehensive income for the period attributable to:				
- Unitholders	**$ 16,863**	$ 7,246	**$ 33,114**	$ 4,123
- Non-controlling interests	**91**	81	**130**	38
	$ 16,954	$ 7,327	**$ 33,244**	$ 4,161

See accompanying notes which are an integral part of these condensed interim consolidated financial statements.

Plaza Retail REIT

Condensed Interim Consolidated Statements of Changes in Unitholders' Equity

(unaudited)

(in thousands of Canadian dollars)

	Trust Units (Note 19)	Retained Earnings	Total Attributable to Unitholders	Non-Controlling Interests	Total Equity
Balance as at December 31, 2017	$ 273,158	$ 185,706	$ 458,864	$ 4,231	$ 463,095
Profit and total comprehensive income for the period	-	4,123	4,123	38	4,161
Transactions with unitholders, recorded directly in equity:					
- Contributions by unitholders - DRIP and RSU plan	2,779	-	2,779	-	2,779
- Distributions to unitholders (Note 20)	-	(14,275)	(14,275)	-	(14,275)
- Contributions to (distributions from) non-controlling interests and changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	(186)	(186)
Balance as at June 30, 2018	**$ 275,937**	**$ 175,554**	**$ 451,491**	**$ 4,083**	**$ 455,574**
Balance as at December 31, 2018	$ 278,058	$ 169,123	$ 447,181	$ 4,521	$ 451,702
Profit and total comprehensive income for the period	-	33,114	33,114	130	33,244
Transactions with unitholders, recorded directly in equity:					
- Contributions by unitholders - DRIP and RSU plan (Note 19)	6	-	6	-	6
- Repurchase of units under normal course issuer bid (Note 19)	(923)	(507)	(1,430)	-	(1,430)
- Distributions to unitholders (Note 20)	-	(14,373)	(14,373)	-	(14,373)
- Contributions to (distributions from) non-controlling interests and changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	(41)	(41)
Balance as at June 30, 2019	**$ 277,141**	**$ 187,357**	**$ 464,498**	**$ 4,610**	**$ 469,108**

See accompanying notes which are an integral part of these condensed interim consolidated financial statements.

Plaza Retail REIT
Condensed Interim Consolidated Statements of Cash Flows
(unaudited)
(in thousands of Canadian dollars)

	3 Months Ended June 30, 2019	3 Months Ended June 30, 2018	**6 Months Ended June 30, 2019**	6 Months Ended June 30, 2018
Cash obtained from (used for):				
Operating activities				
Profit and total comprehensive income for the period	**$ 16,954**	$ 7,327	**$ 33,244**	$ 4,161
Items not affecting cash:				
Finance costs (Note 18)	**7,438**	6,854	**14,841**	13,608
Share of loss (profit) of associates	**(800)**	(1,532)	**(1,944)**	1,611
Net change in fair value of investment properties	**(11,485)**	300	**(18,114)**	5,814
Net change in fair value of convertible debentures	**1,055**	659	**4,214**	533
Net change in fair value of Class B exchangeable LP units	**47**	392	**357**	126
Net change in fair value of interest rate swaps and bond forwards (Note 11)	**1,493**	(18)	**1,533**	(49)
Net change in fair value of right-of-use land lease assets	**165**	-	**328**	-
Current and deferred income taxes	**76**	42	**657**	184
Straight-line rent (Note 15)	**2**	50	**210**	126
Interest paid	**(6,117)**	(5,934)	**(13,103)**	(11,891)
Imputed interest paid on land lease liability (Note 18)	**(564)**	-	**(1,125)**	-
Income taxes paid	**(124)**	(36)	**(152)**	(75)
Distributions from equity accounted investments	**234**	727	**1,538**	939
Leasing commissions paid	**(48)**	(33)	**(163)**	(180)
Change in non-cash working capital (Note 21)	**(1,596)**	(2,102)	**(2,817)**	(387)
	6,730	6,696	**19,504**	14,520
Financing activities				
Cash distributions paid to unitholders (Note 20)	**(7,179)**	(5,841)	**(14,373)**	(11,525)
Cash distributions paid to Class B exchangeable LP unitholders (Note 18)	**(84)**	(89)	**(167)**	(177)
Repurchase of units under normal course issuer bid (Note 19)	**(1,094)**	-	**(1,430)**	-
Cash received on acquisition of Plazacorp – Shediac Limited Partnership and Northwest Plaza Commercial Trust (Note 4)	**-**	-	**-**	739
Gross proceeds from mortgage bonds and debentures	**-**	1,405	**-**	48,655
Fees incurred for bonds and debentures	**-**	(47)	**-**	(53)
Redemption/repayment of mortgage bonds and debentures	**-**	(1,275)	**-**	(35,545)
Gross mortgage proceeds	**86,981**	17,390	**91,295**	40,452
Fees incurred for placement of mortgages	**(310)**	(131)	**(741)**	(287)
Loan defeasance expenses and early mortgage discharge fees paid (Note 18)	**(42)**	(103)	**(42)**	(238)
Mortgages repaid	**(49,480)**	(14,542)	**(51,420)**	(21,888)
Periodic mortgage principal repayments	**(2,677)**	(2,681)	**(5,408)**	(5,347)
Land lease principal repayments	**(165)**	-	**(328)**	-
Increase (decrease) in notes payable	**56**	(250)	**129**	(250)
	26,006	(6,164)	**17,515**	14,536
Investing activities				
Acquisitions of investment properties and land (Note 5)	**(12,650)**	(5,044)	**(12,650)**	(21,816)
Investment properties – additions	**(6,887)**	(7,560)	**(11,837)**	(12,117)
Net proceeds from disposal of investment properties and land (Note 5(e))	**9,800**	18,406	**13,391**	28,625
Advances to equity accounted investments for developments	**(2,654)**	(1,493)	**(4,423)**	(2,196)
Distributions from subsidiaries from/to non-controlling interests	**(1)**	(132)	**(41)**	(186)
Repayment of Northwest Plaza Commercial Trust unitholder debt (Note 4)	**-**	-	**-**	(859)
Purchase of remaining units of Northwest Plaza Commercial Trust and Plazacorp - Shediac Limited Partnership (Note 4)	**-**	-	**-**	(14,296)
Decrease (increase) in deposits for acquisitions and financings (Note 7)	**454**	(704)	**33**	748
Decrease (increase) in notes and advances receivable	**(834)**	248	**(2,151)**	(1,147)
Issuance of tenant loans	**(8)**	(25)	**(8)**	(25)
Repayment of tenant loans	**27**	12	**58**	425
	(12,753)	3,708	**(17,628)**	(22,844)
Net increase in cash	**19,983**	4,240	**19,391**	6,212
Cash less bank indebtedness, beginning of the period	**(28,900)**	(21,316)	**(28,308)**	(23,288)
Cash less bank indebtedness, end of the period	**$ (8,917)**	$(17,076)	**$ (8,917)**	$ (17,076)

See accompanying notes which are an integral part of these condensed interim consolidated financial statements.

