



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 SIX MONTHS ENDED
JUNE 30, 2015 AND 2014**

DATED: AUGUST 7, 2015

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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 7, 2015. Financial information provided has been 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.

FORWARD-LOOKING DISCLAIMER

The MD&A of the Trust for the six months ended June 30, 2015 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, 2015 and 2014, along with the MD&A of the Trust for the year ended December 31, 2014, 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 contained in this MD&A contains forward-looking statements, based on the Trust's estimates and assumptions, which are subject to risks and uncertainties. This may cause the actual results and performance of the Trust to differ materially from the forward-looking statements contained in this MD&A. Such factors include, but are not limited to, economic, capital market, and competitive real estate conditions. These forward-looking statements are made as of August 7, 2015 and Plaza assumes no obligation to update or revise them to reflect new events or circumstances, except for forward-looking information disclosed in a prior MD&A which, in light of intervening events, required further explanation to avoid being misleading.

OVERVIEW OF THE BUSINESS

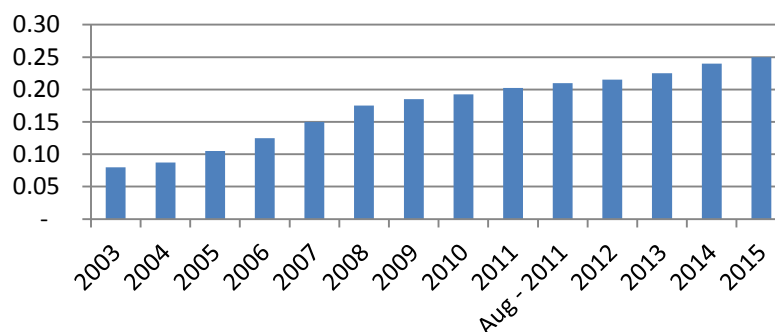
Headquartered in Fredericton, New Brunswick, Plaza is an unincorporated "open-ended" real estate investment trust established pursuant to its declaration of trust dated as of November 1, 2013 (the "Declaration of Trust") and governed by the laws of the Province of Ontario. It trades on the Toronto Stock Exchange under the symbol "PLZ.UN".

Plaza is a developer, owner and manager of retail real estate. Plaza offers a unique business strategy that differs from many of its peers in the real estate industry. 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. The Trust's developments and redevelopments are generally focused in Eastern Canada, where it has a competitive advantage. Plaza also finances differently than many of its peers, by minimizing the amount of short-term debt that it obtains, therefore locking in returns for unitholders and minimizing financing risk. Plaza is focused on cash flow per unit and conducts its business in order to maximize this and, accordingly, distributions for unitholders.

Plaza's growth is driven by value-add developments and redevelopments as well as organic growth from the existing portfolio as leases roll-over. Plaza's unique business strategy and focus on cash flow per unit has allowed it to increase its distribution every year since it began paying distributions in November 2002 (thirteen times over the past twelve years). Plaza is one of only two REITs in Canada to have increased its distribution every year for such a period of time. Plaza's distribution compounded annual growth rate is approximately 10%.

Yearly Distribution/Dividend Growth

2003	8.00¢	n/a
2004	8.75¢	9.4%
2005	10.50¢	20.0%
2006	12.50¢	19.0%
2007	15.00¢	20.0%
2008	17.50¢	16.7%
2009	18.50¢	5.7%
2010	19.25¢	4.1%
2011	20.25¢	5.2%
2011-Aug	21.00¢	3.7%
2012	21.50¢	2.4%
2013	22.50¢	4.7%
2014	24.00¢	6.7%
2015	25.00¢	4.2%

Distributions/Dividends per unit


The Trust's portfolio at June 30, 2015 includes interests in 305 properties totaling approximately 6.7 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.

Summary of Properties

	Number of Properties June 30, 2015 ⁽¹⁾	Gross Leasable Area (sq. ft.) June 30, 2015 ^{(1) (2)}	Number of Properties June 30, 2014 ⁽¹⁾	Gross Leasable Area (sq. ft.) June 30, 2014 ^{(1) (2)}
Alberta	11	50,829	12	53,426
British Columbia	-	-	2	3,038
Newfoundland and Labrador	11	645,401	10	633,403
New Brunswick	49	1,701,736	48	1,767,049
Nova Scotia	37	1,167,961	38	1,169,474
Manitoba	6	30,424	8	34,524
Ontario	83	716,318	102	748,552
Prince Edward Island	11	531,310	9	496,763
Quebec	97	1,886,507	101	1,777,129
Total	305	6,730,486	330	6,683,358

⁽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 and a solid performance in 2015.

Despite negative press surrounding various tenant bankruptcies in Canada, Plaza continues to sign deals with quality growth-oriented retailers across its geography. Obviously the Target withdrawal from Canada dominated the news during the first half of 2015. What management observed was that some retailers were distracted by possible opportunities to take certain Target locations, which slowed leasing velocity somewhat for mid-sized and big users. That being said, Plaza has signed a number of mid-sized deals both before and after the Target announcement. The Target store closings did not impact Plaza in any material way as Plaza only owns a 10% interest in a very well located strip centre with a Target store in Moncton, New Brunswick. Management has re-leased this space to Canadian Tire. In terms of the Future Shop/Best Buy closings/re-branding announcement, Plaza only has two Future Shops and one Best Buy in its portfolio, representing only 1.8% of the portfolio. Only two Future Shops have permanently closed (representing 1.0% of the portfolio). However, both Future Shops are in relatively newly built, well located centres, with interest already being expressed by national retailers for the spaces. As well, both leases have significant term left in them and therefore Plaza will continue to receive rent in the meantime. In general, Plaza does not believe that the recent tenant bankruptcies or restructuring of particular tenants will create a great over-supply of space in the long term in Plaza's geography – and in fact, it may create some opportunities for Plaza in the short term. The principal regions in which Plaza operates continue to exhibit stability in retailer demand for space and in consumer spending.

Government of Canada bond rates experienced a significant amount of volatility during the second quarter, however with the second Bank of Canada rate cut this year, announced in July 2015, interest rates are expected to remain low for the balance of 2015. Long-term debt financing continues to be readily available from lenders, not only at historically competitive fixed rates, but with long amortization periods and long terms as well. Plaza believes that this will continue to be the case for the balance of 2015. In 2014 Plaza took advantage of the debt markets and low interest rates to early refinance many of its 2015, 2016 and 2017 mortgages, which continue to have a positive impact on Plaza's cash flows. Plaza continues to look for early refinancing opportunities within its portfolio in order to take advantage of current borrowing conditions and current interest rates and in 2015 to date has already completed a number of these early refinancings.

Plaza may engage in some minor capital recycling in 2015 in order to take advantage of the continued strong buying market for real estate assets. As a result, it will look to sell or sell interests in some assets that may have become non-core to the portfolio and reinvest the sale proceeds in new, higher yielding projects.

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:

Plaza Retail REIT

Properties under development/redevelopment	Property Type	Status	Square Footage ⁽¹⁾	Ownership	Occupied or Committed at June 30, 2015	Anticipated Completion Date
90 Blvd. Tache Ouest, Montmagny, QC	Strip Plaza	In Planning	6,000	50%	n/a	2016
Plaza de L'Ouest, Sherbrooke, QC – Phase III	Strip Plaza	In Planning	40,000	50%	n/a	2017 - 2018
Fairville Boulevard – Phase III, Saint John, NB	Strip Plaza	In Planning	24,000	100%	n/a	2016 - 2017
Grand Falls Shopping, Centre, Grand Falls, NB ⁽²⁾⁽⁴⁾	Strip Plaza	In Construction	105,647	100%	81%	Q3 2015
St. Jerome, St. Jerome (Montreal), QC - Phase I ⁽³⁾	Strip Plaza	In Construction	26,083	20%	94%	Q3 2015
St. Jerome, St. Jerome (Montreal), QC -Phase II ⁽³⁾	Strip Plaza	In Construction	41,983	20%	85%	Q3 2015
St. Jerome, St. Jerome (Montreal), QC -Phase III ⁽³⁾	Strip Plaza	In Planning	120,000	20%	n/a	2017 - 2018
Lansdowne Place Phase II, Saint John, NB	Strip Plaza	In Planning	60,000	100%	n/a	2016 - 2017
Plaza Chemin Chambly, Longueuil (Montréal), QC ⁽⁴⁾	Strip Plaza	In Construction	37,099	100%	100%	Q3 2015
960 Cole Harbour Rd, Dartmouth (Halifax), NS ⁽⁴⁾	Single Use	In Planning	4,000	100%	n/a	Q4 2015
9 James St., Antigonish, NS ⁽⁴⁾	Single Use	In Planning	3,000	100%	n/a	Q1 2016
3719 Lakeshore Blvd., Toronto, ON ⁽⁴⁾	Single Use	In Construction	1,878	100%	100%	Q3 2015
Northside Plaza, Fredericton, NB	Strip Plaza	In Construction	35,000	100%	14%	Q3 2015
315 Bd. Ste. Anne, Beauport, QC ⁽⁴⁾	Single Use	In Development	2,600	100%	100%	Q1 2016
3000 Bd. St. Charles, Kirkland, QC ⁽⁴⁾	Single Use	In Planning	2,554	100%	n/a	Q1 2016
Buchanan Dr. – Phase II, Charlottetown, PE	Strip Plaza	In Construction	63,601	100%	35%	Q4 2015
905 37 th Street SW, Calgary, AB ⁽⁴⁾	Single Use	In Construction	2,161	100%	100%	Q4 2015
274 North Front St., Belleville, ON ⁽⁴⁾	Single Use	In Construction	2,100	100%	100%	Q4 2015
37 Confederation Dr, Corner Brook, NL	Single Use	In Construction	23,345	100%	100%	Q2 2016
Princess Auto, Charlottetown, PE	Single Use	In Construction	20,305	100%	100%	Q2 2016
600 JP Perrault, Sherbrooke, QC	Strip Plaza	In Planning	41,823	50%	n/a	2016
Total			663,179			

(1) Approximate square footage.

(2) This is an existing mall that is being de-malled.

(3) This is owned in a limited partnership that is part of the Trust's non-consolidated trusts and partnerships.

(4) This is an existing property being redeveloped.

There is excess density and expansions at existing properties that the Trust plans to develop in the short term which would represent approximately 44 thousand additional square feet at completion. The Trust is currently developing approximately 6 thousand square feet of the 44 thousand additional square feet.

In June 2015, Plaza announced its plans to enter into a 50-50 joint venture with DewCor (a company owned and operated by Danny Williams – businessperson, lawyer and former Premier of Newfoundland and Labrador) to develop the retail portion of the Galway master planned community, located in the west end of the greater St. John's Newfoundland area. The centre will be situated on over 100 acres of land, will consist of more than 700 thousand square feet once completed and will be home to many of Canada's top retailers. The "Shoppes at Galway", as the centre will be known, will be built in several phases, with construction of the initial portion of the development anticipated to begin in late 2016. At June 30, 2015, the joint venture is still subject to certain conditions.

Plaza Retail REIT

At June 30, 2015, there are 2 properties for redevelopment which are under purchase agreement and are subject to due diligence or other conditions. These properties will represent approximately 190 thousand additional square feet of retail space after redevelopment. Subsequent to quarter end, conditions were waived on these properties.

The total estimated costs for the developments and redevelopments (noted in the chart above) and the excess density being developed are between \$55.0 million and \$70.0 million, of which approximately \$34.0 million has already been spent (at Plaza's ownership percentage).

SIGNIFICANT EVENTS DURING 2015

Roll-Ins

Effective January 1, 2015, Plaza closed the purchase of interests of certain equity partners in eight properties located in New Brunswick and Prince Edward Island. The net purchase price (after assumption of debt) of \$6.1 million was satisfied by the issuance of 1,319,000 Class B exchangeable limited partnership ("LP") units of a subsidiary LP at a price of \$4.60 per unit, which are exchangeable at any time into units of Plaza on a one-for-one basis. Plaza owned interests in each of the eight properties of between 43% and 85%, and now owns between 86% and 100% of each. Based on the purchase price and the unit price used to issue the exchangeable LP units, this transaction is accretive to Plaza.

