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 NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

DATED: NOVEMBER 7, 2014

TABLE OF CONTENTS

PART I

Basis of Presentation... 1
Forward-Looking Disclaimer 1
Explanation of Non-GAAP Measures Used in this Document 1
Explanation of Additional GAAP Measures Used in this Document 2
REIT Conversion… 2
Summary of Selected Year to Date Information…. 3
Overview of the Business …. 4
Business Environment 4
Strategy 5

PART II

Key Performance Drivers and Indicators 6
Property and Corporate Performance 2014 and 2013 8
Outlook 18

PART III

Summary of Selected Quarterly Information 21

PART IV

Operating Liquidity and Working Capital 21
Capital Resources, Equity and Debt Activities 22
Commitments and Contingent Liabilities 25

PART V

Risks and Uncertainties 25

PART VI

Related Party Transactions 27
Disclosure Controls and Procedures and Internal Controls Over Financial Reporting 28
Critical Accounting Policies 28
Future Accounting Policy Changes 28
Additional Information 28
Properties of the Trust 28

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS 29

PART I

BASIS OF PRESENTATION

Financial information included in this Management's Discussion and Analysis ("MD&A") includes material information up to November 7, 2014. 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 nine months ended September 30, 2014 should be read in conjunction with the Trust's Condensed Interim Consolidated Financial Statements and the notes thereto for the nine months ended September 30, 2014 and 2013, along with the MD&A of Plazacorp Retail Properties Ltd. for the year ended December 31, 2013, 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 November 7, 2014 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.

EXPLANATION OF NON-GAAP 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 8). 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. The REIT 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 10). 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 per unit is not an IFRS financial measure. The REIT 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 9).

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 GAAP 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).

REIT CONVERSION

Effective January 1, 2014, Plazacorp Retail Properties Ltd. (the "Company") completed its plan of arrangement to convert into a real estate investment trust (Plaza Retail REIT). Approval was granted by the Toronto Stock Exchange (the "TSX") and on January 8, 2014 the Trust's units began trading under the symbol "PLZ.UN". Under the reorganization, shareholders of the Company received one trust unit of the Trust, for each common share of the Company held.

In conjunction with the conversion, the Trust has moved from a quarterly dividend to a monthly distribution. The Trust is a flow-through vehicle, therefore only deferred taxes of the Trust's corporate subsidiaries are recorded. The impact of the change in the tax status as a result of the conversion has been recorded as a deferred tax recovery in the current period, except for the tax effect related to amounts recorded in equity, which is credited directly to equity.

As a result of the fact that the Trust is a continuation of the Company, all comparatives in this MD&A are those of the Company.

SUMMARY OF SELECTED YEAR TO DATE INFORMATION

(000s, except square footage and as otherwise noted)	**9 Months Ended September 30, 2014 (unaudited)**	9 Months Ended September 30, 2013 (unaudited)
Property rental revenue	$ 69,928	$ 58,677
Total revenue	$ 72,609	$ 61,787
NOI	$ 45,124	$ 36,708
Same-asset NOI	$ 25,631	$ 25,680
FFO	$ 20,460	$ 14,465
AFFO	$ 17,907	$ 13,819
EBITDA	$ 41,763	$ 33,769
Total assets	$ 945,813	$ 977,397
Total mortgages, mortgage bonds, notes payable and bank credit facilities	$ 460,651	$ 530,260
Total debentures	$ 65,755	$ 64,852
Weighted average units outstanding	91,304	70,741
Amounts on a Per Unit Basis		
FFO	$ 0.224	$ 0.204
FFO excluding one-time items	$ 0.236	$ 0.212
AFFO	$ 0.196	$ 0.195
AFFO excluding one-time items	$ 0.208	$ 0.203
Distributions	$ 0.180	$ 0.16875
Financial Ratios		
Weighted average interest rate – fixed rate mortgages	4.97%	5.24%
Debt to gross assets (including converts)	55.2%	60.0%
Debt to gross assets (excluding converts)	48.9%	54.1%
Interest coverage ratio	1.81x	1.78x
Debt service coverage ratio	1.40x	1.42x
FFO payout ratio	80.2%	80.3%
FFO payout ratio excluding one-time items	76.0%	77.4%
AFFO payout ratio	91.6%	84.0%
AFFO payout ratio excluding one-time items	86.2%	80.8%
Leasing Information		
Square footage leased during the year (including properties under development/redevelopment and non-consolidated investments)	694,253	650,364
Occupancy – income producing properties	96.3%	94.9%
Same-asset occupancy	96.1%	94.6%
Revenue Breakdown by Type of Tenant		
National	90.8%	89.3%
Regional	3.8%	3.2%
Local	4.1%	6.8%
Non retail	1.3%	0.7%
Other		
Average term to maturity - mortgages	6.8 years	5.4 years
Average term to maturity - leases	6.9 years	6.9 years
IFRS capitalization rate	7.13%	6.83%

Property Type Breakdown	**Number of Properties September 30, 2014**	**Square Footage (000s)**	Number of Properties September 30, 2013	Square Footage (000s)
Strip	**94**	**4,338**	96	4,091
Enclosed	**4**	**894**	5	1,013
Single Use – Quick Service Restaurant	**156**	**374**	183	431
Single Use – Retail	**65**	**1,076**	63	1,030
Total	**319**	**6,682**	347	6,565

OVERVIEW OF THE BUSINESS

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 TSX under the symbol "PLZ.UN".

Headquartered in Fredericton, New Brunswick, Plaza acquires, develops and redevelops unenclosed and enclosed retail real estate throughout Canada, which are predominantly occupied by national tenants. The Trust's developments are generally focused in Eastern Canada. The Trust's portfolio at September 30, 2014 includes interests in 319 properties totaling approximately 6.7 million square feet 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 September 30, 2014(1)	**Gross Leasable Area (sq. ft.) September 30, 2014(1) (2)**	Number of Properties September 30, 2013(1)	Gross Leasable Area (sq. ft.) September 30, 2013(1) (2)
Alberta	**12**	**53,426**	15	111,397
British Columbia	**-**	**-**	5	7,690
Newfoundland and Labrador	**10**	**637,403**	10	622,326
New Brunswick	**49**	**1,766,696**	48	1,700,894
Nova Scotia	**38**	**1,168,633**	39	1,156,468
Manitoba	**8**	**34,524**	8	34,524
Ontario	**93**	**731,832**	107	743,380
Prince Edward Island	**9**	**486,316**	10	493,053
Quebec	**100**	**1,802,759**	104	1,690,073
Saskatchewan	**-**	**-**	1	5,000
Total	**319**	**6,681,589**	347	6,564,805

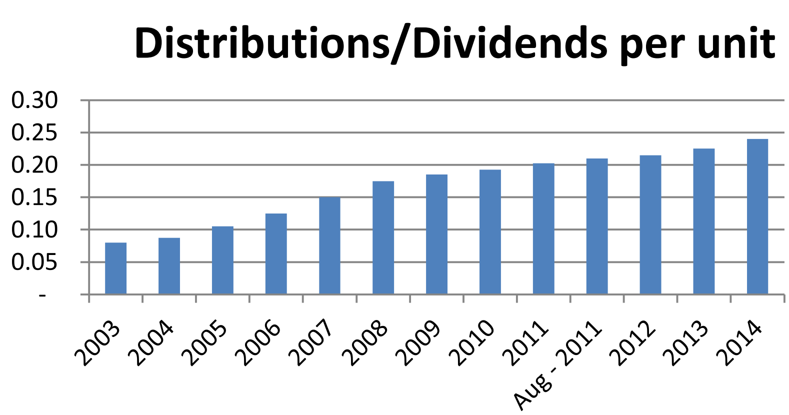
(1) Includes properties under development and non-consolidated investments.
(2) At 100%, regardless of the Trust's ownership interest in the properties

BUSINESS ENVIRONMENT

The principal regions in which Plaza operates continue to exhibit stability in retailer demand for space and in consumer spending. Plaza's strategy is to develop or acquire properties tenanted primarily by national retailers, with a focus on retailers in the consumer staples market segment. Plaza's execution of this strategy has produced a portfolio that is currently approximately 90% occupied by national retailers, providing investors with stable cash flow.

Yearly Distribution/Dividend Growth

Year	**Distribution/ Dividend per unit**	**Percentage increase**
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%



Plaza has a proven history of distribution growth, having increased its dividend (and now distributions) twelve times over the past eleven years. Plaza began paying dividends (and now distributions) in November 2002. Plaza's first full year of dividends began in 2003.

Long-term debt financing continues to be readily available at historically competitive fixed rates with long amortization periods and long terms. In fact, Plaza took the opportunity in 2014 to take advantage of the debt markets to early refinance many of its 2015, 2016 and 2017 mortgages. In terms of equity financing, the capital markets have been less favourable for real estate entities since the latter half of 2013, making raising equity capital less attractive.

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.

PART II

KEY PERFORMANCE DRIVERS AND INDICATORS

There are numerous performance drivers, many beyond management's control, that affect Plaza's ability to achieve its 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 nine months ended September 30, 2014 compared to the nine months ended September 30, 2013.

Funds from Operations(1)

	YTD Q3 2014	YTD Q3 2013
FFO	**$20,460**	$14,465
FFO per unit	**$0.224**	$0.204
FFO (excluding one-time items)	**$21,575**	$15,009
FFO per unit (excluding one-time items)	**$0.236**	$0.212

The principal factors influencing FFO (excluding one-time items) were:

- Incremental NOI growth from new developments/acquisitions of approximately $1.2 million;
- Incremental FFO from the purchase of KEYreit of $4.0 million (NOI less mortgage interest expense);
- A decrease in financing costs of $1.5 million mainly due to mark-to-market adjustments;
- An increase in administrative expenses of $1.2 million, and
- An increase in other income of $0.5 million.

Adjusted Funds from Operations(1)

	YTD Q3 2014	YTD Q3 2013
AFFO	**$17,907**	$13,819
AFFO per unit	**$0.196**	$0.195
AFFO (excluding one-time items)	**$19,022**	$14,363
AFFO per unit (excluding one-time items)	**$0.208**	$0.203

- The principal factors influencing AFFO (excluding one-time items) were the incremental FFO growth, partly offset by higher maintenance capex and higher mortgage placement fees.

FFO/AFFO Payout Ratios

	YTD Q3 2014	YTD Q3 2013
FFO payout	**80.2%**	80.3%
FFO payout (excluding one-time items)	**76.0%**	77.4%
AFFO payout	**91.6%**	84.0%
AFFO payout (excluding one-time items)	**86.2%**	80.8%

- Hampering the payout ratios (excluding one-time items) were the effects of the same-asset NOI decrease due to a property tax settlement and severe winter conditions.