1. Reporting Entity

Plaza Retail REIT (the "Trust") is an unincorporated "open-ended" real estate investment trust established pursuant to its declaration of trust dated as of November 1, 2013 (the "Declaration of Trust") and governed by the laws of the Province of Ontario. The address of the Trust's head office is 98 Main Street, Fredericton, New Brunswick. The Trust operates a retail real estate ownership and development business in Canada. Management does not distinguish or group its operations by geography or any other basis, when measuring its performance or making decisions. Accordingly, the Trust has a single reportable segment for disclosure purposes.

2. Basis of Preparation

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and in particular International Accounting Standard ("IAS") 34, *Interim financial reporting* on a basis consistent with the accounting policies disclosed in Note 3 of the December 31, 2018 consolidated financial statements of the Trust.

The condensed interim consolidated financial statements do not include all the information required for full annual financial statements. The condensed interim consolidated financial statements should be read in conjunction with the 2018 annual financial statements of the Trust.

The condensed interim consolidated financial statements were authorized for issue by the Audit Committee on behalf of the Board of Trustees of the Trust on August 8, 2019.

3. Summary of Significant Accounting Policies

Changes in Accounting Policies

On January 1, 2019, the Trust implemented IFRS 16, *Leases* ("IFRS 16") and IFRIC 23, *Uncertainty over income tax treatments* ("IFRIC 23"), in accordance with IAS 8, *Accounting policies, changes in accounting estimates and errors*. The impacts on implementation of IFRS 16 and IFRIC 23 are described below.

(i) Leases

In January 2016, the IASB issued IFRS 16. The new standard replaced the previous lease guidance in IFRS and related interpretations, requiring lessees to bring most leases on their balance sheet. Lessor accounting remains similar to the current standard and the distinction between operating and finance leases is retained. The new standard was effective beginning January 1, 2019.

The Trust has investment properties located on land which is leased. Under the former lease standard, these leases were accounted for as operating leases and the related lease payments were expensed. Under the new lease standard, a right-of-use ("ROU") asset and a land lease liability have been recorded along with the corresponding financing charges. The ROU asset is accounted for as investment property, as these land leases meet the definition of investment property under IAS 40, *Investment property*.

At transition, for leases classified as operating leases under the old standard IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Trust's incremental borrowing rate as at January 1, 2019. The Trust elected to measure all its ROU assets at an amount equal to the lease liability, adjusted for any prepaid or accrued lease payments.

The Trust elected the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied IFRS 16 only to contracts that were previously identified as leases;
- Applied the exemption not to recognize the ROU asset and lease liabilities with less than 12 months of lease term;
- Excluded initial direct costs from measuring ROU assets; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

(tabular amounts in thousands of Canadian dollars, except per unit amounts and as otherwise indicated)

As at January 1, 2019, the Trust recognized lease liabilities of $60.4 million recorded as land lease liability and ROU assets of $60.4 million in investment properties on its balance sheet. The nature and timing of the related expenses has changed under the new standard, as IFRS 16 replaces the straight-line operating lease expense with interest expense on lease liabilities. Changes in the fair value of the ROU asset are also now being recorded.

Land lease commitment at December 31, 2018, as disclosed in the Trust's consolidated financial statements	$ 141,181
Additional land lease commitments upon transition(1)	17,541
Total land lease liability commitments	158,722
Discounted using the incremental borrowing rate at January 1, 2019	(98,285)
Land lease liability recognized at January 1, 2019	$ 60,437

(1) Land lease commitments upon transition represent those leases that, in the opinion of management, will be renewed for terms beyond the current contractual commitments based on the estimated useful lives of the investment properties occupying the leased land.

When measuring lease liabilities for leases that were classified as operating leases, the Trust discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted average rate applied was 4.67%.

(ii) IFRIC Interpretation 23, Uncertainty over Income Tax Treatments

In June 2017, the IASB issued IFRIC 23. IFRIC 23 clarifies application of recognition and measurement requirements in IAS 12, *Income taxes* when there is uncertainty over income tax treatments. IFRIC 23 is effective for annual reporting periods beginning on or after January 1, 2019. IFRIC 23 requires the Trust to contemplate whether uncertain tax treatments should be considered separately or together as a group, based on which approach provides better predictions of the resolution, and to determine if it is probable that the tax authorities will accept the uncertain tax treatment or, if it is not probable that the uncertain tax treatment will be accepted, measure the uncertainty based on the most likely amount or expected value, depending on which method better predicts the resolution of the uncertainty. The Trust has adopted IFRIC 23 in its condensed interim consolidated financial statements for the annual period beginning January 1, 2019. The adoption of IFRIC 23 has not had a material impact on the condensed interim consolidated financial statements.

4. Acquisition of Plazacorp - Shediac Limited Partnership & Northwest Plaza Commercial Trust

On January 31, 2018, the Trust completed the acquisition of the remaining 90% of the issued and outstanding units of Plazacorp - Shediac Limited Partnership and Northwest Plaza Commercial Trust that it did not already own. The units were purchased by the Trust through the payment of $14.3 million in cash consideration. The purchases have been accounted for as asset acquisitions. Unitholder debt outstanding in Northwest Plaza Commercial Trust in the amount of $859 thousand was also repaid by the Trust as part of the transaction. The two entities were previously included in investments and accounted for on an equity basis and fair value basis, respectively.

The following table summarizes the consideration paid and the estimated fair value of the net assets.

	(At 100%)
Investment properties	$ 42,129
Cash	739
Receivables	125
Prepaid expenses and deposits	11
Deferred financing charges	162
Mortgages payable	(23,646)
Mortgages payable – mark to market	(739)
Accounts payable and accrued liabilities	(355)
Fair value of net assets	$ 18,426

Consideration satisfied by:	
Cash paid for 90% of the issued and outstanding units	$ 14,296
Cash paid to discharge unitholder debt	859
10% of investment already owned	3,271
Total consideration	$ 18,426

(tabular amounts in thousands of Canadian dollars, except per unit amounts and as otherwise indicated)

Concurrent with this transaction, the Trust sold a 50% co-ownership interest in the two underlying properties, namely, Shediac West Plaza, Shediac, NB and Northwest Centre, Moncton, NB, to a Canadian pension fund for gross proceeds of $20.5 million ($8.7 million after assumption of 50% of the existing mortgages by the purchaser).