SUMMARY OF SELECTED YEAR TO DATE INFORMATION

(000s, except square footage and as otherwise noted)	6 Months Ended June 30, 2015 (unaudited)	6 Months Ended June, 2014 (unaudited)
Property rental revenue	\$ 47,814	\$ 46,770
Total revenue	\$ 52,341	\$ 47,687
NOI ⁽¹⁾	\$ 29,894	\$ 29,750
Same-asset NOI ⁽¹⁾	\$ 27,413	\$ 27,224
FFO ⁽¹⁾	\$ 14,559	\$ 12,896
AFFO ⁽¹⁾	\$ 14,064	\$ 12,767
EBITDA ⁽¹⁾	\$ 27,342	\$ 26,880
Total assets	\$ 1,001,375	\$ 943,240
Total mortgages, mortgage bonds, notes payable, bank credit facilities and bridge facilities	\$ 492,108	\$ 463,991
Total debentures	\$ 65,443	\$ 66,059
Weighted average units outstanding ⁽²⁾	93,949	90,749
Amounts on a Per Unit Basis		
FFO ⁽¹⁾	\$ 0.155	\$ 0.142
AFFO ⁽¹⁾	\$ 0.150	\$ 0.141
Distributions	\$ 0.125	\$ 0.120
Financial Ratios		
Weighted average interest rate – fixed rate mortgages	4.62%	5.08%
Debt to gross assets (excluding converts)	49.4%	49.2%
Debt to gross assets (including converts)	55.4%	55.6%
Interest coverage ratio ⁽¹⁾	2.01x	1.73x
Debt service coverage ratio ⁽¹⁾	1.51x	1.34x
Distributions as a % of FFO	80.7%	84.3%
Distributions as a % of AFFO	83.5%	85.1%
Leasing Information		
Square footage leased during the period (total portfolio)	529,624	533,835
Committed occupancy – income producing properties	95.7%	95.9%
Same-asset occupancy	96.1%	96.4%
Mix of Tenancy Based on Square Footage		
National	90.5%	90.5%
Regional	4.0%	4.2%
Local	4.2%	4.1%
Non retail	1.3%	1.2%
Other		
Average term to maturity - mortgages	6.5 years	6.2 years
Average term to maturity - leases	6.7 years	7.0 years
IFRS capitalization rate	7.03%	7.13%

Property Type Breakdown	Number of Properties June 30, 2015	Square Footage (000s)	Number of Properties June 30, 2014	Square Footage (000s)
Strip	94	4,394	93	4,356
Enclosed	4	879	4	890
Single Use – Quick Service Restaurant	143	405	168	361
Single Use – Retail	64	1,052	65	1,076
Total	305	6,730	330	6,683

⁽¹⁾ Refer to “Non-IFRS Measures” and “Additional IFRS Measures” for further explanations.

⁽²⁾ Includes Class B exchangeable LP units.

EXPLANATION OF NON-IFRS MEASURES USED IN THIS DOCUMENT

Funds From Operations (FFO) is not an IFRS financial measure. FFO is an industry term and its calculation is prescribed in publications of the Real Property Association of Canada (REALpac). FFO 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 (see reconciliation to profit for the period attributable to unitholders on page 11). Plaza considers FFO a meaningful additional measure as it adjusts for certain non-cash items that do not necessarily provide an appropriate picture of a Trust's recurring performance. It more reliably shows the impact on operations of trends in occupancy levels, rental rates, net property operating income and interest costs compared to profit determined in accordance with IFRS. As well, FFO allows some comparability amongst different real estate entities that have adopted different accounting with respect to investment properties (some entities use the cost model and some entities use the fair value model to account for investment properties).

FFO per unit is not an IFRS financial measure. Plaza calculates FFO per unit as FFO divided by the weighted average number of units outstanding.

Adjusted Funds From Operations (AFFO) is an industry term used to help evaluate dividend or distribution capacity. AFFO as calculated by Plaza may not be comparable to similar titled measures reported by other entities. AFFO primarily adjusts FFO for other non-cash revenues and expenses and operating capital and leasing requirements that must be made merely to preserve the existing rental stream (see reconciliation to FFO on page 13). Most of these expenditures would normally be considered investing activities in the statement of cash flows. 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. AFFO excludes the impact of working capital changes as they are viewed as short term cash requirements or surpluses and are deemed financing activities. AFFO also excludes salaries and other costs related to development activities that should otherwise form part of the costs of its development projects and that management views as capital in nature and, therefore, not indicative of regular income producing activities. In addition, non-recurring costs that impact operating cash flow may be adjusted (see reconciliation to operating cash flow on page 14).

AFFO per unit is not an IFRS financial measure. Plaza calculates AFFO per unit as 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 reconciliation to profit for the period on page 12).

FFO, AFFO and EBITDA are not defined by IFRS, and therefore should not be considered as alternatives to profit or net income calculated in accordance with IFRS.

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).

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 amortized shopping malls and strip plazas 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 well;
- 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;
- FFO/AFFO payout ratios;
- 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, 2015 compared to the six months ended June 30, 2014.

Plaza Retail REIT

Funds from Operations⁽¹⁾	(unaudited)	YTD Q2 2015	YTD Q2 2014
	FFO	\$14,559	\$12,896
	FFO per unit	\$0.155	\$0.142
	The principal factors influencing FFO were:		
	➤ An increase in NOI of \$776 thousand from developments/ redevelopments/ acquisitions;		
	➤ A decrease in NOI of \$599 thousand due to property sales;		
	➤ A decrease in administrative expenses of \$371 thousand mainly due to one-time costs incurred for the REIT conversion in the prior year;		
	➤ A decrease in finance costs of \$637 thousand mainly due to a reduction in interest and amortization charges on the KEYreit acquisition bridge facility as it was repaid in May 2014 and interest rate savings on Plaza's significant refinancing program undertaken in 2014, partly offset by early mortgage discharge fees incurred; and		
	➤ A decrease in current income tax expense of \$161 thousand, mainly due to one-time taxes paid in the prior year for the REIT conversion.		
Adjusted Funds from Operations⁽¹⁾	(unaudited)	YTD Q2 2015	YTD Q2 2014
	AFFO	\$14,064	\$12,767
	AFFO per unit	\$0.150	\$0.141
	The principal factors influencing AFFO were:		
	➤ Growth in NOI from developments/redevelopments/acquisitions;		
	➤ A decrease in NOI from property sales;		
	➤ Lower administrative expenses;		
	➤ Lower finance costs; and		
	➤ Higher maintenance capital expenditures.		
FFO/AFFO Payout Ratios	(unaudited)	YTD Q2 2015	YTD Q2 2014
	Distributions as a % of FFO	80.7%	84.3%
	Distributions as a % of AFFO	83.5%	85.1%
Debt Service Ratios⁽¹⁾	(unaudited)	YTD Q2 2015	YTD Q2 2014
	Interest coverage ratio	2.01x	1.73x
	Debt service coverage ratio	1.51x	1.34x
	➤ Debt service ratios were impacted by reduced debt service costs partly attributable to interest rate savings from Plaza's significant refinancing program undertaken in 2014.		
Debt to Gross Assets	(unaudited)	Q2 2015	Q2 2014
	Debt to gross assets (excluding converts)	49.4%	49.2%
	Debt to gross assets (including converts)	55.4%	55.6%
	➤ Debt to gross assets ratios are within Plaza's general leverage philosophy of 50% excluding converts and 55% including converts.		
Same-Asset Net Property Operating Income⁽¹⁾	(unaudited)	YTD Q2 2015	YTD Q2 2014
	Same-asset NOI	\$27,413	\$27,224
Weighted Average Interest Rate – Fixed Rate Mortgages	(unaudited)	Q2 2015	Q2 2014
	Weighted average interest rate – fixed rate mortgages	4.62%	5.08%
	➤ The decrease was a result of continued financings and refinancings at historically low interest rates.		
Occupancy Levels	(unaudited)	YTD Q2 2015	YTD Q2 2014
	Committed occupancy	95.7%	95.9%
	Same-asset occupancy	96.1%	96.4%

⁽¹⁾ Refer to "Non-IFRS Measures" and "Additional IFRS Measures" for further explanations.

PROPERTY AND CORPORATE PERFORMANCE 2015 AND 2014
Funds from Operations (FFO)

Plaza's summary of FFO for the three and six months ended June 30, 2015, compared to the three and six months ended June 30, 2014 is presented below:

(000s – except per unit amounts)	3 Months Ended June 30, 2015 (unaudited)	3 Months Ended June 30, 2014 (unaudited)	6 Months Ended June 30, 2015 (unaudited)	6 Months Ended June 30, 2014 (unaudited)
Profit (loss) for the period attributable to unitholders	\$ 8,119	\$ (4,640)	\$ 24,222	\$ 60,737
Add (deduct):				
Incremental leasing costs included in administrative expenses	510	380	759	623
Distributions on Class B exchangeable LP units included in finance costs	83	-	165	-
Deferred income taxes	213	64	539	(59,635)
Fair value adjustment to restricted share units	(7)	(4)	5	(12)
Fair value adjustment to investment properties	(1,595)	10,218	(8,925)	8,865
Fair value adjustment to investments	55	886	(2,540)	977
Fair value adjustment to Class B exchangeable LP units	(197)	-	199	-
Fair value adjustment to convertible debentures	(145)	313	(77)	1,085
Fair value adjustment to interest rate swap	25	-	25	-
Equity accounting adjustment	(17)	46	98	125
Non-controlling interest adjustment	26	134	89	131
Basic and diluted FFO	\$ 7,070	\$ 7,397	\$ 14,559	\$ 12,896
Basic Weighted Average Units Outstanding ⁽¹⁾	93,982	92,202	93,949	90,749
Diluted Weighted Average Units Outstanding ⁽¹⁾	93,982	92,202	93,949	90,749
Basic and diluted FFO per unit	\$ 0.075	\$ 0.080	\$ 0.155	\$ 0.142

⁽¹⁾ Includes Class B exchangeable LP units.

Basic FFO for the six months ended June 30, 2015 increased by 12.9% over the same period in the prior year. Basic FFO per unit for the six months ended June 30, 2015 increased by 9.2% over the same period in the prior year.

Positively impacting FFO was:

- (i) growth in NOI of \$776 thousand from developments/redevelopments/acquisitions (refer to page 18);
- (ii) a decrease in NOI of \$599 thousand due to the sale of former KEYreit properties (refer to page 18);
- (iii) a decrease in administrative expenses (net of incremental leasing costs) of \$371 thousand mainly due to one-time costs incurred in the prior year for Plaza's conversion to a REIT structure;
- (iv) a decrease in finance costs (net of distributions on Class B exchangeable LP units) of \$637 thousand mainly due to a reduction in interest paid and amortization of deferred financing charges on the KEYreit bridge facility, which was repaid in May 2014, as well as interest rate savings from Plaza's significant refinancing program undertaken in 2014, partly offset by early mortgage discharge fees incurred (refer to page 22); and
- (v) a decrease in current income tax expense of \$161 thousand, mainly due to one-time taxes paid in the prior year for the conversion to a REIT structure.

Basic FFO for the three months ended June 30, 2015 decreased by 4.4% over the prior year and basic FFO per unit for the three months ended June 30, 2015 decreased by 6.3% over the prior year.

Negatively impacting FFO was:

- (i) a growth in NOI of \$261 thousand from developments/redevelopments/acquisitions (refer to page 18);
- (ii) a decrease in NOI of \$369 thousand from lease terminations and property tax settlements (refer to page 18);
- (iii) a decrease in same-asset NOI of \$109 thousand mainly from the timing of non-recoverable expenditures (refer to page 15); and

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- (iv) an increase in finance costs due mainly to early mortgage discharge fees incurred, partly offset by the impact of interest rate savings on refinancings at better rates, as well as a reduction in interest paid and amortization of deferred financing charges on the KEYreit bridge facility, which was repaid in May 2014 (refer to page 22).

Excluding non-recurring items, Plaza's FFO for the three and six months ended June 30, 2015 would have increased by 5.1% and 15.3%, respectively, compared to the prior year, and FFO per unit would have increased by 3.7% and 10.8%, respectively, compared to the prior year, as can be seen in the following table.

	3 Months Ended June 30, 2015 (unaudited)	3 Months Ended June 30, 2014 (unaudited)	6 Months Ended June 30, 2015 (unaudited)	6 Months Ended June 30, 2014 (unaudited)
(000s – except per unit amounts)				
Basic and diluted FFO	\$ 7,070	\$ 7,397	\$ 14,559	\$ 12,896
Add:				
Loan defeasance expenses and early mortgage discharge fees paid	881	32	881	32
REIT conversion costs incurred	-	134	-	468
Basic and diluted FFO excluding non-recurring items	\$ 7,951	\$ 7,563	\$ 15,440	\$ 13,396
Basic and diluted FFO excluding non-recurring items per unit	\$ 0.085	\$ 0.082	\$ 0.164	\$ 0.148

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Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and Debt Coverage Ratios

Plaza's summary of EBITDA and debt coverage ratios for the three and six months ended June 30, 2015, compared to the three and six months ended June 30, 2014 is presented below:

	3 Months Ended June 30, 2015 (unaudited)	3 Months Ended June 30, 2014 (unaudited)	6 Months Ended June 30, 2015 (unaudited)	6 Months Ended June 30, 2014 (unaudited)
(000s – except debt coverage ratios)				
Profit (loss) for the period	\$ 8,217	\$ (4,273)	\$ 24,467	\$ 61,291
Add (deduct):				
Income taxes	249	101	611	(59,402)
Finance costs	6,800	6,596	13,521	13,993
Fair value adjustment to investment properties	(1,595)	10,218	(8,925)	8,865
Fair value adjustment to investments	55	886	(2,540)	977
Fair value adjustment to convertible debentures	(145)	313	(77)	1,085
Fair value adjustment to Class B exchangeable LP units	(197)	-	199	-
Fair value adjustment to restricted share units	(7)	(4)	5	(12)
Fair value adjustment to interest rate swap	25	-	25	-
Equity accounting adjustment	(37)	24	56	83
EBITDA	\$ 13,365	\$ 13,861	\$ 27,342	\$ 26,880
Finance costs ⁽¹⁾	\$ 6,767	\$ 7,533	\$ 13,616	\$ 15,500
Periodic mortgage principal repayments	2,290	2,074	4,435	4,488
Total debt service	\$ 9,057	\$ 9,607	\$ 18,051	\$ 19,988
Debt coverage ratios				
Interest coverage ratio	1.97 times	1.84 times	2.01 times	1.73 times
Debt service coverage ratio	1.48 times	1.44 times	1.51 times	1.34 times

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

For the three and six months ended June 30, 2015, the interest and debt service coverage ratios improved over the prior period mainly due to reduced debt service costs partly attributable to interest rate savings from Plaza's significant refinancing program undertaken in 2014. The debt service coverage and interest coverage ratios exceed the requirements under borrowing arrangements and overall leverage is at the Trust's targeted leverage.