Debt Service Ratios(1)

	YTD Q3 2014	YTD Q3 2013
Interest coverage ratio	**1.81**	1.78
Interest coverage ratio (excluding one-time items)	**1.87**	1.81
Debt service coverage ratio	**1.40**	1.42
Debt service coverage ratio (excluding one-time items)	**1.44**	1.44

- Debt service ratios (excluding one-time items) were impacted by the positive effects of early refinancings that have taken place, as well as repayment of the KEYreit bridge facility.

Debt to Gross Assets

	Q3 2014	Q3 2013
Debt to gross assets (excluding converts)	**48.9%**	54.1%
Debt to gross assets (including converts)	**55.2%**	60.0%

Same-Asset Net Property Operating Income(1)

	YTD Q3 2014	YTD Q3 2013
Same-asset NOI	**$25,631**	$25,680

- The decrease was mainly due to an increase in non-recoverable operating costs due to the harsher than normal winter and a property tax settlement, partly offset by higher occupancy.

Weighted Average Interest Rate – Fixed Rate Mortgages

	Q3 2014	Q3 2013
Weighted average interest rate – fixed rate mortgages	**4.97%**	5.24%

- The decrease was a result of continued historically low interest rates.

Occupancy Levels

	Q3 2014	Q3 2013
Occupancy levels	**96.3%**	94.9%

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

PROPERTY AND CORPORATE PERFORMANCE 2014 AND 2013

Funds from Operations (FFO)

Plaza's summary of FFO for the three and nine months ended September 30, 2014, compared to the three and nine months ended September 30, 2013 is presented below:

(000s – except per unit amounts)	**3 Months Ended September 30, 2014 (unaudited)**	3 Months Ended September 30, 2013 (unaudited)	**9 Months Ended September 30, 2014 (unaudited)**	9 Months Ended September 30, 2013 (unaudited)
Profit (loss) for the period attributable to unitholders/shareholders	**$ 9,521**	$ 1,445	**$ 70,258**	$ (2,387)
Add (deduct):				
Transaction related costs on acquisition of KEYreit	**-**	-	**-**	9,061
Deferred income taxes	**(201)**	2,203	**(59,836)**	4,221
Refundable tax on disposals of investment properties	**-**	(216)	**-**	(626)
Fair value adjustment to investment properties	**(716)**	1,561	**8,149**	6,012
Fair value adjustment to investments	**(182)**	301	**795**	(937)
Fair value adjustment to convertible debentures	**(310)**	506	**775**	(1,362)
Equity accounting adjustment	**(11)**	(173)	**72**	574
Non-controlling interest adjustment	**116**	(15)	**247**	(91)
Basic and diluted FFO	**$ 8,217**	$ 5,612	**$ 20,460**	$ 14,465
Basic Weighted Average Units Outstanding	**92,397**	78,219	**91,304**	70,741
Diluted Weighted Average Units Outstanding	**92,397**	78,219	**91,304**	70,741
Basic and diluted FFO per unit	**$ 0.089**	$ 0.072	**$ 0.224**	$ 0.204

Basic FFO for the nine months ended September 30, 2014 increased by 41.4% over the same period in the prior year. Basic FFO per unit for the nine months ended September 30, 2014 increased by 9.8% over the same period in the prior year. Positively impacting FFO was:

- (i) incremental NOI growth from new developments/acquisitions of approximately $1.2 million;
- (ii) incremental NOI of $7.3 million from the purchase of KEYreit; and
- (iii) an increase in other income of $0.5 million mainly due to development fees earned in the quarter.

Negatively impacting FFO was:

- (i) a decrease in same-asset NOI of $49 thousand partly due to a property tax settlement and higher non-recoverable operating costs due to the harsher than normal winter conditions;
- (ii) an increase in administrative expenses of $1.2 million ($497 thousand of one-time expenses relating to the REIT conversion and post-closing matters were incurred in the current year, compared to $544 thousand incurred for the integration of KEYreit, the graduation to the TSX and the REIT conversion in the prior year);
- (iii) an increase in finance costs of $1.9 million mainly due to the debt assumed on acquisition of KEYreit, higher overall leverage and $0.5 million in fees paid to discharge and refinance mortgages early; and
- (iv) one-time taxes paid on behalf of unitholders under the plan of arrangement for the REIT conversion in the amount of $160 thousand.

Excluding fees paid to discharge and refinance mortgages early, one-time costs and one-time taxes paid for the REIT conversion, FFO per unit would have been $0.236 for the nine months ended September 30, 2014, compared to $0.212 for the nine months ended September 30, 2013, or an 11.3% increase. Excluding unusual same-asset NOI variances for the property tax settlement and severe winter conditions, FFO per unit would have been approximately $0.239 or a 12.7% increase over the prior year.

Basic FFO for the three months ended September 30, 2014 increased by 46.4% over the same period in the prior year. Basic FFO per unit for the three months ended September 30, 2014 increased by 23.6% over the same period in the prior year. Positively impacting FFO was:

- (i) an increase in same-asset NOI of $0.3 million;
- (ii) incremental NOI growth from new developments/acquisitions of approximately $0.3 million;

(iii) a decrease in finance costs of $2.1 million mainly due to lower interest on the KEYreit bridge facility which was repaid in May 2014, as well as interest savings on early refinancings of mortgages; and
(iv) an increase in other income of $0.5 million mainly due to development fees earned in the quarter.

Negatively impacting FFO was a reduction in NOI from KEYreit of $0.8 million mainly due to the sale of properties and fees paid to discharge and refinance mortgages early of approximately $0.4 million.

Excluding fees paid to discharge and refinance mortgages early incurred in the current quarter and one-time costs for the REIT conversion and graduation to the TSX incurred in the prior quarter, FFO per unit would have increased by 25.3%.

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 nine months ended September 30, 2014, compared to the three and nine months ended September 30, 2013 is presented below:

(000s – except debt coverage ratios)	**3 Months Ended September 30, 2014 (unaudited)**	3 Months Ended September 30, 2013 (unaudited)	**9 Months Ended September 30, 2014 (unaudited)**	9 Months Ended September 30, 2013 (unaudited)
Profit (loss) for the period	**$ 9,906**	$ 1,708	**$ 71,197**	$ (1,690)
Add (deduct):				
Income taxes	**(165)**	2,009	**(59,567)**	3,657
Transaction related costs on acquisition of KEYreit	**-**	-	**-**	9,061
Finance costs	**6,349**	8,439	**20,342**	18,454
Fair value adjustment to investment properties	**(716)**	1,561	**8,149**	6,012
Fair value adjustment to investments	**(182)**	301	**795**	(937)
Fair value adjustment to convertible debentures	**(310)**	506	**775**	(1,362)
Equity accounting adjustment	**(11)**	(173)	**72**	574
EBITDA	**$ 14,871**	$ 14,351	**$ 41,763**	$ 33,769
Finance costs (excluding mark to market adjustment)	**$ 7,506**	$ 8,879	**$ 23,038**	$ 18,996
Periodic mortgage principal repayments	**2,267**	2,326	**6,755**	4,779
Total debt service	**$ 9,773**	$ 11,205	**$ 29,793**	$ 23,775
Debt coverage ratios				
Interest coverage ratio	**1.98 times**	1.62 times	**1.81 times**	1.78 times
Debt service coverage ratio	**1.52 times**	1.28 times	**1.40 times**	1.42 times

For the nine months ended September 30, 2014, the debt service coverage ratio decreased slightly over the prior period mainly due to: (i) the full period effect of the acquisition of KEYreit on Plaza's overall leverage (including the fact that many of the KEYreit mortgages have very short amortization periods); (ii) the one-time administrative costs incurred on the REIT conversion and post-closing matters compared to the prior year; (iii) the unusual same-asset NOI variances this year; and (iv) fees paid to discharge and refinance mortgages early. Excluding the impact of the aforementioned, the debt service coverage ratio would have been consistent with the prior year. Improvements in the interest coverage ratios for the three and nine months ended September 30, 2014 and the debt service coverage ratio for the quarter were impacted by the positive effects of all of the refinancings and early refinancings that have taken place this year, as well as the repayment of the KEYreit bridge facility. The debt service coverage and interest coverage ratios exceed the requirements under borrowing arrangements and overall leverage is at the Trust's targeted leverage.

Adjusted Funds from Operations (AFFO)

Plaza's summary of AFFO for the three and nine months ended September 30, 2014, compared to the three and nine months ended September 30, 2013 is presented below:

(000s, except per unit amounts and percentage data)	**3 Months Ended September 30, 2014 (unaudited)**	3 Months Ended September 30, 2013 (unaudited)	**9 Months Ended September 30, 2014 (unaudited)**	9 Months Ended September 30, 2013 (unaudited)
Basic FFO[(1)]	**$ 8,217**	$ 5,612	**$ 20,460**	$ 14,465
Add: Amortization of finance charges included in interest expense	**242**	881	**1,838**	1,581
Amortization of mark-to-market on debt assumed from KEYreit included in interest expense	**(1,157)**	(440)	**(2,696)**	(542)
Principal repayment of tenant loans	**50**	64	**146**	248
Non-controlling interest adjustment	**66**	15	**111**	38
Less: Non-cash revenue – straight-line rent	**90**	(172)	**162**	(563)
Equity accounting adjustment	**8**	17	**(10)**	(64)
Maintenance capital expenditures – existing properties	**(634)**	(234)	**(1,052)**	(437)
Leasing costs – existing properties	**(266)**	(352)	**(750)**	(797)
Mortgage placement fees – existing properties	**(101)**	(51)	**(302)**	(110)
Basic and diluted AFFO	**$ 6,515**	$ 5,340	**$ 17,907**	$ 13,819
Basic and diluted AFFO per unit	**$ 0.071**	$ 0.068	**$ 0.196**	$ 0.195
Gross distributions to unitholders	**5,542**	4,393	**16,407**	11,612
AFFO after distributions	**$ 973**	$ 947	**$ 1,500**	$ 2,207
Distributions as a percentage of basic AFFO	**85.1%**	82.3%	**91.6%**	84.0%
Distributions as a percentage of basic FFO	**67.4%**	78.3%	**80.2%**	80.3%

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

For the nine months ended September 30, 2014, AFFO increased by $4.1 million, or 29.6% over the prior year, while AFFO per unit increased 0.5% over the prior year. The increase in AFFO per unit was mainly due to the increase in FFO. This was partly offset by higher maintenance capex, and higher mortgage placement fees incurred from a higher volume of loans placed.