5. Investment Properties

	June 30, 2019				December 31, 2018		
	Income producing properties	**Properties under development**	**Right-of-use land lease assets[(2)]**	**Total**	Income producing properties	Properties under development	Total
Balance, beginning of the period:	**$ 935,779**	**$ 52,861**	**$ -**	**$ 988,640**	$ 905,964	$ 53,654	$ 959,618
Right-of-use land lease assets (Note 5 (f))	**-**	**-**	**60,437**	**60,437**	-	-	-
Additions (deductions):							
Additions to investment properties	**4,480**	**8,775**	**-**	**13,255**	2,169	24,035	26,204
Acquisitions of investment properties and land	**12,650**	**-**	**-**	**12,650**	54,678	24,328	79,006
Disposals[(1)]	**(17,502)**	**-**	**-**	**(17,502)**	(48,847)	(8,647)	(57,494)
Transfers	**8,872**	**(8,872)**	**-**	**-**	44,527	(44,527)	-
Straight line rent receivable change	**(258)**	**30**	**-**	**(228)**	(409)	120	(289)
Change in fair value – income producing and under development	**19,002**	**(888)**	**-**	**18,114**	(22,303)	3,898	(18,405)
Change in fair value – right-of-use land lease assets	**-**	**-**	**(328)**	**(328)**	-	-	-
Balance, end of the period:	**$ 963,023**	**$ 51,906**	**$ 60,109**	**$ 1,075,038**	$ 935,779	$ 52,861	$ 988,640

(1) Cash received from disposals as per the statement of cash flows of $13.4 million is net of notes and advances receivable of $4.1 million assumed by the purchasers. Cash received in the prior year as per the statement of cash flows of $40.9 million is net of $16.5 million of mortgages assumed by the purchasers.
(2) The new IFRS 16, *Leases* standard is effective January 1, 2019 and has been applied prospectively. Prior year balances have not been restated.

The majority of the Trust's income producing properties and properties under development have been pledged as security under various debt agreements.

Investment properties are stated at fair value using the following:

(i) External appraisals

Independent appraisals are obtained in the normal course of business as refinancing activities require them, and as applicable, the fair value of various investment properties is based on these external appraisals. Of the total fair value in the chart above, $251 million of investment properties was based on such external appraisals (December 31, 2018 - $87 million).

(ii) Internal approach - direct capitalization income approach

Under this approach the Trust determines the fair value based upon capitalization rates applied to budgeted normalized net operating income (property revenue less property operating expenses). Normalized net operating income adjusts net operating income for things like market property management fees, or in the case of development properties, to reflect full intended occupancy (less a normal vacancy allowance). The key assumption is the capitalization rate for each specific property. The Trust receives quarterly capitalization rate matrices from an external independent appraiser. The capitalization rate matrices provide a range of rates for various geographic regions and for various types and qualities of properties within each region. The Trust utilizes capitalization rates within the range of rates provided. To the extent that the externally provided capitalization rate ranges change from one reporting period to the next or should another rate within the provided ranges be more appropriate than the rate previously used, the fair value of the investment properties would increase or decrease accordingly.

(tabular amounts in thousands of Canadian dollars, except per unit amounts and as otherwise indicated)

As at June 30, 2019 the Trust has utilized the following range of capitalization rates:

	Number of Properties(1)	**Weighted average capitalization rates**	**Primary Market**	**Secondary Market**
Freestanding or Mini Box	73	6.58%	5.50% - 9.00%	6.00% - 9.50%
Quick Service Restaurant	93	6.70%	5.50% - 9.50%	6.00% - 11.50%
Anchored Open-Air Centre – Class A	14	7.07%	6.25% - 8.75%	6.25% - 9.50%
Anchored Open-Air Centre – Class B	35	7.19%	6.00% - 9.00%	6.75% - 10.50%
Unanchored Open-Air Centre	37	7.79%	5.75% - 9.50%	6.25% - 11.50%
Enclosed Malls – Community	4	7.78%	8.00% - 10.00%	7.75% - 11.50%
	256	7.10%		

(1) Excludes certain properties under development and non-consolidated trusts and partnerships.

Freestanding or Mini Box - defined as a freestanding retail, non-restaurant use such as a pharmacy or equivalent national box retailer. May include nominal additional gross leasable area ("GLA") if the additional GLA is 15% or less than the total GLA or gross revenue.

Quick Service Restaurant – defined as freestanding retail space for food.

Anchored Open-Air Centre – Class A - defined as a food or equivalent-anchored retail open-air centre, 20,000-125,000 square feet and where the anchor tenant(s) represents 70% or more of GLA or gross revenue.

Anchored Open-Air Centre – Class B - defined as a food or equivalent-anchored retail open-air centre, 20,000-200,000 square feet and where the anchor tenant(s) represents less than 70% of GLA or gross revenue.

Unanchored Open-Air Centre - defined as an unanchored retail open-air centre less than 75,000 square feet.

Enclosed Malls - Community - defined as an enclosed community mall with food or department/junior department store or equivalent anchors.

At June 30, 2019 a decrease of 0.25% in the capitalization rates used to determine the fair value of investment properties would have resulted in an increase in investment properties of approximately $36.6 million. An increase of 0.25% in the capitalization rates used would have resulted in a decrease in investment properties of approximately $34.0 million.

As at December 31, 2018 the Trust utilized the following range of capitalization rates:

	Number of Properties(1)	**Weighted average capitalization rates**	**Primary Market**	**Secondary Market**
Freestanding or Mini Box	73	6.67%	5.50% - 9.00%	6.00% - 9.50%
Quick Service Restaurant	104	7.07%	5.50% - 9.50%	6.00% - 11.50%
Anchored Open-Air Centre – Class A	14	7.06%	6.25% - 8.75%	6.25% - 9.50%
Anchored Open-Air Centre – Class B	34	7.32%	6.00% - 9.00%	6.75% - 10.50%
Unanchored Open-Air Centre	37	8.00%	5.75% - 9.50%	6.25% - 11.50%
Enclosed Malls – Community	4	8.31%	8.00% - 10.00%	7.75% - 11.50%
	266	7.25%		

(1) Excludes certain properties under development and non-consolidated trusts and partnerships.

(a) Straight-line Rent

Included in investment properties at June 30, 2019 is $11.7 million (December 31, 2018 - $11.9 million) of straight-line rents receivable arising from the recognition of rental revenue on a straight-line basis over the lease terms in accordance with IFRS 16, *Leases*.

(b) Surplus Land

Included in investment properties at June 30, 2019 is $2.8 million of surplus lands at fair value (December 31, 2018 - $1.2 million).

(c) Borrowing Costs

The total amount of borrowing costs capitalized for the period ended June 30, 2019 is $234 thousand (for the period ended June 30, 2018 - $361 thousand).

(d) Acquisitions

During the quarter ended June 30, 2019, the Trust purchased a 50% managing interest in a property located in Cambridge, ON for $12.65 million.

During the year ended December 31, 2018, the Trust purchased the following (all including closing costs): land in Oshawa, ON for $2.5 million; a 50% interest in land in Saguenay, QC for $380 thousand; land in Moncton, NB for $330 thousand; a 75% interest in a property in Smiths Falls, ON for redevelopment for $1.8 million; a property in Brockville, ON for redevelopment for $14.3 million; the remaining 50% interest in Northumberland Square in Miramichi, NB for $5.0 million; and a property in Quispamsis, NB for $12.6 million. As well, the Trust acquired a 100% interest in Shediac West Plaza, Shediac, NB and Northwest Centre, Moncton, NB for $42.1 million through the purchase of the remaining 90% of the issued and outstanding units of Plazacorp - Shediac Limited Partnership and Northwest Plaza Commercial Trust that it did not already own (the "Transaction"). Net of assumption of debt, working capital and the existing ownership interest, the remaining units were purchased for total cash consideration of $14.3 million. See Note 4 for further details.