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Adjusted Funds from Operations (AFFO)

Plaza's summary of AFFO for the three and six months ended June 30, 2015, compared to the three and six months ended June 30, 2014 is presented below:

	3 Months Ended June 30, 2015 (unaudited)	3 Months Ended June 30, 2014 (unaudited)	6 Months Ended June 30, 2015 (unaudited)	6 Months Ended June 30, 2014 (unaudited)
(000s, except per unit amounts and percentage data)				
Basic FFO ⁽¹⁾	\$ 7,070	\$ 7,397	\$ 14,559	\$ 12,896
Add: Amortization of finance charges included in interest expense	231	662	536	1,596
Loan defeasance expenses and early mortgage discharge fees paid	881	32	881	32
Principal repayment of tenant loans	37	48	73	96
Non-controlling interest adjustment	13	42	27	45
Development/redevelopment costs included in administrative expenses ⁽²⁾	465	437	733	690
Less: Non-cash revenue – straight-line rent	14	102	(32)	72
Amortization of mark-to-market on debt assumed included in interest expense	(931)	(969)	(1,141)	(1,539)
Equity accounting adjustment	(35)	(10)	(50)	(18)
Maintenance capital expenditures – existing properties	(468)	(272)	(737)	(418)
Leasing costs – existing properties	(400)	(304)	(538)	(484)
Mortgage placement fees – existing properties	(198)	(174)	(247)	(201)
Basic and diluted AFFO	\$ 6,679	\$ 6,991	\$ 14,064	\$ 12,767
Basic and diluted AFFO per unit	\$ 0.071	\$ 0.076	\$ 0.150	\$ 0.141
Gross distributions to unitholders ⁽³⁾	5,875	5,530	11,745	10,865
AFFO after distributions	\$ 804	\$ 1,461	\$ 2,319	\$ 1,902
Distributions as a percentage of basic AFFO	88.0%	79.1%	83.5%	85.1%
Distributions as a percentage of basic FFO	83.1%	74.8%	80.7%	84.3%

⁽¹⁾ See reconciliation of Basic FFO to profit attributable to unitholders in the FFO section of the MD&A above.

⁽²⁾ Represent salaries and other costs not capitalized for accounting purposes but are related to development activities, that in management's view, form part of the cost of development projects. The amount excludes the salaries and other costs of the leasing department as these amounts are already added back in the derivation of FFO.

⁽³⁾ Includes distributions on Class B exchangeable LP units.

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A reconciliation of AFFO to operating cash flow is presented below:

	3 Months Ended June 30, 2015 (unaudited)	3 Months Ended June 30, 2014 (unaudited)	6 Months Ended June 30, 2015 (unaudited)	6 Months Ended June 30, 2014 (unaudited)
(000s)				
Operating cash flow	\$ 473	\$ 369	\$ 9,479	\$ 6,664
Add (deduct):				
Non-controlling interest adjustment	(59)	(191)	(129)	(378)
Equity accounting adjustment	522	522	946	908
Distributions from equity accounted investments	(264)	(449)	(435)	(684)
Principal repayment of tenant loans	37	48	73	96
Change in interest accrual	915	890	(44)	(542)
Change in income tax accrual	(17)	136	(6)	33
Change in non-cash working capital	5,102	5,601	4,026	6,387
Development/redevelopment costs included in administrative expenses	465	437	733	690
Maintenance capital expenditures – existing properties	(691)	(272)	(960)	(418)
Incremental leasing costs included in administrative expenses	510	380	759	623
Fair value adjustment to restricted share units	(7)	(4)	5	(12)
Leasing commissions included in operating cash flow	68	2	179	85
Leasing costs – existing properties	(177)	(304)	(315)	(484)
Mortgage placement fees – existing properties	(198)	(174)	(247)	(201)
Basic and diluted AFFO	\$ 6,679	\$ 6,991	\$ 14,064	\$ 12,767

For the six months ended June 30, 2015, AFFO increased by \$1.3 million, or 10.2% over the prior year, and AFFO per unit increased by 6.4% over the prior year. The increase in AFFO and AFFO per unit was mainly due to growth in NOI from developments/redevelopments/acquisitions, lower administrative expenses and lower finance costs, partly offset by higher maintenance capital expenditures and reduced NOI from property sales.

For the three months ended June 30, 2015, AFFO decreased by \$312 thousand, or 4.5% over the prior year, and AFFO per unit decreased by 6.6% over the prior year. The decrease was mainly due to a drop in NOI and higher maintenance capital expenditures and higher leasing costs.

The FFO payout ratio excluding non-recurring items as noted in the discussion of FFO previously, would have been 73.9% for the three months ended June 30, 2015 compared to 73.1% for the prior year and would have been 76.1% for the six months ended June 30, 2015, compared to 81.1% for the prior year.

Same-Asset Net Property Operating Income

Same-asset categorization refers to those properties which were owned and operated by Plaza for the six months ended June 30, 2015 and the entire year ended December 31, 2014 and excludes partial year results from certain assets due to timing of acquisition, 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, 2015, approximately 47.5% 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 strip plazas and single use properties are responsible for their own utilities, and changes to these costs do not materially impact NOI.

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	3 Months Ended June 30, 2015 (unaudited)	3 Months Ended June 30, 2014 (unaudited)	6 Months Ended June 30, 2015 (unaudited)	6 Months Ended June 30, 2014 (unaudited)
(000s)				
Same-asset rental revenue	\$ 21,499	\$ 21,171	\$ 43,119	\$ 42,245
Same-asset operating expenses	(3,964)	(3,766)	(8,022)	(7,765)
Same-asset realty tax expense	(3,869)	(3,630)	(7,684)	(7,256)
Same-asset net property operating income	\$ 13,666	\$ 13,775	\$ 27,413	\$ 27,224

As noted in the chart above, the NOI for the same-asset pool for the six months ended June 30, 2015 increased by \$189 thousand or 0.7% over the same period in the prior year.

NOI for the same asset pool for the three months ended June 30, 2015, decreased by \$109 thousand or 0.8% over the same period in the prior year, mainly due to vacancies and the timing of non-recoverable costs incurred.

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

	3 Months Ended June 30, 2015 (unaudited)	3 Months Ended June 30, 2014 (unaudited)	6 Months Ended June 30, 2015 (unaudited)	6 Months Ended June 30, 2014 (unaudited)
(000s except percentage data)				
New Brunswick	2,785	2,664	5,696	5,473
Nova Scotia	2,750	2,650	5,502	5,197
Quebec	2,585	2,712	5,193	5,253
Alberta	309	290	601	573
Manitoba	175	188	363	371
Ontario	2,536	2,642	5,203	5,286
Newfoundland and Labrador	1,273	1,365	2,476	2,643
Prince Edward Island	1,253	1,264	2,379	2,428
Same-asset net property operating income	13,666	13,775	27,413	27,224
Percentage increase(decrease) over prior period	(0.8)%		0.7%	

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The following assets are not included in “same-asset” measurements due to timing of acquisition, development, redevelopment or disposition.

	Property Type	Square Footage	Ownership	Income Producing/ Acquired, Redeveloped or Disposed During
Oromocto Mall, Oromocto, NB	Strip Plaza	66,055	100%	Q1 14
Grand Falls Shopping Centre, Grand Falls, NB	Strip Plaza	103,692	100%	Q1 14
Les Promenades St-Francois, Laval, QC	Strip Plaza	60,451	100%	Q1 14
Champlain Street Plaza, Phase II, Dieppe (Moncton), NB	Strip Plaza	32,449	100%	Q1 14
Magog SP, Magog (Montréal), QC	Strip Plaza	76,097	50%	Q1 14
Starrs Road Plaza, Yarmouth, NS	Strip Plaza	73,786	100%	Q2 14
Galeries des Cantons, Coaticook, QC	Strip Plaza	40,608	50%	Q3 14
Fairville Phase III, Saint John, NB	Strip Plaza	3,375	100%	Q4 14
Plaza de L'Ouest, Sherbrooke, QC – Phase II	Strip Plaza	21,039	50%	Q1 15
Riverside Drive Plaza, Timmins, ON	Strip Plaza	35,259	80%	Q1 15
413 Coverdale Rd, Riverview (Moncton), NB	Single Use	5,000	100%	Q1 15
Buchanan Dr. Phase II, Charlottetown, PE	Strip Plaza	22,744	100%	Q1 15
9 James St., Antigonish, NS	Single Use	3,000	100%	Q1 15
3719 Lakeshore Blvd., Toronto, ON	Single Use	1,878	100%	Q1 15
315 Bd. Ste. Anne, Beauport, QC	Single Use	2,600	100%	Q1 15
3000 Bd. St. Charles, Kirkland, QC	Single Use	2,554	100%	Q1 15
274 North Front St., Belleville, ON	Single Use	2,100	100%	Q1 15
960 Cole Harbour Rd, Dartmouth (Halifax), NS	Single Use	4,000	100%	Q1 15
Plaza Chemin Chambly, Longueuil (Montréal), QC	Strip Plaza	35,761	100%	Q1 15
905 37th St. SW, Calgary, AB	Single Use	2,161	100%	Q2 15
37 Confederation Dr., Corner Brook, NL	Single Use	23,345	100%	Q2 15
600 JP Perrault, Sherbrooke, QC	Strip Plaza	41,823	50%	Q2 15
Princess Auto, Charlottetown, PE	Single Use	20,305	100%	Q2 15
Northside Plaza, Fredericton, NB	Strip Plaza	25,122	100%	Q2 15
KEYreit properties disposed of	Single Use/Strip	146,546	100%	2014 and 2015
Total		851,750		

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Net Property Operating Income

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

(000s)	3 Months Ended June 30, 2015 (unaudited)	3 Months Ended June 30, 2014 (unaudited)	6 Months Ended June 30, 2015 (unaudited)	6 Months Ended June 30, 2014 (unaudited)
Same-asset net property operating income	\$ 13,666	\$ 13,775	\$ 27,413	\$ 27,224
Developments transferred to income producing in 2014	368	354	707	539
Developments transferred to income producing in 2015 (\$250 thousand annualized NOI)	52	-	(3)	-
Property acquired Q3 2014	49	-	99	-
Redevelopments transferred to income producing in 2015 (\$1.9 million annualized NOI)	422	392	825	641
NOI from properties currently under redevelopment	321	279	590	414
Purchase of minority interest (refer to page 5)	74	-	152	-
Property disposals	116	193	166	765
Lease termination revenue	48	301	48	321
Property tax settlements	(109)	7	(109)	(157)
Other	9	9	6	3
Total net property operating income	\$ 15,016	\$ 15,310	\$ 29,894	\$ 29,750

Leasing and Occupancy

The following table represents leases expiring for the next 5 years and thereafter for Plaza's property portfolio at June 30, 2015 (excluding developments/redevelopments and non-consolidated investments).

	Strip Plazas		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 2015	161,435	5.0	26,492	4.0	-	-	-	-	187,927	3.7
2016	364,064	11.2	100,751	15.2	16,989	2.0	25,628	8.0	507,432	10.0
2017	212,424	6.5	116,468	17.5	44,543	5.3	27,768	8.7	401,203	7.9
2018	200,303	6.1	85,869	12.9	-	-	196,753	61.5	482,925	9.5
2019	256,794	7.9	93,347	14.1	19,504	2.3	-	-	369,645	7.3
2020	492,397	15.1	74,631	11.2	121,072	14.3	6,636	2.1	694,736	13.6
Thereafter	1,572,134	48.2	166,939	25.1	644,693	76.1	63,226	19.7	2,446,992	48.0
Subtotal	3,259,551	100.0	664,497	100.0	846,801	100.0	320,011	100.0	5,090,860	100.0
Vacant	169,499		52,108		-		4,663		226,270	
Total	3,429,050		716,605		846,801		324,674		5,317,130	
Weighted average lease	6.8 years		4.3 years		9.1 years		4.3 years		6.7 years	

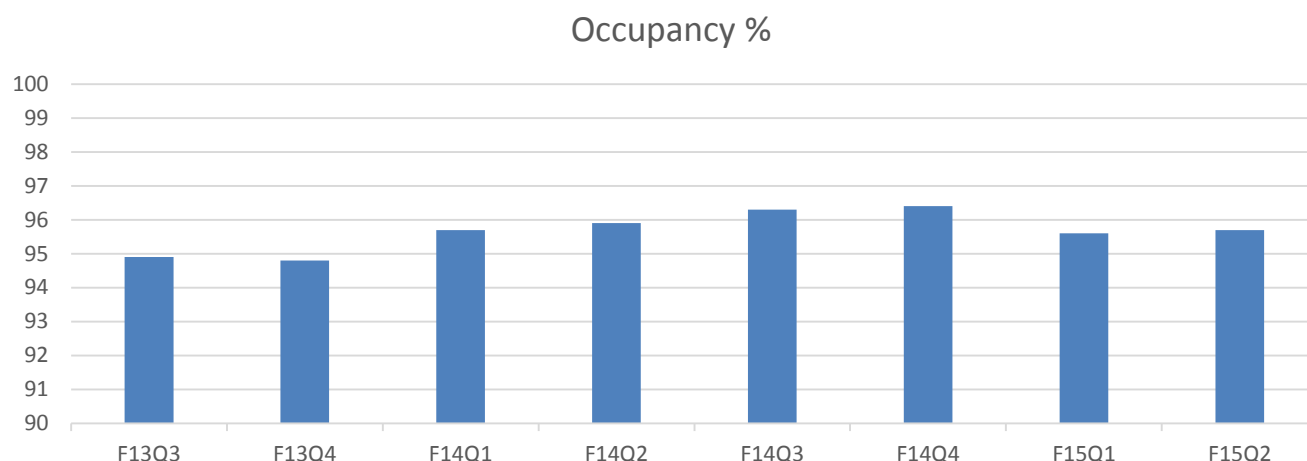
⁽¹⁾ At 100%, regardless of the Trust's ownership interest in the properties.