Excluding fees paid to discharge and refinance mortgages early, one-time administrative costs and the one-time taxes paid for the REIT conversion, AFFO per unit would have been $0.208, compared to $0.203 per unit for the nine months ended September 30, 2013. Excluding unusual same-asset NOI variances for the property tax settlement and severe winter conditions, AFFO per unit would have been approximately $0.211 or a 3.9% increase over the prior year.

For the three months ended September 30, 2014, AFFO increased by $1.2 million, or 22.0% over the prior year, while AFFO per unit increased by 4.4% over the prior year. The increase in AFFO per unit was mainly due to the increase in FFO, partly offset by higher maintenance capex and higher mortgage placement fees incurred from a higher volume of loans placed.

Excluding fees paid to discharge and refinance mortgages early incurred in the current year and one-time costs for the REIT conversion and graduation to the TSX incurred in the prior year, AFFO per unit would have increased by 4.2%.

With respect to payout ratios, excluding fees paid to discharge and refinance mortgages early, the one-time administrative costs and the one-time taxes, the FFO and AFFO payout ratios would have been 76.0% and 86.2%, respectively, for the nine months ended September 30, 2014, compared to 77.4% and 80.8%, respectively, for the nine months ended September 30, 2013. Excluding the unusual same-asset NOI variances, the FFO and AFFO payout ratios would have been 75.1% and 85.0%, respectively, for the nine months ended September 30, 2014.

With respect to payout ratios, excluding fees paid to discharge and refinance mortgages early and the one-time administrative costs, the FFO and AFFO payout ratios would have been 64.1% and 79.8%, respectively, for the three months ended September 30, 2014, compared to 74.7% and 78.3%, respectively, for the three months ended September 30, 2013.

Same-Asset Net Property Operating Income

Same-asset categorization refers to those properties which were owned and operated by Plaza for the nine months ended September 30, 2014 and the entire year ended December 31, 2013 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 September 30, 2014, approximately 46% 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.

(000s)	**3 Months Ended September 30, 2014 (unaudited)**	3 Months Ended September 30, 2013 (unaudited)	**9 Months Ended September 30, 2014 (unaudited)**	9 Months Ended September 30, 2013 (unaudited)
Same-asset rental revenue	**$ 14,717**	$ 14,403	**$ 43,959**	$ 43,434
Same-asset operating expenses	**2,701**	2,724	**9,188**	8,839
Same-asset realty tax expense	**3,056**	3,009	**9,140**	8,915
Same-asset net property operating income	**$ 8,960**	$ 8,670	**$ 25,631**	$ 25,680
Total net property operating income	**$ 15,374**	$ 15,556	**$ 45,124**	$ 36,708

As noted in the chart above, the NOI for the same-asset pool for the nine months ended September 30, 2014 decreased by $49 thousand or 0.2% over the same period in the prior year. Same-asset NOI was impacted by several key factors. The prior year had approximately $210 thousand in lease termination fees, compared to $123 thousand in the current year; there was a property tax settlement of $165 thousand in the current year; and there was an increase in overall non recoverable maintenance costs mainly due to the harsher than normal winter conditions. These were partly offset by improved occupancy.

NOI for the same-asset pool for the three months ended September 30, 2014, increased by $0.3 million or 3.3% over the same period in the prior year. This was mainly due to an increase in occupancy.

The following table shows a breakdown of total net property operating income by entity.

(000s)	**3 Months Ended September 30, 2014 (unaudited)**	3 Months Ended September 30, 2013 (unaudited)	**9 Months Ended September 30, 2014 (unaudited)**	9 Months Ended September 30, 2013 (unaudited)
Plaza properties	**$ 10,256**	$ 9,601	**$ 28,981**	$ 27,862
KEYreit properties	**5,118**	5,955	**16,143**	8,846
Total net property operating income	**$ 15,374**	$ 15,556	**$ 45,124**	$ 36,708

Total NOI for the nine months ended September 30, 2014 grew by $8.4 million, or 22.9% due to the overall growth in investment properties, including the purchase of KEYreit. More specifically, total NOI was mainly impacted by:

- the full period impact of eight properties either acquired or transferred to income producing status from properties under development in 2013, accounting for approximately $1.5 million of the increase;
- the full period impact of one property transferred to income producing status from properties under development in 2014, accounting for $0.3 million of the increase;
- the full period impact of one property acquired during the quarter, accounting for $24 thousand of the increase;
- incremental NOI from the purchase of KEYreit of $7.3 million;
- the same-asset pool decrease of $49 thousand, mentioned previously; and
- a decrease of $0.7 million for four properties moved from income producing to redevelopments, of which one has been moved back to income producing status in Q1 2014.

Total NOI for the three months ended September 30, 2014 dropped by $182 thousand mainly due to the sale of properties within the KEYreit portfolio. More specifically, total NOI was mainly impacted by:

- the full period impact of eight properties either acquired or transferred to income producing status from properties under development in 2013, accounting for an increase of approximately $0.3 million;
- the full period impact of one property acquired in the second quarter, accounting for an increase of $24 thousand ($0.3 million annualized);
- the same-asset pool increase of $0.3 million, mentioned previously;
- the decrease in NOI from KEYreit of $0.8 million due to the sale of properties (included in the current quarter NOI is approximately $0.2 million for properties that were sold during the quarter); and
- a decrease of $0.1 million for three properties moved from income producing to redevelopments ($0.4 million of NOI from redevelopments is included in the quarter).

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

(000s, except percentage data)	**3 Months Ended September 30, 2014 (unaudited)**	3 Months Ended September 30, 2013 (unaudited)	**9 Months Ended September 30, 2014 (unaudited)**	9 Months Ended September 30, 2013 (unaudited)
New Brunswick	**$ 2,705**	$ 2,543	**$ 7,686**	$ 7,583
Quebec	**1,001**	1,082	**3,008**	3,252
Nova Scotia	**2,308**	2,363	**6,684**	7,066
Ontario	**295**	292	**891**	888
Newfoundland and Labrador	**1,352**	1,267	**3,958**	3,780
Prince Edward Island	**1,299**	1,123	**3,404**	3,111
Same-asset net property operating income	**$ 8,960**	$ 8,670	**$ 25,631**	$ 25,680
Percentage increase (decrease) over prior period	**3.3%**		**(0.2%)**	

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 or Redeveloped During**
KEYreit portfolio	Single Use/Strip	1,116,056	100%	Q2 13
Beauport, Quebec City, QC	Single Use	2,925	100%	Q2 13
4999 Queen Mary Road, Montreal, QC	Strip Plaza	13,041	25%	Q2 13
210 Wyse Road, Dartmouth (Halifax), NS	Single Use	60,979	50%	Q2 13
Lansdowne Plaza Phase 1, Saint John, NB	Strip Plaza	102,780	100%	Q3 13
Commercial Street 2, New Minas, NS	Strip Plaza	9,537	100%	Q3 13
Plaza HDB, Boisbriand, QC	Strip Plaza	6,951	33%	Q3 13
1086 Lariviere, Rouyn-Noranda, QC	Single Use	2,700	100%	Q3 13
Plaza De L'Ouest (Phase 1), Sherbrooke, QC	Strip Plaza	70,002	50%	Q3 13
Oromocto Mall, Oromocto, NB	Enclosed	85,750	100%	Q4 13
Grand Falls Shopping Centre, Grand Falls, NB	Enclosed	133,998	100%	Q4 13
Les Promenades St-Francois, Laval, QC	Strip Plaza	60,451	100%	Q4 13
Champlain Street Plaza, Phase II, Dieppe (Moncton), NB	Strip Plaza	63,950	100%	Q1 14
Magog SP, Magog (Montreal), QC	Strip Plaza	76,097	50%	Q1 14
Starrs Road Plaza, Yarmouth, NS	Strip Plaza	75,332	100%	Q2 14
Galeries des Cantons, Coaticook, QC	Strip Plaza	40,608	50%	Q3 14
Total		**1,921,157**		

Leasing and Occupancy

The following table represents leases expiring for the next 5 years and thereafter for Plaza's property portfolio at September 30, 2014 (excluding developments/redevelopments and non-consolidated investments).

	Strip Plazas		Enclosed Malls		Single-User		Total	
Year	**Sq Ft[(1)]**	**%**	**Sq Ft[(1)]**	**%**	**Sq Ft[(1)]**	**%**	**Sq Ft[(1)]**	**%**
Remainder of 2014	70,554	2.3	14,314	2.1	-	-	**84,868**	**1.7**
2015	276,950	9.0	109,725	15.8	25,695	2.1	**412,370**	**8.3**
2016	365,333	11.9	93,787	13.5	44,679	3.7	**503,799**	**10.1**
2017	211,692	6.9	118,996	17.2	85,570	7.2	**416,258**	**8.4**
2018	183,849	6.0	81,026	11.7	214,456	17.8	**479,331**	**9.6**
2019	234,398	7.6	93,459	13.5	19,504	1.6	**347,361**	**7.0**
Thereafter	1,739,543	56.3	180,984	26.2	812,445	67.6	**2,732,972**	**54.9**
Subtotal	3,082,319	100.0	692,291	100.0	1,202,349	100.0	**4,976,959**	**100.0**
Vacant	138,646		39,416		13,011		**191,073**	
Total	**3,220,965**		**731,707**		**1,215,360**		**5,168,032**	
Weighted average lease	**7.0 years**		**4.2 years**		**8.0 years**		**6.9 years**	

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

At September 30, 2014, overall committed occupancy for the portfolio (excluding properties under development/redevelopment and non-consolidated investments) increased to 96.3% from 94.9% at September 30, 2013. Same-asset occupancy was 96.1% at September 30, 2014, compared to 94.6% at September 30, 2013.

For the nine months ended September 30, 2014, the Trust completed 694 thousand square feet of new and renewal leasing deals at market rates (including leasing at non-consolidated investments). The 694 thousand square feet of leasing was comprised of 288 thousand square feet on new developments and redevelopments, and 406 thousand square feet on existing properties. Excluding leasing at non-consolidated investments, the Trust completed 661 thousand square feet of new and renewal leasing deals at market rates. The 661 thousand square feet of leasing was comprised of 276 thousand square feet on new developments and redevelopments and 385 thousand square feet on existing properties.

On average, Plaza's embedded or contractual gross rents expiring in 2014 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 95.7% at September 30, 2014, compared to 94.5% at September 30, 2013.
- Average occupancy for enclosed malls was 94.6% at September 30, 2014, compared to 91.4% at June 30, 2013.
- Occupancy for single use assets was 98.9% at September 30, 2014, compared to 98.3% at September 30, 2013.
- Pre-leased space in properties in the development phase and in the construction phase is 66.7% at September 30, 2014.