(e) Disposals

During the period ended June 30, 2019, the Trust disposed of properties in Ottawa, ON, London, ON, Paris, ON, Halifax, NS, Coldbrook, NS, Montreal, QC and five properties located in Winnipeg, MB for net proceeds of $11.1 million. As well, the Trust sold a 50% co-ownership interest in a property in Quispamsis, NB for net proceeds of $6.4 million ($2.3 million after assumption of notes and advances receivable for the purchaser's 50% interest of the existing line of credit on the property).

During the year ended December 31, 2018, the Trust disposed of properties in Ottawa, ON and Perth, ON for net proceeds of $1.6 million, a property in Halifax, NS for net proceeds of $3.5 million, a property in Lachine, QC for net proceeds of $641 thousand, a property in Montreal, QC for net proceeds of $10.3 million, a property in Halifax, NS for $1.3 million, a property in Pointe aux Trembles, QC for net proceeds of $600 thousand and 8 properties in Alberta for $11.8 million. The Trust sold a 50% co-ownership interest in its redevelopment property in Brockville, ON for gross proceeds of $7.2 million ($2.5 million after assumption of 50% of the existing mortgage). Also, purchasers waived conditions to buy property from the Trust in Paris, ON for $400 thousand and London, ON for $972 thousand. The Paris, ON transaction closed in January 2019 and the London, ON transaction is scheduled to close in April 2019. As well, concurrent with the Transaction (noted in (d) above), the Trust sold a 50% co-ownership interest in Shediac West Plaza, Shediac, NB and Northwest Centre, Moncton, NB, for gross proceeds of $20.5 million ($8.7 million after assumption of 50% of the existing mortgages). See Note 4 for further details.

(f) Right-of-use land lease assets

Effective January 1, 2019, the Trust implemented the new IFRS 16, *Leases* standard. This standard required lessees to bring most leases on their balance sheet. The Trust has investment properties located on land which is leased. A right-of-use asset has been recorded effective January 1, 2019 to recognize these assets. IFRS 16 has been implemented prospectively and therefore prior year comparatives have not been restated. The Trust has 26 long-term land leases (affecting 25 properties). Land leases expire (excluding any non-automatic renewal periods) on dates ranging from 2022 to 2084 with an average life of

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40 years, with some of the leases also containing non-automatic renewal options, extending the average life of the leases to 65 years including these non-automatic renewal options.

6. Receivables

Receivables consist of the following:

	June 30, 2019	December 31, 2018
Tenant accounts receivable, net of allowance	**$ 1,428**	$ 1,416
Excise tax	**813**	421
Holdback receivable	**650**	500
Other receivables	**1,234**	1,061
Total receivables	**$ 4,125**	$ 3,398

The Trust determines its allowance for doubtful accounts on a tenant-by-tenant basis using an expected credit loss model taking into consideration lease terms, industry conditions and status of the tenants' accounts, among other factors. Accounts are written off only when all collection efforts have been exhausted. The allowance for doubtful accounts balance at June 30, 2019 is $176 thousand (December 31, 2018 - $46 thousand). This amount is deducted from tenant accounts receivable.

There were no impairment losses recognized during the period ended June 30, 2019 (for the period ended June 30, 2018 – nil).

7. Prepaid Expenses and Deposits

Prepaid expenses and deposits consist of the following:

	June 30, 2019	December 31, 2018
Prepaid expenses	**$ 7,595**	$ 2,138
Deposits for acquisitions and financings	**1,219**	1,252
Total prepaid expenses and deposits	**$ 8,814**	$ 3,390

8. Notes and Advances Receivable

The notes and advances receivable are owed by co-owners of investment properties as a result of funding requirements on a short-term basis during development of investment properties, and by minority interest shareholders of consolidated entities. The notes and advances are due on demand.

(tabular amounts in thousands of Canadian dollars, except per unit amounts and as otherwise indicated)

9. Debentures Payable

Debentures payable consist of the following:

	Maturity Date	**Interest Rate**	**June 30, 2019**	December 31, 2018
Convertible[1]				
Series E	March 31, 2023	5.10%	**$ 48,667**	$ 44,892
Series VII	June 30, 2021	5.50%	**5,665**	5,226
Total convertible debentures			**54,332**	50,118
Non-convertible[2] [3]	Various (see below)	5.00%	**9,755**	9,717
Total debentures payable			**64,087**	59,835
Less: current portion of debentures payable			**-**	-
Debentures payable – long-term portion			**$ 64,087**	$ 59,835

(1) Recorded at fair value based on closing market trading prices of debentures; the fair value change during 2019 was a loss of $4.2 million (for the six months ended June 30, 2018 – loss of $533 thousand)
(2) Recorded at amortized cost
(3) Net of unamortized finance charges of $105 thousand (December 31, 2018 - $143 thousand)

Convertible and non-convertible debentures are subordinate and unsecured.

Convertible debenture terms are as follows:

	Series E	Series VII
Conversion price	$5.65	$6.04
Trust's first redemption date	April 1, 2021	June 30, 2019
Par call date	April 1, 2022	June 30, 2020
Maturity date	March 31, 2023	June 30, 2021
Face value outstanding	$47,250	$5,500
Publicly listed	yes	no

Non-convertible debenture maturities are as follows:

	Series I	Series II	Total
Face value outstanding	$3,860	$6,000	$9,860
Maturity date	May 2, 2021	February 28, 2022	

On February 21, 2018, the Trust completed a public offering of $45 million aggregate principal amount of Series E 5.10% convertible unsecured subordinated debentures due March 31, 2023. The debentures are convertible at the option of the holder, into units of the Trust at $5.65 per unit. In addition, the underwriters were granted an over-allotment option, exercisable in whole or in part up to 30 days after closing, to purchase up to an additional $2.25 million debentures. The option was exercised on closing of the offering on February 21, 2018. Proceeds from the offering were used to redeem the $34 million 5.75% Series D convertible unsecured subordinated debentures on March 27, 2018, with the remainder of the proceeds used to repay amounts outstanding on the Trust's operating line of credit.

In 2018, the Trust extended $3.9 million of the $4.0 million of tranched Series I non-convertible debentures to May 2, 2021 on the same terms and conditions.

(tabular amounts in thousands of Canadian dollars, except per unit amounts and as otherwise indicated)

10. Mortgage Bonds Payable

Mortgage bonds payable are secured by the following properties:

				June 30, 2019	December 31, 2018
	Series X	**Series XI**	**Series XII**	**Total**	Total
Various properties, 1st mortgage	6,000	-	-	**$ 6,000**	$ 6,000
Various properties, 1st mortgage	-	6,000	-	**6,000**	6,000
Various properties, 1st mortgage	-	-	3,000	**3,000**	3,000
Gross mortgage bonds payable	6,000	6,000	3,000	**15,000**	15,000
Less: unamortized finance charges				**(87)**	(137)
Net mortgage bonds payable				**14,913**	14,863
Less: current portion of mortgage bonds payable				**(11,971)**	(5,970)
Net mortgage bonds payable – long-term portion				**$ 2,942**	$ 8,893

	Series X	**Series XI**	**Series XII**
Interest Rate	5.00%	5.00%	5.50%
Maturity Date	June 25, 2020	July 8, 2019	July 15, 2022
Amount	$6,000	$6,000	$3,000

The Series X, XI and XII mortgage bonds can be deployed up to 90% of the cost of a property under a first or second charge on that property. If it is a second charge, the total debt, including mortgage bonds, cannot exceed 90%. These mortgage bonds can be reallocated to different properties from time to time as required.