⁽²⁾ QSR refers to quick service restaurants.

At June 30, 2015, overall committed occupancy for the portfolio (excluding properties under development/redevelopment and non-consolidated investments) remained steady at 95.7% compared to 95.9% at June 30, 2014. Same-asset occupancy was 96.1% at June 30, 2015, compared to 96.4% at June 30, 2014.

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Committed occupancy for the portfolio has remained relatively stable over the last eight quarters.



The weighted average contractual base rent per square foot on renewals/new leasing in 2015 and that is expiring in 2015 (excluding developments/redevelopments and non-consolidated investments) is outlined in the following table:

	Strip Plazas	Enclosed Malls	Single-User Retail	Single-User QSR
<u>2015 – Q2 YTD</u>				
Renewals/new leasing (sq. ft.)	258,122	71,688	26,591	2,161
Weighted average rent (\$/sq. ft.)	\$13.83	\$13.02	\$13.58	\$42.00
<u>2015 – Q2 YTD</u>				
Expiries (sq. ft.)	247,986	98,743	25,695	-
Weighted average rent (\$/sq. ft.)	\$13.85	\$16.11	\$13.00	-
<u>2015 – Remainder of Year</u>				
Expiries (sq. ft.)	161,435	26,492	-	-
Weighted average rent (\$/sq. ft.)	\$12.84	\$16.36	-	-

In addition, for the six months ended June 30, 2015, the Trust completed 138 thousand square feet of new leasing deals on developments and redevelopments at market rates and 33 thousand square feet of new and renewal leasing deals at market rates at non-consolidated investments.

On average, Plaza's embedded or contractual gross rents expiring in 2015 would be at or below current market rates. Plaza's financial exposure to vacancies and lease roll-overs differs among the different retail asset types, as gross rental rates differ dramatically by asset class.

- Occupancy in the strip plazas was 95.1% at June 30, 2015, compared to 95.0% at June 30, 2014.
- Average occupancy for enclosed malls was 92.7% at June 30, 2015, compared to 95.7% at June 30, 2014.
- Occupancy for single use assets was 99.6% at June 30, 2015, compared to 98.1% at June 30, 2014.
- Pre-leased space in properties in the development phase and in the construction phase is 87.7% at June 30, 2015.

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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, 2015 represent approximately 58.4% of total base rent revenues in place.

	% of Base Rent Revenue		% of Base Rent Revenue
1. Shoppers Drug Mart	24.9	6. Canadian Tire Group ⁽³⁾	2.7
2. KFC ⁽¹⁾	11.0	7. Pharma Plus	2.3
3. Dollarama	4.8	8. TJX Group ⁽⁴⁾	1.9
4. Sobeys Group ⁽²⁾	4.3	9. Bulk Barn	1.8
5. Staples	2.9	10. Best Buy	1.8

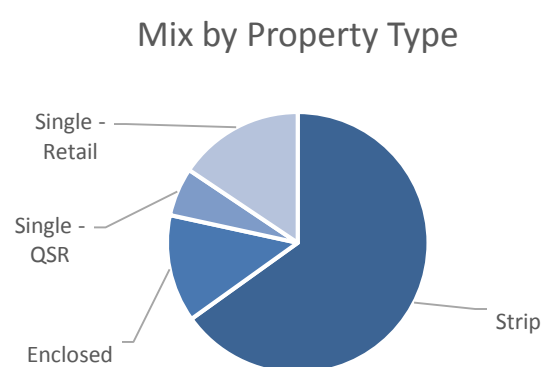
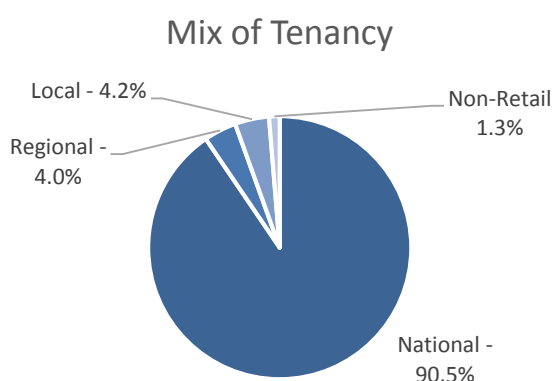
(1) Represented by 6 tenants.

(2) Sobeys Group represents the following stores: Sobeys, IGA, Sobeys Fast Fuel and Lawtons.

(3) Canadian Tire Group represents the following stores: Canadian Tire, Mark's Work Wearhouse and Sport Chek.

(4) TJX Group represents the following stores: Winners and Marshalls.

The Trust's mix of tenancy, based on square footage, is primarily made up of national tenants. The portfolio is well positioned to resist downturns in its markets and provide stability to cash flows from which it funds operations and distributions.



Profit and Total Comprehensive Income for the Period

The Trust recorded profit and total comprehensive income for the six months ended June 30, 2015 of \$24.5 million compared to \$61.3 million for the same period in the prior year. The change was impacted by all of the same factors mentioned in the discussion of FFO previously, as well as:

- (i) the recording of a deferred income tax recovery of \$59.6 million in the prior year, to reflect the flow-through tax status of Plaza as a REIT, whereby taxes are only recorded for taxable corporate subsidiaries; and
- (ii) the recording of a fair value loss on Class B exchangeable LP units in the current year of \$199 thousand.

These were partly offset by:

- (i) a net gain from non-cash fair value adjustments to investment properties of \$8.9 million in the current year, compared to a net loss of \$8.9 million in the prior year;
- (ii) an increase in the share of profit of associates of \$3.6 million mainly due to the non-cash fair value adjustment to the underlying investment properties; and
- (iii) a net loss from the non-cash fair value adjustment to convertible debentures of \$77 thousand in the current year, compared to a net loss of \$1.1 million in the same period in the prior year.

The Trust recorded a profit and total comprehensive income for the three months ended June 30, 2015, of \$8.2 million compared to a loss of \$4.3 million, for the same period in the prior year. Profit was impacted by the same factors mentioned in the discussion of FFO previously, as well as:

- (i) an increase in the share of profit of associates of \$0.9 million mainly due to the non-cash fair value adjustment to the underlying investment properties;

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- (ii) a net gain from the non-cash fair value adjustment to convertible debentures of \$145 thousand compared to a net loss of \$313 thousand in the prior year;
- (iii) the recording of a fair value gain on Class B exchangeable LP units in the current quarter of \$197 thousand; and
- (iv) a net gain from non-cash fair value adjustments to investment properties of \$1.6 million in the current quarter, compared to a net loss of \$10.2 million for the same period in the prior year.

Share of Profit of Associates

Share of profit of associates consists of income from equity and cost-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 – Shediak Limited Partnership	10%	8%	50%
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 Limited	50%	n/a	n/a
VGH Limited Partnership ⁽²⁾	20%	8%	27%
Ste. Hyacinthe Limited Partnership ⁽²⁾	25%	n/a	n/a
Cost Accounted Investments⁽¹⁾			
Northwest Plaza Commercial Trust	10%	n/a	n/a

⁽¹⁾ Equity and cost accounted investments consist of the following properties: 3550 Sources, Centennial Plaza, Place Du Marche and BPK Levis (Centennial Plaza Limited Partnership); Plaza des Recollets (Trois Rivières Limited Partnership); Shediak West (Plazacorp – Shediak 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 Limited); St. Jerome (VGH Limited Partnership); 5400 Laurier Ouest (Ste. Hyacinthe Limited Partnership); and Northwest Centre (Northwest Plaza Commercial Trust).

⁽²⁾ The land within this partnership is currently in development.

Share of profit of associates for the six months ended June 30, 2015 includes Plaza's share of NOI of approximately \$1.6 million. Share of profit of associates increased by \$3.6 million for the six months ended June 30, 2015 compared to the six months ended June 30, 2014. The increase was mainly due to the increase in the non-cash fair value adjustment of the underlying investment properties.

Share of profit of associates for the three months ended June 30, 2015 includes Plaza's share of NOI of approximately \$883 thousand. Share of profit of associates increased by \$919 thousand for the three months ended June 30, 2015 compared to the three months ended June 30, 2014. The increase was mainly due to an increase in the fair value adjustment of the underlying investment properties.

Distributions received from associates for the six months ended June 30, 2015 were \$435 thousand compared to \$684 thousand for the six months ended June 30, 2014. Distributions received from associates for the three months ended June 30, 2015 were \$264 thousand compared to \$449 thousand for the three months ended June 30, 2014.

Finance Costs

Finance costs for the six months ended June 30, 2015 were \$13.5 million, compared to \$14.0 million for the same period in the prior year. Finance costs for the current year were impacted by:

- (i) lower debenture interest due to the conversion and redemption of prior series of debentures;
- (ii) a reduction in interest paid and amortization of deferred financing charges on the KEYreit bridge facility as it was repaid in May 2014;
- (iii) lower interest on development lines of credit as a result of a lower balance outstanding; and
- (iv) the impact of interest rate savings on refinancings at better rates.

These were partly offset by:

- (i) \$732 thousand in early mortgage discharge fees and \$149 thousand in defeasance costs;
- (ii) \$179 thousand of interest paid on a new bridge facility obtained in the third quarter of 2014 (repaid in Q1 2015);
- (iii) lower amortization of the mark-to-market on KEYreit mortgage debt due to fewer write-offs from fewer sales of properties and early refinancings as compared to the prior year; and
- (iv) the recording of \$165 thousand of distributions on Class B exchangeable LP units.

Finance costs for the three months ended June 30, 2015 were \$6.8 million, compared to \$6.6 million for the same period in the prior year. Finance costs for the current quarter were impacted by:

- (i) \$732 thousand in early mortgage discharge fees and \$149 thousand in defeasance costs; and
- (ii) the recording of \$82 thousand of distributions on Class B exchangeable LP units.

These were partly offset by:

- (i) lower mortgage bond interest due to the expiration of a prior series of mortgage bonds in the third quarter of 2014;
- (ii) a reduction in interest paid of \$151 thousand and amortization of deferred financing charges of \$332 thousand on the KEYreit bridge facility as it was repaid in May 2014;
- (iii) lower interest on development lines of credit of \$71 thousand as a result of a lower balance outstanding; and
- (iv) the impact of interest rate savings on refinancings at better rates.

Change in Fair Value of Investment Properties

The Trust recorded a fair value increase to investment properties of \$8.9 million for the six months ended June 30, 2015 compared to a fair value decrease of \$8.9 million for the six months ended June 30, 2014. For the three months ended June 30, 2015, the Trust recorded a fair value increase to investment properties of \$1.6 million compared to a fair value decrease of \$10.2 million in the prior year. The weighted average capitalization rate at June 30, 2015 was 7.03% which is 10 basis points lower than June 30, 2014 and 10 basis points lower than December 31, 2014. The change in fair value was mainly impacted by the drop in capitalization rates. At June 30, 2015 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 \$33.4 million. An increase of 0.25% in the capitalization rates used would have resulted in a decrease in investment properties of approximately \$31.1 million.

Change in Fair Value of Convertible Debentures

The convertible debentures are publicly traded and their fair values are based on their traded prices.

The net gain from the fair value adjustment to convertible debentures for the three and six months ended June 30, 2015 was \$145 thousand and \$77 thousand, respectively, compared to a net loss of \$313 thousand and \$1.1 million, respectively, 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 as previously mentioned. 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 units.

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The fair value adjustment to Class B exchangeable LP units for the three and six months ended June 30, 2015 was a net gain of \$197 thousand, and a net loss of \$199 thousand, respectively.

Administrative Expenses

	3 Months Ended June 30, 2015 (unaudited)	3 Months Ended June 30, 2014 (unaudited)	6 Months Ended June 30, 2015 (unaudited)	6 Months Ended June 30, 2014 (unaudited)
(000s)				
Salaries and other costs relating to development/redevelopment activities	\$ 735	\$ 681	\$ 1,133	\$ 1,057
Other salaries and administrative expenses	1,898	1,740	3,467	3,778
Total administrative expenses	\$ 2,633	\$ 2,421	\$ 4,600	\$ 4,835

Administrative expenses decreased by \$235 thousand for the six months ended June 30, 2015, compared to the same period in the prior year mainly due to: a decrease of \$468 thousand in one-time costs incurred in 2014 for Plaza's conversion to a REIT structure, a decrease of \$44 thousand in office rent and supplies due to moving Plaza's head office and the creation of a Toronto office in the prior year and overall cost savings in information technology and professional services. These decreases were partly offset by an increase in salary costs of \$283 thousand due to salary increases, as well as the timing of bonuses. In prior years bonuses were paid over multiple quarters.