Plaza has built a portfolio with a high quality revenue stream. Plaza's ten largest tenants based upon current monthly base rents at September 30, 2014 represent approximately 57.3% of total base rent revenues in place.

	% of Base Rent Revenue		% of Base Rent Revenue
1. Shoppers Drug Mart	24.7	6. Pharma Plus	2.0
2. KFC[(1)]	12.9	7. Mark's Work Wearhouse	1.9
3. Dollarama	4.5	8. Best Buy/Future Shop	1.8
4. Sobeys	3.3	9. Reitmans Inc.	1.7
5. Staples	2.9	10. Bulk Barn	1.6

(1) Represented by 6 tenants.

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.

	September 30, 2014	September 30, 2013
National	**90.8%**	89.3%
Regional	**3.8%**	3.2%
Local	**4.1%**	6.8%
Non-Retail	**1.3%**	0.7%

Profit and Total Comprehensive Income for the Period

The Trust recorded profit and total comprehensive income for the nine months ended September 30, 2014 of $71.2 million compared to a loss of $1.7 million for the same period in the prior year. The increase 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 $59.8 million, to reflect the flow-through tax status of Plaza as a REIT, whereby taxes are only recorded for taxable corporate subsidiaries.

These were partly offset by:

(i) a decrease in non-cash fair value adjustments to investment properties and investments; and
(ii) a net loss from the non-cash fair value adjustment to convertible debentures of $0.8 million compared to a net gain of $1.4 million in the same period in the prior year.

The Trust recorded a profit and total comprehensive income for the three months ended September 30, 2014, of $9.9 million compared to $1.7 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 non-cash fair value adjustments of investment properties and investments;
(ii) a net gain from the non-cash fair value adjustment to convertible debentures of $0.3 million compared to a net loss of $0.5 million in the same period in the prior year; and
(iii) the recording of a deferred income tax recovery of $0.2 million compared to a deferred income tax expense of $2.2 million 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 – Shediac 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); Shediac West (Plazacorp – Shediac 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 the Northwest Centre (Northwest Plaza Commercial Trust).

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

Share of profit of associates for the nine months ended September 30, 2014 includes Plaza's share of NOI of approximately $2.3 million. Share of profit of associates decreased by $1.2 million for the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013. The decrease was mainly due to a decrease in the non-cash fair value adjustment of the underlying investment properties due mainly to an increase in capitalization rates compared to the prior year.

Share of profit of associates for the three months ended September 30, 2014 includes Plaza's share of NOI of approximately $0.8 million. Share of profit of associates increased by $0.5 million for the three months ended September 30, 2014 compared to the three months ended September 30, 2013. The increase was mainly due to an increase in the non-cash fair value adjustment of the underlying investment properties due mainly to an increase in NOI from the underlying investment properties.

Distributions received from associates for the nine months ended September 30, 2014 were $1.0 million compared to $0.9 million for the nine months ended September 30, 2013 (excluding the final distribution to the partners on the sale of Marché de L'Ouest). Distributions received from associates for the three months ended September 30, 2014 were $284 thousand compared to $254 thousand for the three months ended September 30, 2013.

Finance Costs

Finance costs for the nine months ended September 30, 2014 were $20.3 million, compared to $18.5 million for the same period in the prior year. The increase in finance costs was mainly due to:

(i) interest on assumed KEYreit debentures, accounting for approximately $0.7 million;
(ii) interest on new mortgages and assumed KEYreit mortgages, accounting for $2.8 million (net of interest rate savings on refinancings at better rates);
(iii) higher amortization of deferred finance charges, due to the write-off of fees from discharged mortgages, accounting for $0.3 million;
(iv) interest on new mortgage bonds issued in Q3 2013, accounting for $0.3 million;
(v) higher interest expense incurred on the Trust's lines of credit (as a result of higher outstanding balances), accounting for approximately $0.3 million;

(vi) higher debenture interest due to the timing of issue of the Series D converts versus the conversion/redemption of Series VI and Series A converts, accounting for approximately $0.3 million; and
(vii) fees paid to discharge and refinance mortgages early, accounting for $0.5 million.

These were partly offset by:
(i) the amortization of the mark-to-market on debt recorded on the acquisition of KEYreit, accounting for $2.2 million in savings, of which $1.7 million were write-offs due to sales of properties and early refinancings or extensions of three KEYreit mortgages; and
(ii) a reduction in interest paid on the KEYreit bridge facility which was repaid in May 2014, accounting for approximately $1.3 million in savings.

Finance costs for the three months ended September 30, 2014, were $6.3 million, compared to $8.4 million for the same period in the prior year. The decrease was due to:
(i) the amortization of the mark-to-market on debt recorded on the acquisition of KEYreit accounting for $0.7 million, most of which represented a write-off due to early refinancings or extensions of two KEYreit mortgages;
(ii) lower KEYreit bridge loan interest due to the fact that the bridge was repaid in May 2014, accounting for $1.3 million;
(iii) lower amortization of deferred financing charges, mainly due to the closing of the KEYreit bridge facility in May 2014, accounting for $0.6 million; and
(iv) interest rate savings on refinancings at better rates.

These were partly offset by:
(i) fees paid to discharge and refinance mortgages early, accounting for approximately $0.4 million; and
(ii) interest on new mortgages accounting for $0.1 million net of interest rate savings on refinancings.

Change in Fair Value of Investment Properties

The Trust recorded a fair value decrease to investment properties for the nine months ended September 30, 2014 of $8.1 million, compared to a $6.0 million decrease for the nine months ended September 30, 2013. For the three months ended September 30, 2014, the Trust recorded a fair value increase to investment properties of $0.7 million compared to a $1.6 million decrease in the prior year. The weighted average capitalization rate at September 30, 2014 was 7.13% which is 30 basis points higher than September 30, 2013. For the quarter, capitalization rates remained stable or decreased slightly for many of the Trust's properties, leading to the fair value increase. At September 30, 2014 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 $32.7 million. An increase of 0.25% in the capitalization rates used would have resulted in a decrease in investment properties of approximately $30.8 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 fair value adjustment to convertible debentures for the three and nine months ended September 30, 2014 was a net gain of $0.3 million and a net loss of $0.8 million, respectively, compared to a net loss of $0.5 million and a net gain of $1.4 million, respectively, in the prior year.

Administrative Expenses

Administrative expenses increased by $1.2 million for the nine months ended September 30, 2014, compared to the same period in the prior year mainly due to: an increase in net salary expense (mainly as a result of annual salary increases and head count) of approximately $0.9 million; the salaries and office expenses related to the acquisition of KEYreit (which were incurred for the entire year in 2014 and only from the date of acquisition of May 16, 2013 in the prior year) of approximately $0.3 million; and approximately $497 thousand in one-time costs incurred for the REIT conversion and post-closing matters in the current year, compared to one-time costs of $544 thousand incurred in the prior year for the integration of KEYreit, the graduation to the TSX and the REIT conversion.

Administrative expenses for the three months ended September 30, 2014 are consistent with the same period in the prior year at $2.1 million. Although the prior year had $276 thousand in one-time expenses incurred for the REIT conversion and the graduation to the TSX, the current year has higher salary expense mainly due to regular salary increases and head count.

Income Tax Expense

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

(000s)	**3 Months Ended September 30, 2014 (unaudited)**	3 Months Ended September 30, 2013 (unaudited)	**9 Months Ended September 30, 2014 (unaudited)**	9 Months Ended September 30, 2013 (unaudited)
Current income taxes	**$ 36**	$ (194)	**$ 269**	$ (564)
Deferred income taxes	**(201)**	2,203	**(59,836)**	4,221
Total income tax expense (recovery)	**$ (165)**	$ 2,009	**$ (59,567)**	$ 3,657

Of the $269 thousand in current income tax expense recorded for the nine months ended September 30, 2014, $160 thousand relates to one-time taxes paid on behalf of unitholders, relating to the various steps in the plan of arrangement on the conversion to a REIT structure. The current income tax recovery for the three and nine months ended September 30, 2013 reflects refunded taxes on capital gains dividends paid to shareholders.

The Trust is a flow-through vehicle, therefore only deferred taxes of its corporate subsidiaries are recorded. 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 nine months ended September 30, 2014, except for the tax effect related to amounts recorded in equity, which were credited directly to equity.

Acquisitions/Dispositions

During the nine months ended September 30, 2014, the Trust acquired land for development in Timmins, ON for $1.1 million, of which the Trust owns an 80% interest. The Trust purchased a vacant property in Fredericton, NB for $1.5 million for redevelopment, land in Fredericton, NB for $2.8 million and land in Sydney, NS for $0.8 million. The latter two parcels of land which were purchased had been leased previously under land lease agreements with third parties. The Trust also purchased an income producing property in Coaticook, QC for $2.1 million. The trust also acquired a 25% ownership interest in a 2,600 square foot single use property for redevelopment in St. Hyacinthe, QC for $250 thousand. This property is accounted for using the equity method and is included in “investments” in the statement of financial position.

During the nine months ended September 30, 2014, the Trust disposed of surplus land in Sussex, NB for net proceeds of $0.1 million and land in Dartmouth, NS for net proceeds of $0.4 million. The Trust also sold income producing properties from the KEYreit portfolio for net proceeds of $35.8 million in Vancouver, BC, Okotoks, AB, Lloydminister, AB, Liverpool, NS, Sudbury, ON, Toronto, ON, Brantford, ON, Chatham, ON, Cobourg, ON, London, ON, Oshawa, ON, Peterborough, ON, Carleton Place, ON, Levis, QC, Ste. Hyacinthe, QC and Montreal, QC. This is approximately $6.4 million more than the Trust underwrote the properties for when it bought KEYreit.

In October 2014, the Trust sold properties from the KEYreit portfolio in Roberval, QC, Magog, QC, Hawkesbury, ON, Ottawa, ON, Pembroke, ON, Sudbury, ON and Windsor, ON for gross proceeds of $5.2 million. This is approximately $0.2 million more than the Trust underwrote the properties for when it bought KEYreit.

Subsequent to quarter end, conditions were waived by the purchasers for the sale of three properties. Two are located in Toronto, ON and one is located in Longueuil, QC. These sales are expected to close at various points over the next six months. Total gross proceeds for these sales is $5.7 million which is $3.5 million more than the Trust underwrote the properties for when it bought KEYreit.

Since the acquisition of KEYreit to the date of this MD&A, the Trust has sold 39 non-core KEYreit income producing properties for net proceeds of approximately $53.1 million, which is approximately $12.2 million more than the Trust underwrote these properties for when it bought KEYreit.