The Trust can redeem up to one-half of the Series XII mortgage bonds at par on the second anniversary, being July 15, 2019.

(tabular amounts in thousands of Canadian dollars, except per unit amounts and as otherwise indicated)

11. Mortgages Payable

	Interest Rate Range	Weighted Average Effective Interest Rate	Maturity Dates	June 30, 2019	December 31, 2018
Secured fixed rate loans:	2.47% - 7.00%	4.58%	Up to June 2034	**$ 453,039**	$ 438,669
Unsecured interest-only fixed rate loans:	5.00%	5.00%	Up to May 2024	**8,443**	6,643
Fair value of interest rate swap				**1,493**	136
Revaluation of loans upon acquisitions, net of amortization of $6,081 (December 31, 2018 - $6,022)				**692**	751
Less: unamortized finance charges				**(2,531)**	(2,124)
Total net fixed rate loans				**461,136**	444,075
Variable rate loans:					
- $20 million development facility	Prime plus 0.75% or BA plus 2.25%		July 31, 2019	**10,845**	11,579
- $15 million development facility	Prime plus 0.75% or BA plus 2.00%		July 31, 2020	**10,401**	4,885
- $6.6 million secured non-revolving construction credit facility	Prime plus 1.25% or BA plus 2.75%		November 30, 2019	**4,896**	1,950
- $7.45 million secured non-revolving construction credit facility	Prime plus 1.25% or BA plus 2.50%		January 10, 2020	**6,707**	5,988
- $1.2 million unsecured interest-only loan	Prime plus 1.05% (min. 5.00% rate)		January 15, 2024	**1,171**	-
- $10.08 million secured non-revolving construction credit facility	Prime plus 1.00% or BA plus 2.25%		April 24, 2021	**8,855**	-
Less: unamortized finance charges				**(79)**	(139)
Total net variable rate loans				**42,796**	24,263
Net mortgages payable				**503,932**	468,338
Less: mortgages payable – current portion				**(47,962)**	(68,471)
Total mortgages payable – long-term portion				**$ 455,970**	$ 399,867

All secured mortgages and facilities are secured by charges against specific assets. The unamortized finance charges are made up of fees and costs incurred to obtain the mortgage financing less accumulated amortization.

To fund development activities the Trust has two revolving development facilities with Canadian chartered banks available upon pledging of specific assets. One is a $20.0 million one-year revolving facility that bears interest at prime plus 0.75% or bankers' acceptances ("BAs") plus 2.25%, and the other is a $15.0 million two-year revolving facility that bears interest at prime plus 0.75% or BAs plus 2.00%. At June 30, 2019 there is $13.8 million available on these development facilities (December 31, 2018 - $18.5 million). Funding is secured by first mortgage charges on development properties. The Trust must maintain certain financial ratios to comply with the facilities. These covenants include loan-to-value, debt coverage, interest coverage and occupancy covenants, as well as unitholder equity tests. As of June 30, 2019 the Trust is in compliance with all financial covenants.

In the second quarter of 2015 as part of the acquisition of a development property, the Trust assumed a $4.0 million variable rate mortgage that had an interest rate swap in place (thereby fixing the variable interest rate). The interest rate swap was set to mature on August 13, 2023 and had been recorded at fair value. In May 2019, the mortgage was discharged and the interest rate swap was settled at a cost of $176 thousand.

During the second quarter of 2019, the Trust entered into three new mortgages that utilize interest rate swaps in order to fix the variable interest rate. The interest rate swaps mature in May and June 2029 and are recorded at fair value.

(tabular amounts in thousands of Canadian dollars, except per unit amounts and as otherwise indicated)

12. Bank Indebtedness

The Trust has a $44.0 million (December 31, 2018 - $44.0 million) revolving operating line of credit facility with a Canadian chartered bank at the rate of prime plus 0.75% or BAs plus 2.00%, maturing July 31, 2020. The amount available to be drawn fluctuates depending on the specific assets pledged as security. Based on the assets pledged at June 30, 2019, the available limit was $43.9 million of which $16.9 million (December 31, 2018 – $35.6 million) was drawn and therefore the maximum amount available to be drawn on the facility was $26.5 million (December 31, 2018 – $7.5 million), net of letters of credit outstanding of $503 thousand (December 31, 2018 - $869 thousand). As security, at June 30, 2019, the Trust has provided a $50.0 million demand debenture secured by a first mortgage over thirty nine properties.

13. Land Lease Liability

Effective January 1, 2019, the Trust implemented the new IFRS 16, *Leases* standard. This standard required lessees to bring most leases on their balance sheet. The Trust has investment properties located on land which is leased. A liability has been recorded effective January 1, 2019 to recognize these assets. IFRS 16 has been implemented prospectively and therefore prior year comparatives have not been restated. The Trust has 26 long-term land leases (affecting 25 properties). Land leases expire (excluding any non-automatic renewal periods) on dates ranging from 2022 to 2084 with an average life of 40 years, with some of the leases also containing non-automatic renewal options, extending the average life of the leases to 65 years including these non-automatic renewal options.

14. Accounts Payable, Accrued Liabilities, Tenant Payables and Tenant Deposits

Accounts payable, accrued liabilities, tenant payables and tenant deposits consist of the following:

	June 30, 2019	December 31, 2018
Accounts payable and accrued liabilities	**$ 10,580**	$ 8,183
Distributions payable	**2,418**	2,427
Excise tax payable	**1,036**	1,050
Accrued interest payable	**2,321**	2,328
Deferred tenant revenue and deposits	**5,519**	3,216
Other	**307**	479
Total accounts payable, accrued liabilities, tenant payables and tenant deposits	**$ 22,181**	$ 17,683

15. Revenues

	3 Months Ended June 30, 2019	3 Months Ended June 30, 2018	**6 Months Ended June 30, 2019**	6 Months Ended June 30, 2018
Contractual revenue	**$ 18,386**	$ 18,988	**$ 36,737**	$ 37,863
Straight-line rent	**(2)**	(50)	**(210)**	(126)
Property tax and insurance recovery	**5,041**	4,662	**10,089**	9,126
Recovery revenue	**2,927**	2,525	**5,947**	5,193
Lease buyout revenue	**-**	-	**5,502**	-
Other revenue	**21**	135	**55**	170
Total property revenues	**$ 26,373**	$ 26,260	**$ 58,120**	$ 52,226

(tabular amounts in thousands of Canadian dollars, except per unit amounts and as otherwise indicated)