Administrative expenses increased by \$212 thousand for the three months ended June 30, 2015, compared to the same period in the prior year mainly due to an increase in salary costs of \$306 thousand (due to salary increases as well as the timing of bonuses paid), partly offset by a decrease of \$134 thousand in one-time costs incurred in 2014 for Plaza's conversion to a REIT structure.

Plaza maintains a fully internalized structure and therefore incurs costs related to development and redevelopment activities. These costs are viewed by management as capital in nature and, therefore, not indicative of regular income producing activities. Plaza carries between \$1.5 million and \$2.0 million per year, or between \$0.016 and \$0.021 per unit per year, in these development/redevelopment costs included in administrative expenses and not otherwise capitalized for accounting purposes. 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 might otherwise be able to capitalize these costs for accounting purposes.

Income Tax Expense

As a result of Plaza's conversion to a REIT structure and the fact that Plaza is now a flow-through entity for tax purposes, income taxes are only recorded for taxable corporate subsidiaries.

	3 Months Ended June 30, 2015 (unaudited)	3 Months Ended June 30, 2014 (unaudited)	6 Months Ended June 30, 2015 (unaudited)	6 Months Ended June 30, 2014 (unaudited)
(000s)				
Current income taxes	\$ 36	\$ 37	\$ 72	\$ 233
Deferred income taxes	213	64	539	(59,635)
Total income tax expense (recovery)	\$ 249	\$ 101	\$ 611	\$ (59,402)

The impact of the change in the tax status as a result of the conversion to a REIT has been recorded as a deferred tax recovery in the prior period.

Acquisitions/Dispositions

During the six months ended June 30, 2015, the Trust acquired land and building for re-development in Charlottetown, PE for \$5.1 million and in Sherbrooke, QC for \$4.1 million. The Trust also acquired land for development in Corner Brook, NL for \$1.0 million and in Charlottetown, PE for \$1.1 million.

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Subsequent to quarter end, conditions were waived by the Trust on the purchase of two properties located in Kenora, ON and Midland, ON. The total purchase price for these two properties is \$16.1 million and is expected to close in August 2015.

Effective January 1, 2015, Plaza closed the purchase of interests of several of its equity partners in eight properties located in New Brunswick and Prince Edward Island. The net purchase price (after assumption of debt) of \$6.1 million was satisfied by the issuance of 1,319,000 Class B exchangeable LP units of a subsidiary LP at a price of \$4.60 per unit, which are exchangeable at any time into units of Plaza on a one-for-one basis. Plaza owned interests in each of the eight properties of between 43% and 85%, and now owns between 86% and 100% of each.

During the six months ended June 30, 2015, the Trust disposed of income producing properties for net proceeds of \$3.6 million in Drayton Valley, AB, Selkirk, MB, Windsor, NS, Oshawa, ON, Whitby, ON and Mont-Laurier, QC. The Trust also disposed of land in Brandon, MB for net proceeds of \$125 thousand.

Subsequent to quarter end, conditions were waived by the purchaser for the sale of a property located in Toronto, ON. The sale is expected to close in August 2015. Total gross proceeds for the sale are \$2.6 million.

Since the acquisition of KEYreit to June 30, 2015, the Trust has sold 49 non-core KEYreit income producing properties for gross proceeds of approximately \$64.1 million, which is approximately \$15.2 million more than the Trust underwrote these properties for when it bought KEYreit.

PART III

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)	Q2'15	Q1'15	Q4'14	Q3'14	Q2'14	Q1'14	Q4'13	Q3'13
Total revenue ⁽¹⁾	\$24,883	\$27,458	\$25,844	\$24,922	\$23,518	\$24,169	\$ 24,406	\$ 24,145
Profit (loss) and total comprehensive income (loss)	\$8,217	\$16,250	\$14,248	\$9,906	\$(4,273)	\$ 65,564	\$(11,375)	\$ 1,708
Distributions per unit	6.25¢	6.25¢	6.00¢	6.00¢	6.00¢	6.00¢	5.625¢	5.625¢
Funds from operations per unit – basic and diluted ⁽²⁾	7.5¢	8.0¢	7.7¢	9.3¢	8.0¢	6.2¢	6.0¢	7.4¢
Adjusted funds from operations per unit – basic and diluted ⁽²⁾	7.1¢	7.9¢	7.0¢	7.3¢	7.6¢	6.5¢	5.8¢	7.2¢
Distributions as a percentage of basic FFO	83.1%	78.4%	81.8%	67.4%	74.8%	97.0%	90.7%	78.3%
Distributions as a percentage of basic AFFO	88.0%	79.5%	85.9%	81.7%	79.1%	92.4%	89.4%	78.6%
Gross Leasable Area (000s of sq. ft.) (at 100% and excluding non-consolidated investments and properties under development/redevelopment)								
Total income producing properties	5,317	5,232	5,142	5,168	5,197	5,151	5,200	5,415
Occupancy % (at 100% and excluding non-consolidated investments and properties under development/redevelopment)								
Total income producing properties	95.7%	95.6%	96.4%	96.3%	95.9%	95.7%	94.8%	94.9%

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

(2) Adjusted for debenture issuance costs if applicable.

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 convertible debentures, as well as the 2013 KEYreit acquisition. Fair value adjustments are based on market parameters for which the Trust has no control or ability to predict. 2014 was also significantly impacted by \$59.7 million in a deferred income tax recovery recorded for the change in tax status to a REIT effective January 1, 2014.

Some of Plaza's properties are leased on a base year or semi-gross basis or otherwise have caps on operating costs. At June 30, 2015, approximately 47.5% 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 both of these factors, seasonal fluctuations in NOI, FFO and AFFO occur primarily due to winter costs and 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 IV

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 including recurring monthly amortization of mortgage 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 funded by a combination of debt, equity and operating cash flow.

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 relatively conservative cash distribution policy, in order to retain sufficient funds to manage the business, including ongoing maintenance capital expenditures. 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 accordance with National Policy 41-201 – *Income Trusts and Other Indirect Offerings*, the Trust is required to provide the following additional disclosure relating to cash distributions.

	3 Months Ended June 30, 2015 (unaudited)	3 Months Ended June 30, 2014 (unaudited)	6 Months Ended June 30, 2015 (unaudited)	6 Months Ended June 30, 2014 (unaudited)
(in thousands of dollars)				
Cash provided by operating activities ⁽¹⁾	\$ 473	\$ 369	\$ 9,479	\$ 6,664
Total distributions ⁽²⁾	5,875	5,530	11,745	10,865
Excess of cash provided by operating activities over total distributions	\$ (5,402)	\$ (5,161)	\$ (2,266)	\$ (4,201)

⁽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 which occur, and typically occur, in the second quarter, distributions exceed cash provided by operating activities. Since the shortfall is due to timing only, Plaza doesn't 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 historical results and cash flows.

CAPITAL RESOURCES, EQUITY AND DEBT ACTIVITIES

Plaza took advantage of the robust debt markets in the prior year and undertook a significant refinancing program, including refinancing almost half of its assumed KEYreit loans. Plaza has early refinanced on more favourable terms, many mortgages that were originally set to mature in 2015, 2016 and 2017. During the year ended December 31, 2014, Plaza secured or refinanced approximately \$165 million in mortgage loans and convertible debentures (at Plaza's consolidated share), generating approximately \$1.4 million in annual cash flow savings or approximately \$0.015 per unit. Plaza has continued to take advantage of the current debt market and interest rate conditions by early refinancing a number of mortgages in the first half of this year. Annual cash flow savings from the early refinancings undertaken in 2015 will be approximately \$0.8 million.

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Operating and Development Facilities

(000s) (unaudited)	\$30.0 Million Operating	\$20.0 Million Development	\$15.0 Million Development
December 31, 2014 ⁽¹⁾	\$ 6,155	\$ -	\$ 5,000
Net Change	9,884	4,812	(988)
June 30, 2015 ⁽¹⁾	\$ 16,039	\$ 4,812	\$ 4,012
Interest rate	Prime + 1.00% or BA + 2.25%	Prime + 1.00% or BA + 2.75%	Prime + 1.00% or BA + 2.25%
Maturity	July 31, 2016	July 31, 2016	July 31, 2016
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, occupancy & leverage covenants	Debt service, maximum leverage, occupancy & equity maintenance covenants
Line reservations available for letters-of-credit	\$2.0 million	\$1.5 million	\$500 thousand
Issued and outstanding	\$532 thousand	-	-

⁽¹⁾ Excludes unamortized finance charges

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, 2015, all debt covenants in respect of the above facilities have been maintained.

Bridge Facility

On September 11, 2014, the Trust entered into a one-year secured bridge credit facility with a Canadian chartered bank for \$30 million. The facility was entered into in order to repay an existing mortgage on those secured assets and allow the Trust to refinance those assets. Interest was payable at prime plus 1.0% or BAs plus 2.25%. The Trust repaid this facility in full in March 2015 with cash on hand and the proceeds of two mortgages entered into on a majority of the bridge facility secured assets for \$25.0 million.

Debentures and Mortgage Bonds

Mortgage bonds are secured by either property or cash.

On June 25, 2015, the Trust issued \$6.0 million Series X floating mortgage bonds. These bonds have a five year term and an interest rate of 5.0%. These 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 these bonds at par on the third and fourth anniversaries, being June 25, 2018 and June 25, 2019. Currently the bonds are pledged on a property located in Moncton, NB.

Convertible debentures are recorded at fair value and changes in the fair value are recorded quarterly in profit and loss.

Mortgages

During 2015 the Trust obtained new long-term financing in the amount of \$63.7 million (at Plaza's consolidated share) with a weighted average term of 6.8 years and a weighted average interest rate of 3.52%. Of that amount, \$49.4 million were early refinancings replacing existing mortgages with a weighted average term of 6.7 years and a weighted average interest rate of 5.02%.

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As part of a property acquisition, the Trust assumed a \$4.0 million variable rate mortgage that had an interest rate swap in place (thereby fixing the variable interest rate) during the three months ended June 30, 2015. The interest rate swap matures on August 13, 2023.

The Trust also has a \$4.4 million variable rate secured construction loan on one of its development projects that is being constructed in Ontario. The loan bears interest at prime plus 1.00% and matures in August 2015. At June 30, 2015, \$3.7 million has been drawn on the loan.

In May 2015, the Trust entered into a bond forward with a Canadian chartered bank at one of its equity-accounted investments in order to partially hedge interest rate risk for its development project there. The bond forward effectively fixes the Government of Canada bond rate for the project on its future long-term mortgage, anticipated to be obtained within the next nine months. The bond forward is for a nine month period and is for a notional amount of \$15.0 million with a 10 year term. The Government of Canada bond rate under the bond forward is 1.907%. The bond forward does not qualify for hedge accounting under IFRS, and therefore, changes in the fair value of the bond forward (based on estimated future cash flows based on observable yield curves) are recognized in profit and loss in the reporting period.

In July 2015, the Trust entered into a bond forward with a Canadian chartered bank in order to partially hedge interest rate risk for two development properties. The bond forward effectively fixes the 10 year Government of Canada bond rate for the two properties on their future long-term mortgages, anticipated to be obtained within the next year. The bond forward is for a twelve month term and is for a notional amount of \$6.0 million. The Government of Canada bond rate under the bond forward is 1.715%. The bond forward does not qualify for hedge accounting under IFRS, and therefore, changes in the fair value of the bond forward (based on estimated future cash flows based on observable yield curves) will be recognized in profit and loss in future reporting periods.

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.

The following is a maturity chart by year:

(000s, except percentage data) (unaudited)	Remainder 2015	Year 1 2016	Year 2 2017	Year 3 2018	Year 4 2019	Year 5 2020	After 5 Years	Total
Long-term mortgages due at maturity	\$ -	\$30,392	\$29,171	\$19,686	\$51,586	\$64,557	\$160,553	\$355,945
Variable rate construction loan	3,667	-	-	-	-	-	-	3,667
Development lines of credit	-	8,824	-	-	-	-	-	8,824
Bank operating facility	-	16,039	-	-	-	-	-	16,039
Total	\$ 3,667	\$55,255	\$29,171	\$19,686	\$51,586	\$64,557	\$160,553	\$384,475
As a percentage	0.9%	14.4%	7.6%	5.1%	13.4%	16.8%	41.8%	100.0%
Weighted average expiring rate on long-term mortgages	n/a	5.29%	5.11%	4.80%	3.78%	4.86%	4.57%	

The weighted average term to maturity for the long-term mortgages is 6.5 years. The average remaining repayment (amortization) period on long-term mortgage debt is 24.4 years.