OUTLOOK

Plaza's acquisition, development and leasing efforts over the years have produced a property portfolio that is dominated by national retailers and provides investors with a very stable cash flow. Performance to date has demonstrated the strength of its strategies and operating capabilities. Barring unforeseen events, management believes it can deliver solid performance in 2014, as well as growth to the portfolio. The primary benefit to unitholders of the Trust's performance and tenant profile is reliable cash flow and, over time, increasing distributions. Plaza's current distribution policy is to pay unitholders 24.0¢ per unit for fiscal 2014.

In terms of Plaza's development pipeline, Plaza currently owns an interest in the following projects under development or redevelopment which, upon completion, are expected to be accretive to the Trust's earnings. The following properties are under construction, active development or active planning and are anticipated to be completed at various points over the next three years as follows:

Properties under development/redevelopment	Property Type	Status	Square Footage[1]	Ownership	Occupied or Committed at September 30, 2014	Completed
90 Blvd. Tache Ouest, Montmagny, QC	Strip Plaza	In Planning	6,000	50%	n/a	Q2 2015
Plaza de L'Ouest, Sherbrooke, QC – Phase II	Strip Plaza	In Construction	18,000	50%	64%	Q1 2015
Plaza de L'Ouest, Sherbrooke, QC – Phase III	Strip Plaza	In Planning	80,000	50%	n/a	2-3 years
Fairville Boulevard – 3, Saint John, NB	Strip Plaza	In Planning	24,000	100%	n/a	1-2 years
Oromocto Mall, Oromocto, NB[2]	Strip Plaza	In Construction	86,025	100%	100%	Q4 2015
Grand Falls Shopping, Centre, Grand Falls, NB[2]	Strip Plaza	In Construction	133,998	100%	84%	Q4 2014
St. Jerome, St. Jerome (Montreal), QC - Phase I[3]	Strip Plaza	In Construction	26,000	20%	92%	Q1 2015
St. Jerome, St. Jerome (Montreal), QC -Phase II[3]	Strip Plaza	In Planning	54,000	20%	n/a	Q4 2015
St. Jerome, St. Jerome (Montreal), QC -Phase III[3]	Strip Plaza	In Planning	120,000	20%	n/a	2-3 years
Champlain Plaza II, Dieppe (Moncton), NB	Strip Plaza	In Planning	60,000	100%	n/a	Q2 2015
Lansdowne Place Phase II, Saint John, NB	Strip Plaza	In Planning	60,000	100%	n/a	2016
Plaza Chemin Chambly, Longueuil (Montreal), QC[4]	Strip Plaza	In Development	39,431	100%	100%	Q3 2015
5400 Laurier Ouest, St-Hyacinthe, QC[3]	Single Use	In Construction	10,000	25%	100%	Q4 2014
Riverside Drive Plaza, Timmins, ON	Strip Plaza	In Construction	35,167	80%	83%	Q1 2015
Starrs Rd., Yarmouth, NS[4]	Strip Plaza	In Construction	45,000	100%	100%	Q3 2015
413 Coverdale Road Riverview, NB[4]	Single Use	In Construction	4,000	100%	100%	Q1 2015
960 Cole Harbour Rd, Dartmouth, NS[4]	Single Use	In Planning	4,000	100%	100%	Q4 2015
9 James St, Antigonish, NS[4]	Single Use	In Planning	3,000	100%	n/a	2015
Lakeshore Blvd., Toronto, ON[4]	Single Use	In Planning	2,000	100%	100%	Q3 2015
280 Main St, Fredericton, NB	Strip Plaza	In Planning	30,000	100%	n/a	Q4 2015
Beauport, Beauport, QC	Single Use	In Planning	3,000	100%	n/a	Q3 2015
St. Charles, Kirkland, QC	Single Use	In Planning	3,000	100%	n/a	Q1 2016
Total			846,621			

(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 41 thousand additional square feet at completion. The Trust is currently developing approximately 10 thousand square feet of the 41 thousand additional square feet.

At September 30, 2014, there was one conditional land assembly which is under purchase agreement and subject to due diligence or other conditions. This land assembly will represent 160 thousand additional square feet of retail space at completion (at the Trust's proposed ownership percentage).

There was also one property for redevelopment under purchase agreement and subject to due diligence or other conditions which would represent approximately 80 thousand additional square feet of retail space after redevelopment (at the Trust's proposed ownership percentage).

The Trust also benefits from growth stemming from contractual rental rate increases from existing tenants' leases.

Management continues to be opportunistic in disposing of non-core KEYreit assets at prices higher than what Plaza underwrote the assets for. As well, many of the KEYreit properties are either currently being redeveloped or slated for future redevelopment.

Plaza has taken advantage of the robust debt markets this year and undertaken a significant refinancing program, the benefits of which are starting to be seen in terms of Plaza's results. By the end of the year, Plaza expects to secure or refinance over $170 million in mortgage loans and convertible debentures (at Plaza's ownership percentage), generating approximately $1.4 million in annual cash flow savings or approximately $0.015 per unit.

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)	Q3'14	Q2'14	Q1'14	Q4'13	Q3'13	Q2'13	Q1'13	Q4'12
Total revenue (1)	**$24,922**	$23,518	$24,169	$ 24,406	$ 24,145	$ 20,363	$ 17,279	$ 19,218
Profit (loss) and total comprehensive income (loss)	**$9,906**	$(4,273)	$ 65,564	$(11,375)	$ 1,708	$(11,905)	$ 8,507	$ 2,092
Distributions per unit	**6.00¢**	6.00¢	6.00¢	5.625¢	5.625¢	5.625¢	5.625¢	5.38¢
Funds from operations per unit – basic and diluted(2)	**8.9¢**	7.6¢	5.9¢	5.7¢	7.2¢	6.9¢	6.3¢	6.4¢
Adjusted funds from operations per unit – basic and diluted (2)	**7.1¢**	6.6¢	5.9¢	5.5¢	6.8¢	6.7¢	5.9¢	6.1¢
Distributions as a percentage of basic FFO	**67.4%**	79.0%	101.7%	90.7%	78.3%	74.9%	89.5%	83.3%
Distributions as a percentage of basic AFFO	**85.1%**	90.3%	101.3%	94.2%	82.3%	77.0%	95.3%	88.6%
Gross Leasable Area (000s of sq. ft.) (at 100% and excluding non-consolidated investments and properties under development/redevelopment)(3)								
Total income producing properties	**5,168**	5,197	5,151	5,200	5,415	5,192	3,887	3,854
Occupancy % (at 100% and excluding non-consolidated investments and properties under development/redevelopment)								
Total income producing properties	**96.3%**	95.9%	95.7%	94.8%	94.9%	94.9%	94.7%	95.7%

(1) Includes investment income, other income and share of profit of associates.
(2) Adjusted for debenture issuance costs if applicable.
(3) The 2012 figures have not been restated for the IFRS 11 change in accounting policy.

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. The current year was also significantly impacted by $59.8 million in a deferred income tax recovery recorded for the change in tax status to a REIT on 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 September 30, 2014, approximately 46% 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's cash distribution policy generally reflects repayment of recurring mortgage principal amortization from cash flow in determining cash available for distribution. 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.

CAPITAL RESOURCES, EQUITY AND DEBT ACTIVITIES

Plaza has taken advantage of the robust debt markets this year and undertaken 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. By the end of the year, Plaza expects to secure or refinance over $170 million in mortgage loans and convertible debentures (at Plaza's ownership percentage), generating approximately $1.4 million in annual cash flow savings or approximately $0.015 per unit.

Plaza expects to achieve two other main goals from this refinancing exercise. First, it will smooth out its mortgage maturity profile. Second, it is creating smaller, more manageable sized loans. Both of these goals serve to reduce interest rate and financing related risk.

Operating and Development Facilities

(000s)	$30.0 Million Operating	$20.0 Million Development	$15.0 Million Development
December 31, 2013[1]	$ -	$ 12,261	$ 7,007
Net Change	16,410	(12,261)	(2,007)
September 30 , 2014[1]	$ 16,410	$ -	$ 5,000
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, 2015	July 31, 2015	July 31, 2015
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	$20 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 September 30, 2014, all debt covenants in respect of the above facilities have been maintained.

Bridge Facility

On May 7, 2014, the Trust paid in full the one-year secured bridge credit facility which was originally entered into in order to fund the acquisition of KEYreit and related costs.

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. The facility is extendible for six months at the Trust's request and with the lender's consent. Prepayment of the facility may be made in whole or in part at any time without penalty. Interest is payable at prime plus 1.0% or BAs plus 2.25%. The Trust expects to refinance the assets subject to this bridge by the end of the year.

Debentures and Mortgage Bonds

Mortgage bonds are secured by either property or cash.

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

On January 7, 2014, the Trust redeemed all of the 7.75% Series A convertible debentures for cash. Proceeds from the issue of the 5.75% Series D debentures in 2013 were used to redeem the Series A debentures. Net annual cash flow savings from the redemption are approximately $320 thousand.

On February 11, 2014, the Trust issued a redemption notice to Series VI convertible debenture holders to redeem all of the Series VI convertible debentures on April 1, 2014. All of the holders of the entire $15.2 million of Series VI convertible debentures exercised their option to convert to 4.0 million units.

In July 2014, the Trust closed $3.0 million in first mortgage bonds on properties located in Levis, QC, Montreal, QC, and two properties in Saint John, NB. These bonds have a three year term and an interest rate of 5.5%.

The Trust extended the maturity date of Series VII mortgage bonds for one year until August 2015.

Mortgages

During 2014 the Trust obtained new long-term financing in the amount of $75.7 million (at Plaza's consolidated share) with a weighted average term of 11.1 years at a weighted average interest rate of 4.29%. The Trust also extended two mortgages on more favourable terms with the existing lenders, one for $689 thousand for the remaining term of 2.3 years at an interest rate of 6.00% replacing an interest rate of 7.00%; and another for $18.4 million for a term of 5 years at an interest rate of 4.40% and a 25 year amortization replacing an interest rate of 4.47% and a 20 year amortization. The Trust also extended and increased a mortgage on more favourable terms with the existing lender, for $7.3 million for a 10 year term at an interest rate of 4.22% and a 25 year amortization, replacing an interest rate of 5.20% and a 21.5 year amortization.

The Trust entered into a loan on the acquisition of an income producing property in Coaticook, QC of $1.6 million.

In July 2014, long term financing was obtained on Northwest Centre, Moncton, NB in the amount of $20 million with a 15 year term and an interest rate of 4.48%. The Trust indirectly owns a 10% interest in this property. The former mortgage was defeased.