16. Operating Expenses

	3 Months Ended June 30, 2019	3 Months Ended June 30, 2018	**6 Months Ended June 30, 2019**	6 Months Ended June 30, 2018
Property taxes and insurance	**$ 5,609**	$ 5,802	**$ 11,102**	$11,094
Recoverable expenses	**3,762**	3,584	**7,833**	7,583
Non-recoverable expenses	**553**	749	**1,258**	2,064
Total operating expenses	**$ 9,924**	$ 10,135	**$ 20,193**	$20,741

17. Administrative Expenses

	3 Months Ended June 30, 2019	3 Months Ended June 30, 2018	**6 Months Ended June 30, 2019**	6 Months Ended June 30, 2018
Salaries and benefits	**$ 1,848**	$ 1,962	**$ 3,417**	$ 3,385
Professional services	**527**	336	**810**	561
Office expenses	**449**	422	**869**	853
Total administrative expenses	**$ 2,824**	$ 2,720	**$ 5,096**	$ 4,799

Total employee salaries and benefits paid by the Trust during the period were $6.5 million, of which $2.3 million is included in operating expenses, $3.4 million is included in administrative expenses and $816 thousand has been capitalized to investment properties (for the period ended June 30, 2018 - $6.4 million, of which $2.3 million is in operating expenses, $3.4 million is in administrative expenses and $754 thousand is in investment properties).

18. Finance Costs

	3 Months Ended June 30, 2019	3 Months Ended June 30, 2018	**6 Months Ended June 30, 2019**	6 Months Ended June 30, 2018
Mortgage interest	**$ 5,313**	$ 5,095	**$ 10,463**	$ 10,154
Debenture interest	**802**	901	**1,602**	1,811
Mortgage bond interest	**192**	192	**383**	383
Distributions paid to Class B exchangeable LP unitholders	**84**	89	**167**	177
Operating line of credit interest	**288**	347	**695**	552
Interest and bank charges	**88**	148	**175**	274
Amortization of finance charges	**199**	235	**482**	525
Loan defeasance and early mortgage discharge fees	**42**	103	**42**	238
Imputed interest on land lease liability	**564**	-	**1,125**	-
Mark to market amortization	**(11)**	(91)	**(59)**	(145)
Capitalization of interest	**(123)**	(165)	**(234)**	(361)
Total finance costs	**$ 7,438**	$ 6,854	**$ 14,841**	$ 13,608

19. Unitholders' Equity

(a) Authorized

The Declaration of Trust authorizes the issuance of an unlimited number of units and special voting units. Special voting units are only issued in tandem with the issuance of securities exchangeable into units.

Each special voting unit shall have no economic entitlement nor beneficial interest in the Trust including in the distributions or assets of the Trust, but shall entitle the holder of record thereof to a number of votes at any meeting of the unitholders equal to the number of units that may be obtained upon the exchange of the exchangeable security to which such special voting unit is attached. Special voting units may only be issued in connection with or in relation to, securities exchangeable into units, for the purpose of providing voting rights with respect to the Trust to the holders of such securities. The creation or issuance of special voting units is subject to the prior written consent of the Toronto Stock Exchange ("TSX").

In addition, preferred units may from time to time be created and issued in one or more classes (each of which may be made up of unlimited series) without requiring voting unitholder approval. Before the issuance of preferred units of a series, the Board will execute an amendment to the Declaration of Trust containing a description of such series, including the designations, rights, privileges, restrictions and conditions determined by the Board, and the class of preferred units of which such series is a part. The issuance of preferred units is also subject to the prior written consent of the TSX.

(b) Issued and Outstanding

(i) Class B Exchangeable LP Units

The Class B exchangeable units are economically equivalent to units of the Trust and are exchangeable at any time into units of the Trust on a one-for-one basis. These units are puttable instruments where the Trust has a contractual obligation to issue Trust units to the exchangeable unitholders upon redemption. Holders of the exchangeable LP units are entitled to receive distributions per unit equal to distributions per unit provided to the unitholders of the Trust.

	June 30, 2019		December 31, 2018	
	Units (000s)	**Amount**	Units (000s)	Amount
Exchangeable LP units outstanding, beginning of the period	**1,191**	**$ 4,622**	1,266	$ 5,393
Exchanges	**-**	**-**	(75)	(314)
Fair value adjustment for the period	**-**	**357**	-	(457)
Exchangeable LP units outstanding, end of the period	**1,191**	**$ 4,979**	1,191	$ 4,622

(ii) Special Voting Units

At June 30, 2019, there were 1,191,000 (December 31, 2018 - 1,191,000) special voting units outstanding, issued in connection with 1,191,000 (December 31, 2018 - 1,191,000) Class B exchangeable LP units of a subsidiary of the Trust (see above).

(iii) Units

	June 30, 2019		December 31, 2018	
	Trust Units (000s)	**Amount**	Trust Units (000s)	Amount
Units outstanding, beginning of the period	**102,824**	**$ 278,058**	101,610	$ 273,158
Issuance of units:				
Exchange of Class B exchangeable LP units	**-**	**-**	75	314
Distribution reinvestment plan	**-**	**-**	1,101	4,433
RSU plan	**1**	**6**	38	153
Repurchase of units under normal course issuer bid	**(341)**	**(923)**	-	-
Units outstanding, end of the period	**102,484**	**$ 277,141**	102,824	$ 278,058

Unitholders have the right to redeem their units at the lesser of (i) 90% of the Market Price of the unit (Market Price is defined for this purpose in the Declaration of Trust as the weighted average trading price of the previous 10 trading days) and (ii) the most recent Closing Market Price (Closing Market Price is defined for this purpose in the Declaration of Trust as the weighted average trading price on the specified date) at the time of the redemption. The redemption price will be satisfied by cash, up to a limit of $50 thousand for all redemptions in a calendar month, or a note payable. For the six months ended June 30, 2019 no unitholder had redeemed units.

(tabular amounts in thousands of Canadian dollars, except per unit amounts and as otherwise indicated)

The Trust instituted a Distribution Reinvestment Plan ("DRIP") to enable Canadian resident unitholders to acquire additional units of the Trust through the reinvestment of distributions on their units. Units issued in connection with the DRIP were issued directly from the treasury of the Trust at a price based on the weighted average daily closing price of the units on the TSX for the 5 trading days immediately preceding the relevant distribution date. Participants also received "bonus units" in an amount equal to 3% of the distribution amount reinvested. Commencing with the October 2018 distribution, payable November 15, 2018, the Trust suspended its DRIP until further notice and unitholders enrolled in the DRIP began receiving distribution payments in cash. If the Trust elects to reinstate the DRIP in the future, unitholders that were enrolled in the DRIP at the time of its suspension and remain enrolled at the time of reinstatement, will automatically resume participation in the DRIP.

Effective September 28, 2018, the Trust instituted a normal course issuer bid ("NCIB"). Pursuant to the NCIB, the Trust can purchase through the facilities of the TSX and any alternative trading system in Canada, from time to time over the next twelve months, if considered advisable, up to an aggregate of 8,025,793 of the Trust's issued and outstanding units. All units that are purchased under the NCIB will be cancelled. The NCIB will conclude on the earlier of the date on which purchases under the bid have been completed and September 27, 2019. Daily purchases made by the Trust may not exceed 14,623 units, being 25% of the average daily trading volume of the units on the TSX for the six month period ended August 31, 2018, subject to certain prescribed exemptions and any block purchase made in accordance with the rules of the TSX.