The ratio of debt to gross book assets at June 30, 2015 (excluding convertible debentures) is 49.4% compared to 49.2% at June 30, 2014. Including convertible debentures at cost, Plaza's debt to gross assets at June 30, 2015 is 55.4% compared to 55.6% at June 30, 2014. The Trust's general philosophy is to maintain its leverage at no more than approximately 50% excluding

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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 Outstanding

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 7, 2015 (000s)	Units
Current outstanding units	92,721
Class B exchangeable LP units	1,319
Series B convertible debentures	1,547
Series C convertible debentures	3,215
Series D convertible debentures	5,913
Total adjusted units outstanding	104,715

Deferred Unit Plan

In 2015, the Trust implemented a Deferred Unit Plan (“DU Plan”) for non-employee trustees. Participants may be awarded deferred units (“DUs”) from time to time on a discretionary basis by the Corporate Governance and Compensation Committee. Each DU is economically equivalent to one unit, however, under no circumstances shall DUs be considered units nor entitle a participant to any rights as a unitholder, including, without limitation, voting rights or rights on liquidation. Participants may also elect to receive, in the form of DUs, up to 100% of their annual Board retainer, meeting fees and additional compensation paid by the Trust to a trustee in a calendar year for service on the Board or for chairing a committee of the Board. Each DU shall receive a distribution of additional DUs equal to the amount of distributions paid per unit by the Trust on its units. DUs vest immediately upon grant or issuance. The DUs shall be redeemable by the participant on or after the date on which the participant ceases to be a trustee. The DUs may be redeemed in whole or in part for units of the Trust issued from treasury or cash, as elected by the participant. Currently the maximum number of units that may be issued under the DU Plan upon the redemption of DUs is 750,000. A total of 11,765 DUs were granted under the DU Plan in June 2015 and compensation expense of \$50,000 has been recorded during the quarter.

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. Currently Plaza has 26 long-term land leases (affecting 25 properties) with total annual rent of \$3.1 million. One of the land leases relates to shared parking facilities. The other properties under land lease represent approximately 9.5% of the Trust’s fair value of investment properties and investments. Land leases expire (excluding any non-automatic renewal periods) on dates ranging from 2017 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.

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Gross Capital Additions Including Leasing Fees:

(000s)	3 Months Ended June 30, 2015 (unaudited)	3 Months Ended June 30, 2014 (unaudited)	6 Months Ended June 30, 2015 (unaudited)	6 Months Ended June 30, 2014 (unaudited)
Leasing fees – existing properties	\$ 40	\$ -	\$ 65	\$ 83
Leasing fees – redevelopment properties	20	-	20	-
Leasing fees – new developments	8	2	94	2
Total leasing fees	68	2	179	85
Capital additions – existing properties	828	576	1,210	819
Capital additions – redevelopment properties	3,924	2,704	7,339	6,113
Capital additions – new developments ⁽¹⁾	10,042	3,179	16,193	7,160
Total capital additions	14,794	6,459	24,742	14,092
Total gross additions	\$ 14,862	\$ 6,461	\$ 24,921	\$ 14,177

⁽¹⁾ Includes new developments and newly acquired properties for redevelopment

COMMITMENTS AND CONTINGENT LIABILITIES

The Trust has \$11.1 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 has contingent liabilities as original borrower on three mortgages partially assumed by the purchasers of 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, 2015 totals \$5.8 million with a weighted average remaining term of 7.6 years.

The Trust guarantees mortgage debt in excess of its pro-rata position in joint ventures and non-consolidated subsidiaries in the amount of \$20.1 million.

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, 2015, the Trust held interests in 305 properties spread geographically across Canada. Some of the more important risks are outlined below. See Financial Risk Management Note 25 to the December 31, 2014 Consolidated Financial Statements of the Trust for further details. Also see the Trust's Annual Information Form dated March 25, 2015 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, consistent with exposure to debt maturing and leases expiring in any given year.

The Trust mitigates interest rate risk by maintaining the majority of its debt at fixed rates. Floating rate debt is typically used 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 Trust mitigates its exposure to fixed-rate interest risk 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 2015 or properties needing long term financing in 2015 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 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.

Currently one tenant, Shoppers Drug Mart, represents 24.9% of current monthly base rents in place. The top 10 tenants collectively represent approximately 58.4% of current monthly base rents in place. National and regional tenants represent 94.5% of the in-place tenant base.

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.

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 both by retail asset type and 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 \$630 thousand 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. 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.

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.

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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)	Interest Rate	June 30, 2015 (unaudited)	June 30, 2014 (unaudited)
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			
	n/a	\$ 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, 2015 (unaudited)	June 30, 2014 (unaudited)
Earl Brewer	\$ 219	\$ 219
Edouard Babineau	250	150
Michael Zakuta	250	250
Total	\$ 719	\$ 619

Other key management personnel own \$45 thousand in mortgage bonds of the Trust at June 30, 2015 (June 30, 2014 - \$45 thousand).

Other Related Party Transactions

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. At June 30, 2015 there is \$120 thousand owed by the Gateway Mall to all of the owners of the mall. The pro rata amount owed to the Trust is \$30 thousand.

TC Land LP, an entity controlled by Michael Zakuta and Earl Brewer, leases nine parcels of land to Plaza at a total annual rent of \$1.1 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 hold interests in common with the Trust's 10% interest in Northwest Plaza Commercial Trust, the owner of Northwest Centre, Moncton, NB. There are no loans outstanding or fees charged by the related parties as a result of the joint ownership.

Plaza Group Management Limited (a wholly-owned subsidiary of the Trust) manages 527 Queen Street, Fredericton, NB a property owned indirectly by Michael Zakuta and Earl Brewer. For the six months ended June 30, 2015, property management fees of \$4 thousand were earned by Plaza Group Management Limited from this property.

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, 2015. 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, 2015, 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 condensed interim 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 ability to use tax losses and other tax measurements, 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 condensed interim 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 condensed interim consolidated statements of financial position at fair value, are valued either by the Trust or by external valuers. The valuation of investment properties is one of the principal estimates and uncertainties of these 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.

FUTURE ACCOUNTING POLICY CHANGES

A number of new standards, and amendments to standards and interpretations under IFRS, are not yet effective for the year ended December 31, 2015, and have not been applied in preparing the Condensed Interim Consolidated Financial Statements. Please see Note 3 to the Consolidated Financial Statements for the year ended December 31, 2014 for further details about future accounting policy changes.

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, 2015 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,
2015

December 31,
2014

Assets

Non-Current Assets

Investment properties (Note 5)	\$ 924,630	\$ 889,291
Investments	39,793	33,435
Tenant loans	1,873	2,346
Deferred income tax asset	555	571
	<u>966,851</u>	<u>925,643</u>

Current Assets

Cash	4,375	6,370
Receivables	3,448	1,850
Prepaid expenses and deposits	10,571	5,302
Current portion of investments	10,334	5,485
Notes receivable	5,796	5,131
Investment properties held for sale	-	550
	<u>34,524</u>	<u>24,688</u>
	<u>\$ 1,001,375</u>	<u>\$ 950,331</u>

Liabilities and Unitholders' Equity

Non-Current Liabilities

Debentures payable (Note 6)	\$ 65,443	\$ 65,509
Mortgage bonds payable (Note 7)	8,812	5,014
Mortgages payable (Note 8)	415,850	385,017
Class B exchangeable LP units (Note 11)	5,593	-
Deferred income tax liability	5,565	5,042
	<u>501,263</u>	<u>460,582</u>

Current Liabilities

Bank indebtedness (Note 10)	16,039	6,155
Current portion of mortgage bonds payable (Note 7)	6,077	3,981
Current portion of mortgages payable (Note 8)	44,155	31,655
Bridge facility (Note 9)	-	27,537
Accounts payable and accrued liabilities	16,257	11,860
Notes payable	1,175	1,175
	<u>83,703</u>	<u>82,363</u>
	<u>584,966</u>	<u>542,945</u>

Unitholders' equity	412,738	396,243
Non-controlling interests	3,671	11,143
	<u>416,409</u>	<u>407,386</u>
	<u>\$ 1,001,375</u>	<u>\$ 950,331</u>

Subsequent events – see Note 16



Barbara Trenholm, Trustee



Earl Brewer, Trustee

The notes on pages 38 to 50 are an integral part of these condensed interim consolidated financial statements.

Plaza Retail REIT

Condensed Interim Consolidated Statements of Comprehensive Income (Loss) (unaudited) (in thousands of Canadian dollars)

	3 Months Ended June 30, 2015	3 Months Ended June 30, 2014	6 Months Ended June 30, 2015	6 Months Ended June 30, 2014
Revenues	\$ 23,912	\$ 23,452	\$ 47,814	\$ 46,770
Operating expenses	(8,896)	(8,142)	(17,920)	(17,020)
Net property operating income	15,016	15,310	29,894	29,750
Share of profit (loss) of associates	519	(400)	3,438	(176)
Administrative expenses	(2,633)	(2,421)	(4,600)	(4,835)
Investment income	77	91	156	320
Other income	375	375	933	773
Income before finance costs, fair value adjustments and income taxes	13,354	12,955	29,821	25,832
Finance costs	(6,800)	(6,596)	(13,521)	(13,993)
Finance costs - net gain (loss) from fair value adjustments to convertible debentures	145	(313)	77	(1,085)
Finance costs – net gain (loss) from fair value adjustments to Class B exchangeable LP units	197	-	(199)	-
Finance costs – net revaluation of interest rate swap (Notes 8 and 14)	(25)	-	(25)	-
Net gain (loss) from fair value adjustments to investment properties (Note 5)	1,595	(10,218)	8,925	(8,865)
Profit (loss) before income tax	8,466	(4,172)	25,078	1,889
Income tax recovery (expense)				
- Current	(36)	(37)	(72)	(233)
- Deferred	(213)	(64)	(539)	59,635
	(249)	(101)	(611)	59,402
Profit and total comprehensive income (loss) for the period	\$ 8,217	\$ (4,273)	\$ 24,467	\$ 61,291
Profit and total comprehensive income (loss) for the period attributable to:				
- Unitholders/shareholders	\$ 8,119	\$ (4,640)	\$ 24,222	\$ 60,737
- Non-controlling interests	98	367	245	554
	\$ 8,217	\$ (4,273)	\$ 24,467	\$ 61,291

The notes on pages 38 to 50 are an integral part of these condensed interim consolidated financial statements.

Plaza Retail REIT

Condensed Interim Consolidated Statements of Changes in Equity

(unaudited)

(in thousands of Canadian dollars)

	Trust Units (Note 11)	Shares (Note 11)	Retained Earnings	Total Attributable to Unitholders	Non- Controlling Interests	Total Equity
Balance as at December 31, 2013	\$ -	\$ 213,400	\$ 102,802	\$ 316,202	\$ 11,439	\$ 327,641
REIT conversion, January 1, 2014	212,007	(213,400)	-	(1,393)	-	(1,393)
Profit and total comprehensive income for the period	-	-	60,737	60,737	554	61,291
Transactions with unitholders, recorded directly in equity:						
- Contributions by unitholders	18,936	-	-	18,936	-	18,936
- Distributions to unitholders	-	-	(10,865)	(10,865)	-	(10,865)
- Distributions to non-controlling interests and changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	-	(178)	(178)
Balance as at June 30, 2014	\$ 230,943	\$ -	\$ 152,674	\$ 383,617	\$ 11,815	\$ 395,432
Balance as at December 31, 2014	\$ 231,974	\$ -	\$ 164,269	\$ 396,243	\$ 11,143	\$ 407,386
Acquisition of non-controlling interests (Note 4)	-	-	3,295	3,295	(7,626)	(4,331)
Profit and total comprehensive income for the period	-	-	24,222	24,222	245	24,467
Transactions with unitholders, recorded directly in equity:						
- Contributions by unitholders	558	-	-	558	-	558
- Distributions to unitholders	-	-	(11,580)	(11,580)	-	(11,580)
- Distributions to non-controlling interests and changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	-	(91)	(91)
Balance as at June 30, 2015	\$ 232,532	\$ -	\$ 180,206	\$ 412,738	\$ 3,671	\$ 416,409

The notes on pages 38 to 50 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, 2015	3 Months Ended June 30, 2014	6 Months Ended June 30, 2015	6 Months Ended June 30, 2014
Cash obtained from (used for):				
Operating activities				
Profit and total comprehensive income (loss) for the period	\$ 8,217	\$ (4,273)	\$ 24,467	\$ 61,291
Interest expense	7,500	6,903	14,126	13,936
Items not affecting cash:				
Share of loss (profit) of associates	(519)	400	(3,438)	176
Amortization of finance charges included in interest expense	231	662	536	1,596
Net change in fair value of investment properties	(1,595)	10,218	(8,925)	8,865
Net change in fair value of convertible debentures	(145)	313	(77)	1,085
Net change in fair value of Class B exchangeable LP units	(197)	-	199	-
Net change in fair value of interest rate swap (Notes 8 and 14)	25	-	25	-
Amortization of loan revaluations included in interest expense	(931)	(969)	(1,141)	(1,539)
Current and deferred income tax expense (recovery)	249	101	611	(59,402)
Straight-line rent revenue	14	102	(32)	72
Interest paid	(7,451)	(7,761)	(13,036)	(13,362)
Income taxes paid	(19)	(173)	(66)	(266)
Distributions from equity accounted investments	264	449	435	684
Leasing commissions	(68)	(2)	(179)	(85)
Change in non-cash working capital (Note 13)	(5,102)	(5,601)	(4,026)	(6,387)
	473	369	9,479	6,664
Financing activities				
Repayment of notes payable	-	(50)	-	(120)
Distributions paid to unitholders	(5,792)	(5,530)	(11,580)	(10,865)
Distributions paid to Class B exchangeable LP unitholders	(83)	-	(165)	-
Distribution reinvestment proceeds (Note 11)	284	741	554	1,431
Cash received on acquisition (Note 4)	-	-	840	-
Gross proceeds of bonds and debentures	6,000	-	6,000	-
Redemption of debentures	-	-	-	(15,991)
Finance charges incurred for bonds and debentures	(136)	-	(136)	-
Gross mortgage proceeds	44,881	57,427	78,368	73,045
Finance charges incurred from mortgage placement	(279)	(755)	(547)	(1,036)
Loan defeasance expenses and early mortgage discharge fees paid	(881)	(32)	(881)	(32)
Mortgages repaid	(22,346)	(33,663)	(31,980)	(50,350)
Bridge facility repayments (Note 9)	-	(19,435)	(27,600)	(45,388)
Periodic mortgage principal repayments	(2,290)	(2,074)	(4,435)	(4,488)
	19,358	(3,371)	8,438	(53,794)
Investing activities				
Acquisitions, developments and redevelopments	(14,794)	(6,459)	(24,742)	(14,092)
Net proceeds from disposal of property and land (Note 5(f))	2,241	2,026	3,693	20,453
Bonds purchased for mortgage defeasances	(9,507)	(1,619)	(9,507)	(1,619)
Redemptions of bonds purchased for mortgage defeasances	122	-	1,298	-
Advances to equity accounted investments for developments	-	125	-	(125)
Contributions paid by subsidiaries to non-controlling interests	(54)	(89)	(91)	(178)
Decrease (increase) in deposits for acquisitions and financings	(13)	1,109	(36)	990
Decrease (increase) in notes receivable	26	4,870	(884)	4,222
Repayment of tenant loans	37	48	473	496
Funding of tenant loans	-	(300)	-	(582)
	(21,942)	(289)	(29,796)	9,565
Net decrease in cash	(2,111)	(3,291)	(11,879)	(37,565)
Cash less bank indebtedness, beginning of the period	(9,553)	(8,994)	215	25,280
Cash less bank indebtedness, end of the period	\$ (11,664)	\$ (12,285)	\$ (11,664)	\$ (12,285)

The notes on pages 38 to 50 are an integral part of these condensed interim consolidated financial statements.