The Trust has a $7.0 million variable rate secured construction loan on one of its development projects that is being constructed in Quebec in phases (of which the Trust's share is 50% as it has a 50% ownership interest in the development project securing the loan). The loan bears interest at prime plus 1.25% and matures in June 2017. At September 30, 2014, $1.6 million has been drawn on the loan (at the Trust's ownership percentage).

In October 2014, the Trust defeased a mortgage on a property located in Sydney, NS and obtained new long term financing in the amount of $1.9 million with a 5 year term and an interest rate of 3.53%.

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.

The following is a maturity chart by year:

(000s, except percentage data)	Remainder 2014	Year 1 2015	Year 2 2016	Year 3 2017	Year 4 2018	Year 5 2019	After 5 Years	Total
Long-term mortgages due at maturity	$1,066	$14,520	$44,004	$34,323	$18,545	$37,619	$177,198	$327,275
Variable rate construction loan	-	-	-	1,583	-	-	-	1,583
Development lines of credit	-	5,000	-	-	-	-	-	5,000
Bridge facility	-	30,000	-	-	-	-	-	30,000
Bank operating facility	-	16,410	-	-	-	-	-	16,410
Total	$1,066	$65,930	$44,004	$35,906	$18,545	$37,619	$177,198	$380,268
As a percentage	0.3%	13.6%	12.1%	9.9%	5.1%	10.3%	48.7%	100.0%
Weighted average expiring rate on long-term mortgages	5.95%	6.01%	5.31%	5.36%	5.95%	4.06%	4.85%	

The weighted average term to maturity for the long-term mortgages is 6.8 years, up from December 31, 2013 of 5.7 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 September 30, 2014 (excluding convertible debentures) is 48.9% compared to 48.6% at December 31, 2013. Including convertible debentures, Plaza's debt to gross assets at September 30, 2014 is 55.2% compared to 57.9% at December 31, 2013. The Trust's general philosophy is to maintain its leverage at no more than approximately 50% excluding convertible debentures and approximately 55% including convertible debentures. By its Declaration of Trust, Plaza is limited to an overall indebtedness ratio of 60% excluding convertible debentures or 65% including convertible debentures.

Units Outstanding

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

At November 7, 2014 (000s)	Units
Current outstanding units	**92,491**
Series B convertible debentures	**1,547**
Series C convertible debentures	**3,215**
Series D convertible debentures	**5,913**
Total adjusted units outstanding	**103,166**

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 9.7% 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.

Gross Capital Additions Including Leasing Fees:

(000s)	3 Months Ended September 30, 2014 (unaudited)	3 Months Ended September 30, 2013 (unaudited)	9 Months Ended September 30, 2014 (unaudited)	9 Months Ended September 30, 2013 (unaudited)
Leasing fees – existing properties	**$ 69**	$ 32	**$ 152**	$ 60
Leasing fees – redevelopment properties	**26**	8	**26**	8
Leasing fees – new developments	**20**	50	**22**	102
Total leasing fees	**115**	90	**200**	170
Capital additions – existing properties	**831**	554	**1,650**	1,174
Capital additions – redevelopment properties	**5,272**	981	**11,385**	1,595
Capital additions – new developments	**7,650**	16,178	**14,810**	26,295
Total capital additions	**13,753**	17,713	**27,845**	29,064
Total gross additions	**$ 13,868**	$ 17,803	**$ 28,045**	$ 29,234

COMMITMENTS AND CONTINGENT LIABILITIES

The Trust has $9.7 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 four 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 September 30, 2014 totals $7.4 million with remaining terms ranging from 0.6 years to 8.3 years.

The Trust guarantees mortgage debt in excess of its pro-rata position in joint ventures and non-consolidated subsidiaries in the amount of $11.0 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 September 30, 2014, the Trust held interests in 319 properties spread geographically across Canada. Some of the more important risks are outlined below. See Financial Risk Management Note 26 to the December 31, 2013 Annual Consolidated Financial Statements of the Company for further details. Also see the Trust's Annual Information Form dated March 25, 2014 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 2014 will be able to be financed or refinanced as they come due.

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 24.7% of current monthly gross rents in place. The top 10 tenants collectively represent approximately 57.3% of total revenues in place. National and regional tenants represent 94.6% 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 $641 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.

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	September 30, 2014	December 31, 2013
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 of the Trust as follows (stated at face value):

(000s)	September 30, 2014	December 31, 2013
Earl Brewer	**$ 219**	$ 219
Edouard Babineau	**250**	350
Michael Zakuta	**250**	670
Stephen Johnson	**-**	750
Total	**$ 719**	$ 1,989

Other key management personnel own $45 thousand in mortgage bonds of the Trust at September 30, 2014 (December 31, 2013 - $45 thousand).

Other Related Party Transactions

Two trustees, directly or beneficially, hold interests in common with the Trust’s 25% interest in the Gateway Mall, Sussex, NB, being Earl Brewer (25%) and Michael Zakuta (21.5%). There are no loans outstanding or fees charged by the related parties as a result of the joint ownership.

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 the 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 nine months ended September 30, 2014, property management fees of $12 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.

The Trust's Chief Executive Officer and Chief Financial Officer evaluated, or caused an evaluation under their supervision of, the design of the Trust's DC&P and ICFR as at September 30, 2014 and have concluded that such DC&P and ICFR were appropriately designed.

During the nine months ended September 30, 2014, 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 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 valuators. 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 ending December 31, 2014, and have not been applied in preparing the condensed interim consolidated financial statements. Please see Note 3 to the condensed interim consolidated financial statements 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 the Plaza website at www.plaza.ca.

PROPERTIES OF THE TRUST

A chart listing the Trust's properties at September 30, 2014 can be accessed on the Plaza website www.plaza.ca.

Plaza Retail REIT

Condensed Interim Consolidated Statements of Financial Position (unaudited)

(in thousands of Canadian dollars)

	September 30, 2014	December 31, 2013
Assets		
Non-Current Assets		
Investment properties (Note 4)	**$ 881,825**	$ 900,165
Investments	**30,472**	29,678
Tenant loans	**2,387**	2,351
Deferred income tax asset (Note 1)	**1,273**	1,492
	915,957	933,686
Current Assets		
Cash	**4,356**	25,280
Receivables	**6,130**	3,271
Prepaid expenses and deposits	**8,099**	4,449
Income taxes receivable	**1,027**	1,059
Notes receivable	**5,191**	8,096
Investment properties held for sale (Note 4)	**5,053**	-
	29,856	42,155
	$ 945,813	$ 975,841
Liabilities and Unitholders' Equity		
Non-Current Liabilities		
Debentures payable (Note 5)	**$ 65,755**	$ 82,432
Mortgage bonds payable (Note 6)	**5,007**	2,069
Mortgages payable (Note 7)	**347,413**	366,497
Deferred income tax liability (Note 1)	**3,204**	61,866
	421,379	512,864
Current Liabilities		
Bank indebtedness (Note 9)	**16,410**	-
Current portion of debentures payable (Note 5)	**-**	15,991
Current portion of mortgage bonds payable (Note 6)	**3,973**	8,852
Current portion of mortgages payable (Note 7)	**56,788**	52,703
Bridge facility (Note 8)	**29,889**	44,393
Accounts payable and accrued liabilities	**15,843**	12,478
Notes payable	**1,171**	919
	124,074	135,336
	545,453	648,200
Unitholders'/shareholders' equity	**388,249**	316,202
Non-controlling interests	**12,111**	11,439
	400,360	327,641
	$ 945,813	$ 975,841

Subsequent events – see Note 13.

Barbara Trenholm, Trustee

Earl Brewer, Trustee

The notes on pages 33 to 44 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 September 30, 2014**	3 Months Ended September 30, 2013	**9 Months Ended September 30, 2014**	9 Months Ended September 30, 2013
Revenues	**$ 23,158**	$ 23,429	**$ 69,928**	$ 58,677
Operating expenses	**(7,784)**	(7,873)	**(24,804)**	(21,969)
Net property operating income	**15,374**	15,556	**45,124**	36,708
Share of profit of associates	**690**	158	**514**	1,688
Administrative expenses	**(2,074)**	(2,049)	**(6,909)**	(5,686)
Transaction related costs on acquisition of KEYreit	**-**	-	**-**	(9,061)
Investment income	**61**	48	**381**	110
Other income	**1,013**	510	**1,786**	1,312
Income before finance costs, fair value adjustments and income taxes	**15,064**	14,223	**40,896**	25,071
Finance costs	**(6,349)**	(8,439)	**(20,342)**	(18,454)
Finance costs - net gain (loss) from fair value adjustments to convertible debentures	**310**	(506)	**(775)**	1,362
Net gain (loss) from fair value adjustments to investment properties (Note 4)	**716**	(1,561)	**(8,149)**	(6,012)
Profit before income tax	**9,741**	3,717	**11,630**	1,967
Income tax recovery (expense)				
- Current	**(36)**	194	**(269)**	564
- Deferred (Note 1)	**201**	(2,203)	**59,836**	(4,221)
	165	(2,009)	**59,567**	(3,657)
Profit (loss) and total comprehensive income (loss) for the period	**$ 9,906**	$ 1,708	**$ 71,197**	$ (1,690)
Profit (loss) and total comprehensive income (loss) for the period attributable to:				
- Unitholders/shareholders	**$ 9,521**	$ 1,445	**$ 70,258**	$ (2,387)
- Non-controlling interests	**385**	263	**939**	697
	$ 9,906	$ 1,708	**$ 71,197**	$ (1,690)

The notes on pages 33 to 44 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 10)	Shares (Note 10)	Retained Earnings	Total Attributable to Shareholders/ Unitholders	Non-Controlling Interests	Total Equity
Balance as at December 31, 2012	$ -	$ 107,159	$ 130,411	$ 237,570	$ 13,641	$ 251,211
Profit (loss) and total comprehensive income (loss) for the period	-	-	(2,387)	(2,387)	697	(1,690)
Transactions with shareholders, recorded directly in equity:						
- Contributions by shareholders	-	2,865	-	2,865	-	2,865
- Shares issued to purchase KEYreit	-	59,747	-	59,747	-	59,747
- Shares issued to terminate KEYreit's asset and property management agreements	-	4,000	-	4,000	-	4,000
- Dividends to shareholders	-	-	(11,612)	(11,612)	-	(11,612)
- Distributions to non-controlling interests and changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	-	(434)	(434)
Balance as at September 30, 2013	$ -	$ 173,771	$ 116,412	$ 290,183	$ 13,904	$ 304,087
Balance as at December 31, 2013	$ -	$ 213,400	$ 102,802	$ 316,202	$ 11,439	$ 327,641
REIT conversion, January 1, 2014 (Note 1)	212,007	(213,400)	-	(1,393)	-	(1,393)
Profit and total comprehensive income for the period	-	-	70,258	70,258	939	71,197
Transactions with unitholders, recorded directly in equity:						
- Contributions by unitholders	19,589	-	-	19,589	-	19,589
- Distributions to unitholders	-	-	(16,407)	(16,407)	-	(16,407)
- Distributions to non-controlling interests and changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	-	(267)	(267)
Balance as at September 30, 2014	$ 231,596	$ -	$ 156,653	$ 388,249	$ 12,111	$ 400,360