On March 1, 2019, Plaza entered into an automatic securities repurchase plan with its designated broker in order to facilitate purchases of units under the NCIB. All units that are repurchased will be cancelled monthly, on or before the record date for each monthly distribution. For the six months ended June 30, 2019, 348,389 units have been repurchased, 341,389 of which have been settled and cancelled.

20. Distributions

Distributions are declared monthly at the discretion of the Board of Trustees of the Trust.

	3 Months Ended June 30, 2019	3 Months Ended June 30, 2018	**6 Months Ended June 30, 2019**	6 Months Ended June 30, 2018
Distributions paid to unitholders	**$ 7,179**	$ 7,153	**$ 14,373**	$ 14,275
Distribution reinvestment proceeds	**-**	(1,312)	**-**	(2,750)
Cash distributions paid to unitholders	**$ 7,179**	$ 5,841	$ **14,373**	$ 11,525

(tabular amounts in thousands of Canadian dollars, except per unit amounts and as otherwise indicated)

21. Additional Cash Flow Information

(a) Changes in Non-Cash Working Capital

	3 Months Ended June 30, 2019	3 Months Ended June 30, 2018	**6 Months Ended June 30, 2019**	6 Months Ended June 30, 2018
Receivables	**$ 3,534**	$ 1,142	**$ (727)**	$ 1,193
Prepaid expenses and deposits	**(5,521)**	(4,171)	**(5,457)**	(3,697)
Change in construction accruals removed from investing activities	**(629)**	(963)	**(1,325)**	(1,454)
Accounts payable, accrued liabilities, tenant payables and tenant deposits	**1,020**	1,890	**4,692**	3,571
Total cash from change in non-cash working capital	**$ (1,596)**	$ (2,102)	**$ (2,817)**	$ (387)

(b) Changes in Liabilities Arising from Financing Activities

	June 30, 2019	December 31, 2018
Current and long-term debt[(1)][(2)] – beginning of the period	**$ 609,436**	$ 515,933
Gross proceeds from mortgage bonds and debentures	**-**	48,655
Redemption/repayment of mortgage bonds and debentures	**-**	(35,545)
Periodic mortgage principal repayments	**(5,408)**	(10,730)
Land lease principal repayments	**(328)**	-
Mortgages repaid	**(51,420)**	(38,783)
Gross mortgage proceeds	**91,295**	65,373
Fees incurred for placement of debt	**(741)**	(533)
Increases (decreases) in notes payable	**129**	(83)
Non-cash changes in current and long-term debt:		
Mortgages assumed on acquisition	**-**	23,646
Mortgages assumed by purchasers on sale of investment properties	**-**	(16,519)
Deferred finance charges assumed on acquisition	**-**	(162)
Deferred finance charges written off on sale of investment properties	**-**	82
Net change in fair value of Class B exchangeable LP units	**357**	(457)
Net change in fair value of interest rate swaps and bond forwards	**1,533**	(39)
Net change in fair value of convertible debentures	**4,214**	(3,022)
Exchanges of Class B exchangeable LP units	**-**	(314)
Amortization of finance charges	**482**	1,010
Mark to market on assumption of debt	**-**	739
Mark to market amortization	**(59)**	(252)
Current and long-term debt[(1)] – end of the period	**$ 649,490**	$ 548,999

[(1)] Debt defined for this purpose as mortgage bonds, debentures, mortgages payable, notes payable, Class B exchangeable LP units and land lease liability.

[(2)] Opening debt on January 1, 2019 includes the land lease liability of $60.4 million booked under new accounting pronouncements on a prospective basis (see Note 13).

(tabular amounts in thousands of Canadian dollars, except per unit amounts and as otherwise indicated)

22. Related Party Transactions

The following are the related party transactions of the Trust. All related party transactions have been recorded at the exchange amount.

(a) Bonds and Debentures

The trustees own directly or indirectly the following mortgage bonds and debentures of the Trust (stated at face value):

	June 30, 2019	December 31, 2018
Edouard Babineau	**$ 150**	$ 150
Earl Brewer	**450**	450
Stephen Johnson	**300**	300
Michael Zakuta	**100**	100
Total	**$ 1,000**	$ 1,000

Other key management personnel own $20 thousand in mortgage bonds of the Trust at June 30, 2019 (December 31, 2018 - $20 thousand).

(b) Notes Payable to Related Parties

The following non-interest bearing notes existed at the time of acquisition of properties in September 2000. Certain of the notes are owed to parties controlled directly or indirectly by Michael Zakuta. The notes are repayable on sale or refinancing of the related asset.

	June 30, 2019	December 31, 2018
Entities owned (directly or indirectly), controlled or significantly influenced by Michael Zakuta, President, Chief Executive Officer and trustee of the Trust	**$ 261**	$ 261

(c) Other Transactions with Related Parties

(i) TC Land LP, an entity controlled by Michael Zakuta and Earl Brewer, leases nine parcels of land to the Trust at a total annual rent of $1.2 million. The land leases expire at various times from October 2043 to November 2047, subject to options to renew. All of these land leases have options to purchase, of which one is at a fixed price and the others are at fair market value.

(ii) Earl Brewer and Michael Zakuta, directly or indirectly, hold interests in common with the Trust’s 25% interest in the Gateway Mall, Sussex, NB. A subsidiary of the Trust manages the mall. There is no accounts receivable balance owing to the Trust for property management, leasing and development fees (December 31, 2018 - $60 thousand). For the six months ended June 30, 2019, property management, development, financing and leasing fees of $128 thousand were earned by a subsidiary of the Trust from this property (for the six months ended June 30, 2018 - $144 thousand). The $405 thousand note receivable owing to the Trust at December 31, 2018, relating to short-term funding requirements for the construction of a retail pad on the property was repaid during the first quarter of 2019.

(iii) Until January 31, 2018, Edouard Babineau, Earl Brewer and Michael Zakuta, directly or indirectly, held interests in common with the Trust’s 10% interest in Northwest Plaza Commercial Trust, the owner of Northwest Centre, Moncton, NB. A subsidiary of the Trust manages the centre. On January 31, 2018, the Trust completed the acquisition of the remaining 90% of the issued and outstanding units of Northwest Plaza Commercial Trust that it did not already own (see Note 4). A special committee of independent trustees of the Trust was formed to review and approve the related party transaction. For the one month ended January 31, 2018, property management, development and leasing fees of $18 thousand were earned by a subsidiary of the Trust from this property.

(iv) The Montreal office of Plaza Group Management Limited (a wholly-owned subsidiary of the Trust) shares office space with a company indirectly owned by Michael Zakuta in an office building owned by that related party. No basic minimum rent is payable for the space.