Plaza Retail REIT

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2015 (unaudited)

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

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.

2. Basis of Preparation

(a) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) 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, 2014 consolidated financial statements of the Trust, except as noted in Note 3, below.

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 2014 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 7, 2015.

(b) Basis of Measurement

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for the following items in the condensed interim consolidated statements of financial position:

- Interest rate swaps measured at fair value;
- Unit-based payments measured at fair value;
- Convertible debentures measured at fair value;
- Investment property measured at fair value;
- Investment property included in investments measured at fair value; and
- Exchangeable units measured at fair value.

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the Trust’s functional currency.

(c) Use of Estimates and Judgments

The preparation of the Trust’s condensed interim 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 ability to use tax losses and other tax measurements, 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 property

One significant judgment and key estimate that affects the reported amounts of assets at the date of the condensed interim 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 condensed interim consolidated statements of financial position at fair value, are valued either by the Trust or by external valuers. The valuation of investment properties is one of the principal estimates and uncertainties of these 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.

Plaza Retail REIT

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2015 (unaudited)

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

3. Summary of Significant Accounting Policies

(a) Exchangeable units

The Class B exchangeable limited partnership (“LP”) units of the Trust’s subsidiary are exchangeable into units of the Trust at the option of the holder. These exchangeable units are considered puttable instruments and are required to be classified as financial liabilities at fair value through profit or loss. The distributions paid on the exchangeable LP units are accounted for as interest expense.

(b) Changes in Accounting Policies

(i) Annual Improvements to IFRS

Amendments were made to clarify the following in their respective standards: the definition of “vesting condition” in IFRS 2 “Share-based payment”; classification and measurement of contingent consideration and scope exclusion for the formation of joint arrangements in IFRS 3, “Business combinations”; measurement of short-term receivables and payables and scope of portfolio exception in IFRS 13, “Fair value measurement”; definition of “related party” in IAS 24, “Related party disclosure”; and inter-relationship of IFRS 3 and IAS 40 in IAS 40, “Investment property”. Special transitional requirements have been set for amendments to IFRS 2 and IAS 40. The amendments became effective on January 1, 2015. The adoption of these changes did not have a significant impact on the Trust’s financial statements.

Plaza Retail REIT

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2015 (unaudited)

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

4. Acquisition of Equity Partners' Interests

Effective January 1, 2015, the Trust acquired the non-controlling interests of four entities that together own seven properties located in New Brunswick and Prince Edward Island. In addition, the Trust acquired a 43% interest in a property located in Prince Edward Island, in which the Trust already owned an interest. The Trust owned interests in each of the properties before and after the transactions, as follows:

	December 31, 2014	January 1, 2015
Spring Park Plaza Inc.	85%	100%
Exhibition Plaza Inc.	55%	90%
Granville Street Properties Limited Partnership	60%	90%
Wildan Properties Limited Partnership	60%	90%
University Plaza	43%	86%

The net purchase price, after the assumption of debt, was \$6.1 million, which was satisfied through the issuance of 1,319,000 Class B exchangeable LP units (Note 11) of a subsidiary LP at \$4.60 per unit, which are exchangeable at any time into units of the Trust on a one-for-one basis. On the closing date, the market price of the Trust's units was \$4.09 and the difference between the amount by which non-controlling interests are adjusted and the fair value of consideration paid is recognized in equity, as follows:

Fair value of non-controlling interest acquired	\$ 8,007
Less: issuance of 1,152,000 Class B exchangeable LP units	(4,712)
Increase in retained earnings	\$ 3,295

With respect to University Plaza, it was previously accounted for as a joint operation and the Trust's 43% interest was proportionately consolidated. The purchase of the 43% interest in University Plaza has been accounted for as an acquisition of assets, as follows:

Fair value of net assets acquired:	
Investment property	\$ 3,299
Cash	840
Receivables	13
Prepaid expenses and deposits	2
Mortgage payable	(2,248)
Notes payable	(97)
Accounts payable and accrued liabilities	(623)
Non-controlling interest	(503)
Total net assets acquired	\$ 683
Purchase price satisfied by:	
Issuance of 167,000 Class B exchangeable LP units	\$ 683

Plaza Retail REIT

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2015 (unaudited)

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

5. Investment Properties

	June 30, 2015	December 31, 2014
Balance, beginning of the period:	\$ 889,291	\$ 900,165
Additions (deductions):		
Additions to investment properties	14,579	28,873
Acquisition of controlling interest of University Plaza (Note 4)	3,299	-
Additions – acquisitions of investment properties and land	11,667	8,352
Disposals	(3,143)	(47,213)
Investment properties held for sale	-	(550)
Straight line rent receivable change	12	(108)
Fair value adjustment	8,925	(228)
Balance, end of the period:	\$ 924,630	\$ 889,291

The majority of the Trust's investment properties have been pledged as security under various debt agreements.

Investment properties are stated at fair value using the following methods, estimates and key assumptions:

(i) External appraisals

Independent appraisals are obtained in the normal course of business as refinancing activities require them. Where available and when applicable, the fair value of various investment properties are based on these external appraisals. Of the total fair value in the chart above, \$173.0 million of investment properties were based on such external appraisals (December 31, 2014 - \$99.0 million).

(ii) Internal approach - direct capitalization income approach

Under this approach the Trust determines the fair value based upon capitalization rates applied to normalized net operating income (property revenue less property operating expenses). 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.

As at June 30, 2015 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	65	6.44%	5.50% - 8.00%	6.00% - 9.00%
Quick Service Restaurant	139	7.21%	5.75% - 9.00%	6.00% - 11.00%
Anchored Strip – Class A	16	6.97%	6.00% - 8.25%	6.50% - 9.00%
Anchored Strip – Class B	25	6.94%	6.25% - 8.50%	7.00% - 10.00%
Unanchored Strip	34	7.84%	6.25% - 9.00%	6.75% - 10.00%
Enclosed Malls – Community	3	7.84%	7.50% - 9.50%	8.00% - 11.00%
	282	7.03%		

⁽¹⁾ Excludes properties under development recorded at cost 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.

Plaza Retail REIT

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2015 (unaudited)

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

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

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

Unanchored Strip - defined as an unanchored retail strip 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, 2015 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 \$33.4 million. An increase of 0.25% in the capitalization rates used would have resulted in a decrease in investment properties of approximately \$31.1 million.

As at December 31, 2014 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	63	6.55%	5.75% - 8.00%	6.25% - 9.00%
Quick Service Restaurant	146	7.32%	5.75% - 9.00%	6.00% - 11.00%
Anchored Strip – Class A	15	6.97%	6.00% - 8.25%	6.50% - 9.00%
Anchored Strip – Class B	25	7.09%	6.25% - 8.50%	7.00% - 10.00%
Unanchored Strip	35	7.96%	6.25% - 9.00%	7.00% - 10.00%
Enclosed Malls – Community	3	7.84%	7.50% - 9.50%	9.00% - 11.00%
	287	7.13%		

⁽¹⁾ Excludes properties under development recorded at cost and non-consolidated trusts and partnerships.

(a) Straight-line Rent

Included in investment properties at June 30, 2015 is \$11.8 million (December 31, 2014 - \$11.8 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 IAS 17, "Leases".

(b) Surplus Land

Included in investment properties at June 30, 2015 is \$1.7 million of surplus lands at fair value (December 31, 2014 - \$675 thousand).

(c) Properties Under Development

Included in investment properties at June 30, 2015 is \$33.4 million of properties under development/redevelopment (December 31, 2014 - \$54.3 million).

(d) Borrowing Costs

The total amount of borrowing costs capitalized for the six months ended June 30, 2015 is \$144 thousand (for the six months ended June 30, 2014 - \$204 thousand).

(e) Acquisitions

During the six months ended June 30, 2015, the Trust acquired land and building for re-development in Charlottetown, PE for \$5.1 million and in Sherbrooke, QC for \$4.4 million. The Trust also acquired land for development in Corner Brook, NL for \$1.0 million and in Charlottetown, PE for \$1.1 million.

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(f) Disposals

During the six months ended June 30, 2015, the Trust disposed of income producing properties for net proceeds of \$3.0 million in Selkirk, MB, Windsor, NS, Oshawa, ON, Whitby, ON and Mont-Laurier, QC. As well, the Trust disposed of an income producing property in Drayton Valley, AB for net proceeds of \$550 thousand, which was recorded as an investment property held for sale at December 31, 2014. The Trust also disposed of land in Brandon, MB for net proceeds of \$125 thousand.

6. Debentures Payable

Debentures payable consist of the following:

	Maturity Date	Interest Rate	June 30, 2015	December 31, 2014
Convertible ⁽¹⁾				
Series B	December 31, 2016	8.00%	\$ 9,362	\$ 9,228
Series C	December 31, 2017	7.00%	17,429	17,555
Series D	December 31, 2018	5.75%	34,680	34,765
Total convertible debentures			61,471	61,548
Non-convertible ^{(2) (3)}	Various (see below)	5.00%	3,972	3,961
Total debentures			\$ 65,443	\$ 65,509

⁽¹⁾ Recorded at fair value

⁽²⁾ Recorded at amortized cost

⁽³⁾ Net of unamortized finance charges of \$28 thousand

Convertible and non-convertible debentures are subordinate and unsecured.

Convertible debenture terms are as follows:

	Series B	Series C	Series D
Conversion price	see below	see below	\$5.75
Trust's first redemption date	December 31, 2014	December 31, 2015	December 31, 2016
Par call date	December 31, 2015	December 31, 2016	December 31, 2017
Maturity date	December 31, 2016	December 31, 2017	December 31, 2018
Face value outstanding	\$9,155	\$16,921	\$34,000
Publicly listed	yes	yes	yes

Non-convertible debenture maturities are as follows:

	Tranche A	Tranche B	Tranche C	Total
Face value outstanding	\$1,600	\$2,300	\$100	\$4,000
Maturity date	February 26, 2018	April 15, 2018	May 2, 2018	

Series B and C convertible debentures were assumed on the acquisition of KEYreit. As a result of the change of control of KEYreit, and pursuant to the respective trust indentures as supplemented and amended, upon the change of control, each \$1,000 principal amount of the Series B debentures is convertible into \$99.76 in cash and 169 units of the Trust and each \$1,000 principal amount of the Series C debentures is convertible into \$112.76 in cash and 190 units of the Trust.

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7. Mortgage Bonds Payable

Mortgage bonds payable are secured by the following properties:

						June 30, 2015	December 31, 2014
	Series V	Series VI	Series VII	Series IX	Series X	Total	Total
Boulevard Hebert Plaza, Edmundston, NB, 1 st mortgage	\$ 1,185	\$ -	\$ -	\$ -	\$ -	\$ 1,185	\$ 1,185
Fairville Boulevard (ANBL), Saint John, NB, 1 st mortgage	-	900	-	-	-	900	900
Lansdowne redevelopment lands, Saint John, NB, 1 st mortgage	-	-	4,000	-	-	4,000	4,000
Various properties, 1 st mortgage	-	-	-	3,000	-	3,000	3,000
Champlain II, Moncton, NB, 1 st mortgage	-	-	-	-	6,000	6,000	-
Gross mortgage bonds payable	1,185	900	4,000	3,000	6,000	15,085	9,085
Less: unamortized finance charges						(196)	(90)
Less: current portion of mortgage bonds payable						(6,077)	(3,981)
Net mortgage bonds payable – long- term portion						\$ 8,812	\$ 5,014

	Series V	Series VI	Series VII	Series IX	Series X
Interest Rate	8.00%	5.25%	6.00%	5.50%	5.00%
Maturity Date	June 4, 2016	February 24, 2016	August 15, 2015	July 15, 2017	June 25, 2020
Amount	\$1,185	\$900	\$4,000	\$3,000	\$6,000

On June 25, 2015, the Trust issued \$6.0 million Series X floating mortgage bonds. These 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 these bonds at par on the third and fourth anniversaries, being June 25, 2018 and June 25, 2019.