The notes on pages 33 to 44 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 September 30, 2014	3 Months Ended September 30, 2013	**9 Months Ended September 30, 2014**	9 Months Ended September 30, 2013
Cash obtained from (used for):				
Operating activities				
Profit (loss) and total comprehensive income (loss) for the period	**$ 9,906**	$ 1,708	**$ 71,197**	$ (1,690)
Interest expense	**7,234**	7,998	**21,170**	17,415
Items not affecting cash:				
Share of profit of associates	**(690)**	(158)	**(514)**	(1,688)
Amortization of finance charges included in interest expense	**242**	881	**1,838**	1,581
Net change in fair value of investment properties	**(716)**	1,561	**8,149**	6,012
Net change in fair value of convertible debentures	**(310)**	506	**775**	(1,362)
Amortization of loan revaluations included in interest expense	**(1,157)**	(440)	**(2,696)**	(542)
Shares issued as partial consideration for termination of KEYreit's and property management agreements	**-**	-	**-**	4,000
Current and deferred income taxes	**(165)**	2,009	**(59,567)**	3,657
Straight-line rent revenue	**90**	(172)	**162**	(563)
Interest paid	**(6,149)**	(7,109)	**(19,511)**	(16,485)
Income taxes received (paid)	**31**	(246)	**(235)**	(1,315)
Leasing commissions	**(115)**	(90)	**(200)**	(170)
Change in non-cash working capital (Note 11)	**(255)**	(87)	**(6,642)**	(7,792)
	7,946	6,361	**13,926**	1,058
Financing activities				
Issue (repayment) of notes payable	**372**	(28)	**252**	496
Distributions paid to unitholders/shareholders	**(5,542)**	(4,393)	**(16,407)**	(11,612)
Distribution reinvestment proceeds (Note 10)	**649**	816	**2,080**	1,144
Cash received on change in ownership structure of joint arrangement	**-**	-	**-**	553
Gross proceeds of bonds and debentures	**3,000**	9,000	**3,000**	13,000
Redemption of bonds and debentures	**(5,000)**	(10,263)	**(20,991)**	(10,263)
Finance charges incurred for bonds and debentures	**(101)**	(223)	**(101)**	(337)
Bridge facility proceeds	**30,000**	10,383	**30,000**	98,583
Finance charges incurred for bridge facility	**(116)**	(17)	**(116)**	(2,670)
Gross mortgage proceeds	**41,290**	10,188	**114,335**	17,658
Finance charges incurred from mortgage placement	**(211)**	(166)	**(1,247)**	(296)
Loan defeasance expenses paid	**(426)**	-	**(458)**	-
Mortgages repaid	**(68,918)**	-	**(119,268)**	(21,693)
Bridge facility repayments	**-**	(2,080)	**(45,388)**	(2,080)
Periodic mortgage principal repayments	**(2,267)**	(2,326)	**(6,755)**	(4,779)
	(7,270)	10,891	**(61,064)**	77,704
Investing activities				
Acquisitions, developments and redevelopments	**(13,753)**	(17,713)	**(27,845)**	(29,064)
Proceeds from disposal of property and land (Note 4)	**15,877**	1,999	**36,330**	1,999
Bonds purchased/redeemed for mortgage defeasances and other investments	**497**	(156)	**(1,122)**	(312)
Acquisition of KEYreit, net of cash acquired	**-**	-	**-**	(61,203)
Equity accounted investments – net distributions	**284**	254	**843**	5,725
Contributions paid by subsidiaries to non-controlling interests	**(89)**	(90)	**(267)**	(434)
Increase in deposits for acquisitions and financings	**(1,994)**	(595)	**(1,004)**	(1,063)
Decrease (increase) in notes receivable	**(1,317)**	(1,206)	**2,905**	(1,735)
Repayment of tenant loans	**50**	64	**546**	248
Funding of tenant loans	**-**	(5)	**(582)**	(2,033)
	(445)	(17,448)	**9,804**	(87,872)
Net increase (decrease) in cash	**231**	(196)	**(37,334)**	(9,110)
Cash less bank indebtedness, beginning of the period	**(12,285)**	(9,661)	**25,280**	(747)
Cash less bank indebtedness, end of the period	**$ (12,054)**	$ (9,857)	**$ (12,054)**	$ (9,857)

The notes on pages 33 to 44 are an integral part of these condensed interim consolidated financial statements.

(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.

REIT Conversion

Effective January 1, 2014, Plazacorp Retail Properties Ltd. (the "Company") completed its plan of arrangement to convert into a real estate investment trust (Plaza Retail REIT). Approval was granted by the Toronto Stock Exchange and on January 8, 2014 the Trust's units began trading under the symbol "PLZ.UN". Under the reorganization, shareholders of the Company received one trust unit of the Trust for each common share of the Company held. Consequently, any references to common shares, shareholders and per share amounts relate to periods prior to the conversion on January 1, 2014 and any references to trust units, unitholders and per unit amounts relate to periods subsequent to January 1, 2014.

In conjunction with the conversion, the Trust has moved from a quarterly dividend to a monthly distribution. Since the Trust is the continuation of the Company, the prior year comparatives included in these condensed interim consolidated financial statements are those of the Company. The Trust is a flow-through vehicle, therefore only deferred taxes of the Trust's corporate subsidiaries are recorded. The impact of the change in the tax status as a result of the conversion has been recorded as a deferred tax recovery in the current period, except for the tax effect related to amounts recorded in equity, which are credited directly to equity in accordance with SIC-25, "Income taxes – changes in the tax status of an entity or its shareholders".

The reconciliation of the deferred income tax recovery (expense) for the period is as follows:

Recovery from derecognition on conversion	$ 59,743
Recovery for current period results	93
Net deferred tax recovery for the current period	$ 59,836

The reconciliation of the net deferred income tax liability as at September 30, 2014 is as follows:

Net deferred income tax liability as at December 31, 2013	$ 60,374
Adjustment to equity on derecognition	1,393
Adjustment to income on derecognition	(59,743)
Recovery for current period results	(93)
Net deferred tax liability as at September 30, 2014	$ 1,931
Deferred income tax asset	$ (1,273)
Deferred income tax liability	3,204
Net deferred tax liability as at September 30, 2014	$ 1,931

2. Basis of Preparation

(a) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim financial reporting" on a basis consistent with the accounting policies disclosed in Note 3 of the December 31, 2013 consolidated financial statements of the Company.

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 2013 annual financial statements of the Company.

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 November 7, 2014.

(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; and
- Investment property included in investments 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 valuators. 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.

3. Summary of Significant Accounting Policies

The Trust's accounting policies are included in the December 31, 2013 consolidated financial statements of the Company. These policies have been applied consistently to all periods presented in these condensed interim consolidated financial statements.

(a) General and Consolidation

The condensed interim consolidated financial statements comprise the financial statements of the Trust and the entities that it controls. Entities subject to joint arrangements characterized as joint ventures are accounted for using the equity method. Entities subject to joint arrangements characterized as joint operations are accounted for using proportionate consolidation. Entities subject to significant influence are accounted for using the equity method. Entities over which the Trust does not exercise significant influence are accounted for using the cost method, where the fair value cannot be reliably measured. The financial statements of the consolidated and equity accounted entities are prepared for the same reporting period as the Trust, using consistent accounting policies.

All intra-group balances, transactions, income and expenses resulting from intra-group transactions are eliminated in full.

(b) Changes in Accounting Policies

(i) Offsetting financial assets and liabilities

The International Accounting Standards Board ("IASB") has issued amendments to IAS 32, "Offsetting financial assets and liabilities". The amendments clarify an entity's legally enforceable right to offset financial assets and liabilities. The amendments became effective on January 1, 2014. The adoption of the new standard did not have an impact on the Trust's financial statements.

(ii) Recoverable amount disclosures for non-financial assets

The IASB has issued amendments to IAS 36, "Impairment of assets". The amendments require recoverable amounts to be disclosed only when an impairment loss has been recognized or reversed. The amendments became effective January 1, 2014. The Trust's financial statements reflect the required disclosures.

(iii) Levies

The IASB has issued IFRIC 21, "Levies". The IFRIC addresses accounting for a liability to pay a levy within the scope of IAS 37, "Provisions, contingent liabilities and contingent assets". A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation, other than income taxes within the scope of IAS 12, "Income taxes", and fines or other penalties imposed for breaches of the legislation. This IFRIC became effective January 1, 2014, and is to be applied retrospectively. The adoption of the new standard did not have an impact on the Trust's financial statements.

(c) Future Changes in Accounting Policies

(i) Financial Instruments

The IASB has issued a new standard, IFRS 9 (2013), "Financial instruments", which will ultimately replace IAS 39, "Financial instruments – recognition and measurement" and augments the previously issued IFRS 9 (2010). The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables. The IASB had tentatively decided to require an entity to apply IFRS 9 for annual periods beginning on or after January 1, 2018. The Trust is currently evaluating the impact of this new standard and has not applied this standard in preparing these condensed interim consolidated financial statements.

(ii) Revenue from Contracts with Customers

On May 28, 2014 the IASB issued IFRS 15, "Revenue from Contracts with Customers". The new standard is effective for fiscal years ending on or after December 31, 2017 and is available for early adoption.

IFRS 15 will replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers, and SIC 31 Revenue – Barter Transactions Involving Advertising Services. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized

The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. The Trust intends to adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2017. The extent of the impact of adoption of the standard has not yet been determined.