(v) Edouard Babineau, Earl Brewer and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 20% interest in Mountainview Plaza, Midland, ON and Park Street Plaza, Kenora, ON. A subsidiary of the Trust manages the malls. At June 30, 2019 there is $5.8 million owed by the properties to the Trust which is recorded in notes and advances receivable (December 31, 2018 - $5.6 million). As well, there is a $14 thousand accounts receivable balance owing to the Trust for property management, leasing and development fees (December 31, 2018 - $5 thousand). For the six months ended June 30, 2019, property management, leasing, development and financing fees of $102 thousand were earned by a subsidiary of the Trust from these properties (for the six months ended June 30, 2018 - $318 thousand).

(vi) Until January 31, 2018, Edouard Babineau, Earl Brewer, Denis Losier and Michael Zakuta, directly or indirectly, held interests in common with the Trust's 10% interest in Shediac West Plaza, Shediac, NB. A subsidiary of the Trust manages the property. On January 31, 2018, the Trust completed the acquisition of the remaining 90% of the issued and outstanding units of Plazacorp – Shediac Limited Partnership that it did not already own (see Note 4). A special committee of independent trustees of the Trust was formed to review and approve the related party transaction. For the one month ended January 31, 2018, property management, leasing and development fees of $2 thousand were earned by a subsidiary of the Trust from this property.

(vii) Earl Brewer and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 50% interest in two single-use properties located in Amherstview and Port Perry, ON. A subsidiary of the Trust manages the properties. For the six months ended June 30, 2019, property management fees of $2 thousand were earned by a subsidiary of the Trust from these properties (for the six months ended June 30, 2018 - $2 thousand).

(viii) Edouard Babineau, Earl Brewer, James Petrie, Barbara Trenholm and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 25% interest in KGH Plaza, Miramichi, NB, a single-use property located at 681 Mountain Road, Moncton, NB, a single-use property located at 201 Main Street, Sussex, NB and Robie Street Truro Plaza, Truro, NS. A subsidiary of the Trust manages the properties. At June 30, 2019 there is a $5 thousand accounts receivable balance owing to the Trust for property management, development and leasing fees (December 31, 2018 - $5 thousand). For the six months ended June 30, 2019, property management, leasing and development fees of $116 thousand were earned by a subsidiary of the Trust from these properties (for the six months ended June 30, 2018 - $134 thousand).

(ix) Edouard Babineau, Earl Brewer and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 50% interest in Scott Street Plaza, St. Catharines, ON, and five single-use properties located at St. Joseph's Boulevard, Orleans, ON, Dufferin and Wilson, Perth, ON, Ontario Street Port Hope, Port Hope, ON, Civic Centre Road, Petawawa, ON and 615 King Street, Gananoque, ON. A subsidiary of the Trust manages the properties. For the six months ended June 30, 2019, property management fees of $15 thousand were earned by a subsidiary of the Trust from these properties (for the six months ended June 30, 2018 - $15 thousand).

(x) Edouard Babineau, Earl Brewer, Denis Losier and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 50% interest in the following eight properties: Boulevard Hebert Plaza and Victoria Street Plaza in Edmundston, NB; Grand Falls Shopping Center and Madawaska Road Plaza in Grand Falls, NB; Connell Road Plaza, Woodstock, NB; Welton Street Plaza, Sydney, NS; and Pleasant Street Plaza and Starrs Road Plaza in Yarmouth, NS. A subsidiary of the Trust manages the properties. At June 30, 2019 there is a $17 thousand accounts receivable balance owing to the Trust for property management fees (December 31, 2018 - $9 thousand). For the six months ended June 30, 2019, property management, leasing and development fees of $108 thousand were earned by a subsidiary of the Trust from these properties (for the six months ended June 30, 2018 – $64 thousand).

(tabular amounts in thousands of Canadian dollars, except per unit amounts and as otherwise indicated)

23. Financial Instruments and Risk Management

In accordance with IFRS, the Trust is required to classify its financial instruments carried at fair value in the financial statements using a fair value hierarchy that exhibits the significance of the inputs used in making the measurements.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3 - Inputs for the asset or liability that are not based on observable market data.

The following table provides information on financial assets and liabilities measured at fair value.

	June 30, 2019			December 31, 2018		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Investment properties	**$ -**	**$ -**	**$ 1,014,929**	$ -	$ -	$ 988,640
Right-of-use land lease asset	**-**	**-**	**60,109**	-	-	-
Investment properties held for sale	**-**	**-**	**-**	-	-	-
	$ -	**$ -**	**$ 1,075,038**	$ -	$ -	$ 988,640
Class B exchangeable LP units	**$ 4,979**	**$ -**	**$ -**	$ 4,622	$ -	$ -
Series E convertible debentures	**48,667**	**-**	**-**	44,892	-	-
Series VII convertible debentures	**-**	**5,665**	**-**	-	5,226	-
Land lease liability	**-**	**-**	**60,109**	-	-	-
	$ 53,646	**$ 5,665**	**$ 60,109**	$ 49,514	$ 5,226	$ -

The fair value of investment properties is based on a combination of external appraisals and internal valuations based on a capitalization matrix provided by independent appraisers (see Note 5 for a more detailed description of the Trust's valuation approach). The significant unobservable inputs include normalized net operating income, which is supported by the terms of existing leases in place and current market rents to renew or lease up vacant or expiring space, adjusted for estimated or normalized vacancy rates based on market conditions and factoring in expected maintenance costs.

24. Subsequent Events

Financings

The Trust renewed its $20 million development line of credit to July 31, 2020.

In July 2019, fixed term loans were obtained for $6.5 million with a term of 6.0 years and an interest rate of 3.32%. These loans are secured by properties located in Amherstview and Port Perry, ON and are held in a non-consolidated investment of which the Trust owns 50%. These mortgages are funded by a variable rate that has an interest rate swap in place, thereby fixing the variable interest rate.

In July 2019, a construction facility for $27.4 million was entered into with a term of 2.0 years and an interest rate of prime plus 0.75% or BA plus 2.0%. As of August 8, 2019, $16.7 million has been drawn of which $7.6 million was used to repay a portion of a land loan for the same property. This facility is held in a non-consolidated investment for a property located in St. John's, NL of which the Trust owns 50%.

In July 2019, fixed term loans were early extended with the existing lender for $36 million with a weighted average term of 10.0 years and a weighted average interest rate of 4.7%. These loans are secured by properties located in Montreal, QC and are held in a non-consolidated investment of which the Trust owns 10%.

Mortgage Bonds

On July 8, 2019, the $6.0 million Series XI mortgage bonds matured and were repaid.

Investment Properties

On July 25, 2019, the Trust disposed of surplus land located in Sherbrooke, QC for gross proceeds of $466 thousand, at the Trust's ownership percentage.

On July 31, 2019, the Trust disposed of a property located in Laval, QC for gross proceeds of $685 thousand.

In August 2019, purchasers waived conditions to buy a property located in Ottawa, ON for $968 thousand. This transaction is scheduled to close on August 28, 2019.

Unitholders' Equity

Between July 2nd and August 7, 2019, an additional 96,100 units have been repurchased under the normal course issuer bid.

Distributions and Distribution Reinvestment Plan

The Trust paid a cash distribution of $0.02333 per unit for a total of $2.4 million on July 15, 2019.

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