The Trust has no right to redeem any of the Series V, VI, VII and IX mortgage bonds prior to their maturity date.

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8. Mortgages Payable

	Interest Rate Range	Weighted Average Effective Interest Rate	Maturity Dates	June 30, 2015	December 31, 2014
Fixed rate loans:	2.83% - 7.29%	4.91%	Up to June 2034	\$ 449,453	\$ 410,866
Fair value of interest rate swap				390	-
Revaluation of loans upon acquisition of KEYreit, net of amortization of \$4,896 (December 31, 2014 - \$3,755)				1,138	2,279
Less: unamortized finance charges				(3,451)	(3,221)
Total net fixed rate loans				447,530	409,924
Variable rate loans:					
- \$20 million development facility	Prime plus 1.00% or BA plus 2.75%		July 31, 2015	4,812	-
- \$15 million development facility	Prime plus 1.00% or BA plus 2.25%		July 31, 2015	4,012	5,000
- \$4.4 million secured construction loan	Prime plus 1.00%		August 31, 2015	3,667	1,845
Less: unamortized finance charges				(16)	(97)
Total net variable rate loans				12,475	6,748
Net mortgages payable				460,005	416,672
Less: mortgages payable – current portion				(44,155)	(31,655)
Total mortgages payable – long-term portion				\$ 415,850	\$ 385,017

All mortgages 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 365-day revolving development facilities with Canadian chartered banks available upon pledging of specific assets. One is a \$20 million facility that bears interest at prime plus 1.00% or BAs plus 2.75%, and the other is a \$15 million facility that bears interest at prime plus 1.00% or BAs plus 2.25%. The two development lines have both been early renewed and extended to July 31, 2016. At June 30, 2015 there is \$26.2 million available on these development facilities (December 31, 2014 - \$30.0 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 service, interest coverage and occupancy covenants, as well as unitholder equity tests. As of June 30, 2015 the Trust is in compliance with all covenants.

As part of a property acquisition, the Trust assumed a \$4.0 million variable rate mortgage that had an interest rate swap in place (thereby fixing the variable interest rate) during the three months ended June 30, 2015. The interest rate swap matures on August 13, 2023 and is recorded at fair value with the change in fair value recorded in profit or loss.

9. Bridge Facility

In September 2014, the Trust entered into a one-year secured bridge credit facility with a Canadian chartered bank for \$30 million. The facility was entered into in order to repay an existing mortgage on those secured assets and allow the Trust to refinance those assets. The facility was extendible for six months at the Trust's request and with the lender's consent. The Trust could prepay the facility in whole or in part at any time without penalty. Interest was at the rate of prime plus 1.00% or BAs plus 2.25%. The Trust repaid this facility in full in March 2015.

	Maturity Date	June 30, 2015	December 31, 2014
\$30 million bridge facility	September 11, 2015	\$ -	\$ 27,600
Less: unamortized finance charges		-	(63)
Total bridge facility		\$ -	\$ 27,537

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10. Bank Indebtedness

The Trust has a \$30.0 million (December 31, 2014 - \$30.0 million) operating line of credit facility with a Canadian chartered bank at the rate of prime plus 1.00% or BAs plus 2.25%, maturing July 31, 2015. The operating line has been early renewed and extended to July 31, 2016. The amount available to be drawn fluctuates depending on the specific assets pledged as security. Based on the assets pledged at June 30, 2015, the available limit was \$30.0 million. At June 30, 2015, \$16.0 million (December 31, 2014 - \$6.2 million) was drawn on the facility and therefore the maximum amount available to be drawn on the facility was \$13.4 million (December 31, 2014 - \$23.8 million), net of letters of credit outstanding of \$532 thousand (December 31, 2014 - \$20 thousand). As security, at June 30, 2015, the Trust has provided a \$50 million demand debenture secured by a first mortgage over twenty three properties.

11. 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 or 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

Class B Exchangeable LP Units:

One of the Trust's subsidiaries issued 1,319,000 Class B exchangeable LP units effective January 1, 2015. These units were issued as satisfaction for the net purchase price for the Trust's acquisition of the interests of certain equity partners in eight properties (see Note 4). These 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.

Special Voting Units:

At June 30, 2015, there were 1,319,000 special voting units outstanding, issued in connection with 1,319,000 Class B exchangeable LP units of a subsidiary of the Trust (see Note 4 and above).

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Units:

	June 30, 2015		December 31, 2014		
	Trust Units (000s)	Amount	Trust Units (000s)	Shares (000s)	Amount
Units/shares outstanding, beginning of the period	92,564	\$ 231,974	-	87,928	\$ 213,400
Issuance of units/shares:					
REIT conversion, January 1, 2014	-	-	87,928	(87,928)	(1,393)
Units issued through distribution reinvestment plan	132	554	603	-	2,351
Units issued through RSU plan	1	4	29	-	119
Units issued through debt conversions					
- face value debentures	-	-	4,004	-	15,214
- impact of fair value of convertible debentures	-	-	-	-	2,283
Units/shares outstanding, end of the period	92,697	\$ 232,532	92,564	-	\$ 231,974

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 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 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, 2015 no unitholder had redeemed units.

The Trust has a Distribution Reinvestment Plan 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 Distribution Reinvestment Plan are 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 receive “bonus units” in an amount equal to 3% of the distribution amount reinvested. Pursuant to the Distribution Reinvestment Plan, during the six months ended June 30, 2015, unitholders were issued 132 thousand units at a weighted average price of \$4.19 per unit (for the six months ended June 30, 2014 – 364 thousand units at a weighted average price of \$3.93 per unit).

12. Deferred Unit Plan

In 2015, the Trust implemented a Deferred Unit Plan (“DU Plan”) for non-employee trustees. Participants may be awarded deferred units (“DUs”) from time to time on a discretionary basis by the Corporate Governance and Compensation Committee. Each DU is economically equivalent to one unit, however, under no circumstances shall DUs be considered units nor entitle a participant to any rights as a unitholder, including, without limitation, voting rights or rights on liquidation. Participants may also elect to receive, in the form of DUs, up to 100% of their annual Board retainer, meeting fees and additional compensation paid by the Trust to a trustee in a calendar year for service on the Board or for chairing a committee of the Board. Each DU shall receive a distribution of additional DUs equal to the amount of distributions paid per unit by the Trust on its units. DUs vest immediately upon grant or issuance. The DUs shall be redeemable by the participant on or after the date on which the participant ceases to be a trustee. The DUs may be redeemed in whole or in part for units of the Trust issued from treasury or cash, as elected by the participant. Currently the maximum number of units that may be issued under the DU Plan upon the redemption of DUs is 750,000. A total of 11,765 DUs were granted under the DU Plan in June 2015 and compensation expense of \$50,000 has been recorded during the quarter.

13. Change in Non-Cash Working Capital

	3 Months Ended June 30, 2015	3 Months Ended June 30, 2014	6 Months Ended June 30, 2015	6 Months Ended June 30, 2014
Receivables	\$ 318	\$ 923	\$ (1,585)	\$ (1,298)
Prepaid expenses and mortgage deposits	(126)	409	(5,231)	(4,233)
Accounts payable and accrued liabilities	(5,294)	(6,933)	2,790	(856)
Total cash from change in non-cash working capital	\$ (5,102)	\$ (5,601)	\$ (4,026)	\$ (6,387)

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14. 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 shows the fair values and fair value hierarchies for financial assets and financial liabilities and other statement of financial position items recorded at fair value and disclosed in the notes to financial statements.

	June 30, 2015			December 31, 2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Investment properties	\$ -	\$ -	\$ 924,630	\$ -	\$ -	\$ 889,291
Investment properties held for sale	-	-	-	-	-	550
Cash	-	4,375	-	-	6,370	-
Receivables	-	3,448	-	-	1,850	-
Notes receivable	-	5,796	-	-	5,131	-
Held-to-maturity investments	-	16,944	-	-	8,737	-
Tenant loans	-	1,873	-	-	2,346	-
	\$ -	\$ 32,436	\$ 924,630	\$ -	\$ 24,434	\$ 889,841
Bank indebtedness	\$ -	\$ 16,039	\$ -	\$ -	\$ 6,155	\$ -
Accounts payable and accrued liabilities	-	16,257	-	-	11,860	-
Class B exchangeable LP units	5,593	-	-	-	-	-
Total net fixed rate mortgage loans	-	458,071	-	-	424,378	-
Total net variable rate mortgage loans	-	12,475	-	-	6,748	-
Non-convertible debentures	-	4,027	-	-	4,026	-
Mortgage bonds payable	-	15,154	-	-	9,115	-
Notes payable	-	1,175	-	-	1,175	-
Bridge facility	-	-	-	-	27,537	-
Series A, B, C & D convertible debentures	61,471	-	-	61,548	-	-
	\$ 67,064	\$ 523,198	\$ -	\$ 61,548	\$ 490,994	\$ -

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.

As part of a property acquisition, the Trust assumed a variable rate mortgage that had an interest rate swap in place (thereby fixing the variable interest rate) during the three months ended June 30, 2015. The interest rate swap matures on August 13, 2023. The fair value is calculated as the present value of the estimated future cash flows based on observable yield curves.

In May 2015, the Trust entered into a bond forward with a Canadian chartered bank at one of its equity-accounted investments in order to partially hedge interest rate risk for its development project there. The bond forward effectively fixes the Government of Canada bond rate for the project on its future long-term mortgage, anticipated to be obtained within the next nine months. The bond forward is for a nine month period and is for a notional amount of \$15.0 million with a 10 year term. The Government of Canada bond rate under the bond forward is 1.907%. The bond forward does not qualify for hedge accounting under IFRS, and therefore, changes in the fair value of the bond forward (based on estimated future cash flows based on observable yield curves) are recognized in profit and loss in the reporting period.

To mitigate the interest rate risk on two of the variable rate mortgages, included in investments, interest rate swaps are in place and mature on July 31, 2020. The fair value is calculated as the present value of the estimated future cash flows based on observable yield curves.

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15. 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):

(000s)	June 30, 2015	June 30, 2014
Earl Brewer	\$ 219	\$ 219
Edouard Babineau	250	150
Michael Zakuta	250	250
Total	\$ 719	\$ 619

Other key management personnel own \$45 thousand in mortgage bonds of the Trust at June 30, 2015 (December 31, 2014 - \$45 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.

(000s)	Interest Rate	June 30, 2015	June 30, 2014
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	n/a	\$ 261	\$ 261

(c) Other Transactions with Key Management Personnel

(i) 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. At June 30, 2015 there is \$120 thousand owed by the Gateway Mall to all of the owners of the mall. The pro rata amount owed to the Trust is \$30 thousand (December 31, 2014 - \$30 thousand as well as \$5 thousand accounts receivable balance owing to the Trust for property management fees).

(ii) TC Land LP, an entity controlled by Michael Zakuta and Earl Brewer, leases nine parcels of land to Plaza at a total annual rent of \$1.1 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.

(iii) Earl Brewer and Michael Zakuta hold interests in common with the Trust's 10% interest in Northwest Plaza Commercial Trust, the owner of Northwest Centre, Moncton, NB. There are no loans outstanding or fees charged by the related parties as a result of the joint ownership (December 31, 2014 - nil).

(iv) Plaza Group Management Limited (a wholly-owned subsidiary of the Trust) manages 527 Queen Street, Fredericton, NB a property owned indirectly by Michael Zakuta and Earl Brewer. For the six months ended June 30, 2015, property management fees of \$4 thousand were earned by Plaza Group Management Limited from this property (for the six months ended June 30, 2014 - \$8 thousand).

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16. Subsequent Events

Financings

Subsequent to quarter end, the Trust defeased a mortgage and obtained new long-term financing on a property located in Moncton, NB for \$7.6 million for a term of 10 years and an interest rate of 3.59%.

The Trust's \$15 million and \$20 million development facilities, along with the Trust's \$30 million operating facility, were renewed for another year to July 31, 2016, on the existing terms.

In July 2015, the Trust entered into an interest rate hedge in the form of a bond forward, with a Canadian chartered bank, in anticipation of long-term financing on two development properties once completed in order to hedge the 10 year Government of Canada bond rate. The hedge is for a notional amount of \$6.0 million and is for a twelve month period, with a settlement date of July 29, 2016. The all-in hedged rate is 1.715%. The bond forward does not qualify for hedge accounting under IFRS, and therefore, changes in the fair value of the bond forward (based on estimated future cash flows based on observable yield curves) will be recognized in profit and loss in each reporting period.

Investment Properties

Subsequent to quarter end, conditions were waived by the Trust on the purchase of two properties located in Kenora, ON and Midland, ON. The total purchase price for these two properties is \$16.1 million and is expected to close in August 2015.

Subsequent to quarter end, conditions were waived by the purchaser for the sale of a property located in Toronto, ON. The sale is expected to close in August 2015. Total gross proceeds for the sale are \$2.6 million.

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