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

4. Investment Properties

	September 30, 2014	December 31, 2013
Balance, beginning of period:	**$ 900,165**	$ 531,764
Additions (deductions):		
Additions to investment properties	**23,002**	21,778
Additions – acquisitions of investment properties or land	**8,352**	14,966
Additions – the Village Shopping Centre	**-**	28,933
Additions – KEYreit	**-**	343,868
Disposals	**(36,330)**	(18,028)
Investment properties held for sale (Note 4*(g)*)	**(5,053)**	-
Straight line rent receivable change	**(162)**	963
Fair value adjustment	**(8,149)**	(24,079)
Balance, end of period:	**$ 881,825**	$ 900,165

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, the fair value of various investment properties are based on these external appraisals. Of the total fair value in the chart above, $63.6 million of investment properties were based on such external appraisals (December 31, 2013 - $11.9 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 September 30, 2014 the Trust has utilized the following range of capitalization rates:

	Number of Properties(1)	**Weighted average capitalization rates**	**Primary Market**	**Secondary Market**
Freestanding	42	6.50%	5.75% - 8.25%	6.00% - 9.00%
Quick Service Restaurant	156	7.02%	5.75% - 9.00%	6.25% - 11.00%
Mini Box	21	6.75%	6.00% - 7.25%	6.75% - 9.00%
Anchored Strip – Class A	16	7.01%	6.00% - 8.25%	6.00% - 9.00%
Anchored Strip – Class B	23	7.07%	6.25% - 8.50%	7.00% - 10.00%
Unanchored Strip	35	8.03%	6.25% - 9.00%	6.25% - 10.00%
Enclosed Malls – Community	4	7.96%	7.50% - 9.50%	8.00% - 11.00%
	297	7.13%		

(1) Excludes properties under development not recorded at fair value and non-consolidated trusts and partnerships.

Freestanding - defined as a freestanding retail, non-restaurant use such as a pharmacy or equivalent national box retailer greater than 15,000 square feet. May include nominal additional gross leasable area ("GLA") if the additional GLA is 15% or less than the total GLA or gross revenue.

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

Quick Service Restaurant – defined as freestanding retail space for food. May include nominal additional GLA.
Mini Box – defined as a freestanding retail, non-restaurant use, such as a pharmacy or bank, with less than 15,000 square feet.

Anchored Strip – Class A - defined as a food or equivalent-anchored retail strip, 20,000-125,000 square feet and where the anchor tenant 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 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 September 30, 2014 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 $32.7 million. An increase of 0.25% in the capitalization rates used would have resulted in a decrease in investment properties of approximately $30.8 million.

As at December 31, 2013 the Trust utilized the following range of capitalization rates:

	Number of Properties(1)	Weighted average capitalization rates	Primary Market	Secondary Market
Freestanding	42	6.46%	5.00% - 9.00%	6.00% - 11.00%
Quick Service Restaurant	173	6.80%	5.75% - 8.50%	6.00% - 9.00%
Mini Box	21	6.61%	6.00% - 7.25%	6.50% - 9.00%
Anchored Strip – Class A	17	6.95%	6.00% - 8.25%	6.00% - 9.00%
Anchored Strip – Class B	21	7.10%	6.25% - 8.50%	6.50% - 9.50%
Unanchored Strip	33	7.93%	6.25% - 9.00%	6.50% - 10.00%
Enclosed Malls – Community	5	8.07%	7.50% - 9.50%	8.00% - 11.00%
	312	7.08%		

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

(a) Straight-line Rent

Included in investment properties as at September 30, 2014 is $11.8 million (December 31, 2013 - $11.9 million) of straight line rents receivable arising from the recognition of rental revenue on a straight line basis over the lease terms in accordance with IAS 17, "Leases".

(b) Surplus Land

Included in investment properties as at September 30, 2014 is $675 thousand of surplus lands at fair value (December 31, 2013 - $1.2 million).

(c) Properties Under Development

Included in investment properties as at September 30, 2014 is $52.7 million of properties under development/redevelopment (December 31, 2013 - $44.8 million), of which $7.1 million are recorded at cost as fair value was not determinable (December 31, 2013 - $10.0 million).

(d) Borrowing Costs

The total amount of borrowing costs capitalized for the nine months ended September 30, 2014 is $261 thousand (for the nine months ended September 30, 2013 - $408 thousand).

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

(e) Acquisitions

During the nine months ended September 30, 2014, the Trust acquired land for development in Timmins, ON for $1.1 million, of which the Trust owns an 80% interest. The Trust purchased a vacant property in Fredericton, NB for $1.5 million for redevelopment, land in Fredericton, NB for $2.8 million, and land in Sydney, NS for $812 thousand. The two parcels of land which were purchased had been leased previously under land lease agreements. The Trust also purchased an income producing property in Coaticook, QC for $2.1 million.

(f) Disposals

During the nine months ended September 30, 2014, the Trust disposed of surplus land in Sussex, NB for net proceeds of $140 thousand and land in Dartmouth, NS for net proceeds of $377 thousand. The Trust sold income producing properties for net proceeds of $35.8 million in Vancouver, BC, Okotoks, AB, Lloydminister, AB, Liverpool, NS, Sudbury, ON, Toronto, ON, Brantford, ON, Chatham, ON, Cobourg, ON, London, ON, Oshawa, ON, Peterborough, ON, Carleton Place, ON, Levis, QC, Ste. Hyacinthe, QC and Montreal, QC.

(g) Investment Properties Held For Sale

The Trust has segregated investment properties held for sale for six properties located in Magog, QC, Hawkesbury, ON, Ottawa, ON, Pembroke, ON, Sudbury, ON and Windsor, ON.

5. Debentures Payable

Debentures payable consist of the following:

	Maturity Date	**Interest Rate**	**September 30, 2014**	December 31, 2013
Convertible[1]				
Series A	December 31, 2014	7.75%	**$ -**	$ 15,991
Series B	December 31, 2016	8.00%	**9,351**	9,681
Series C	December 31, 2017	7.00%	**17,429**	17,429
Series D	December 31, 2018	5.75%	**35,020**	33,915
Series VI	March 31, 2015	7.50%	**-**	17,497
Total convertible debentures			**61,800**	94,513
Non-convertible[2] [3]	Various (see below)	5.00%	**3,955**	3,910
Total debentures			**65,755**	98,423
Less: debentures – current portion			**-**	(15,991)
Total debentures – long-term portion			**$ 65,755**	$ 82,432

(1) Recorded at fair value
(2) Recorded at amortized cost
(3) Net of unamortized finance charges of $45 thousand

Convertible and non-convertible debentures are subordinate and unsecured.

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

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.
The $16.0 million of Series A debentures were redeemed for cash on January 7, 2014.

On February 11, 2014, the Trust issued a redemption notice to Series VI convertible debenture holders. All of the holders of the remaining $15.2 million of debentures exercised their option to convert to 4.0 million units.

6. Mortgage Bonds Payable

Mortgage bonds payable are secured by the following properties:

					September 30, 2014	December 31, 2013
	Series V	**Series VI**	**Series VII**	**Series IX**	**Total**	Total
Boulevard Hebert Plaza, Edmundston, NB, 1st mortgage	$ 1,185	$ -	$ -	$ -	**$ 1,185**	$ 1,185
Fairville Boulevard (ANBL), Saint John, NB, 1st mortgage	-	900	-	-	**900**	900
Lansdowne redevelopment lands, Saint John, NB, 1st mortgage	-	-	4,000	-	**4,000**	4,000
Nashwaaksis Plaza, Fredericton, NB, 1st mortgage	-	-	-	-	**-**	5,000
Various properties, 1st mortgage	-	-	-	3,000	**3,000**	-
Gross mortgage bonds payable	1,185	900	4,000	3,000	**9,085**	11,085
Less: unamortized finance charges					**(105)**	(164)
Less: current portion of mortgage bonds payable					**(3,973)**	(8,852)
Net mortgage bonds payable – long-term portion					**$ 5,007**	$ 2,069

	Series V	**Series VI**	**Series VII**	**Series IX**
Interest Rate	8.0%	5.25%	6.00%	5.50%
Maturity Date	June 4, 2016	February 24, 2016	August 15, 2015	July 15, 2017
Amount	$1,185	$900	$4,000	$3,000

The Trust has no right to redeem any of the mortgage bonds prior to their maturity date.

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

7. Mortgages Payable

	Interest Rate Range	Weighted Average Effective Interest Rate	Maturity Dates	September 30, 2014	December 31, 2013
Fixed rate loans:	3.66% - 7.29%	5.22%	Up to May 2034	**$ 398,283**	$ 392,818
Revaluation of loans upon acquisition of KEYreit, net of amortization of $3,545				**2,489**	5,185
Less: unamortized finance charges				**(3,023)**	(2,456)
Total net fixed rate loans				**397,749**	395,547
Variable rate loans:					
- $20 million development facility	Prime plus 1.00% or BA plus 2.75%		July 31, 2015	**-**	12,261
- $15 million development facility	Prime plus 1.00% or BA plus 2.25%		July 31, 2015	**5,000**	7,007
- $7.0 million secured construction loan	Prime plus 1.25%		June 22, 2017	**1,583**	2,574
- $1.645 million secured construction loan	Prime plus 1.25%		Discharged	**-**	823
- $1.25 million secured construction loan	Prime plus 1.25%		Discharged	**-**	625
- $0.9 million secured construction loan	Prime plus 1.25%		Discharged	**-**	447
Less: unamortized finance charges				**(131)**	(84)
Total net variable rate loans				**6,452**	23,653
Net mortgages payable				**404,201**	419,200
Less: mortgages payable – current portion				**(56,788)**	(52,703)
Total mortgages payable – long-term portion				**$ 347,413**	$ 366,497

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%. At September 30, 2014 there is $30 million available on these development facilities (December 31, 2013 - $15.7 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 September 30, 2014 the Trust is in compliance with all covenants.

8. 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 is extendible for six months at the Trust's request and with the lender's consent. Prepayment of the facility may be made in whole or in part at any time without penalty. Interest is payable at prime plus 1.0% or BAs plus 2.25%.

The Trust must maintain certain financial ratios to comply with this facility. As of September 30, 2014 the Trust is in compliance with all applicable covenants.

The Trust had another one-year secured bridge credit facility with a Canadian chartered bank which was repaid in full on May 7, 2014. That bridge facility was originally entered into in order to fund the acquisition of KEYreit and related costs.

	Maturity Date	September 30, 2014	December 31, 2013
$30 million bridge facility	September 11, 2015	**$ 30,000**	$ -
$122.5 million bridge facility	May 17, 2014	**-**	45,388
Less: unamortized finance charges		**(111)**	(995)
Total bridge facility		**$ 29,889**	$ 44,393

9. Bank Indebtedness

The Trust has a $30.0 million (December 31, 2013 - $21.5 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 amount available to be drawn fluctuates depending on the specific assets pledged as security. Based on the assets pledged at September 30, 2014, the available limit was $30 million. At September 30, 2014, $16.4 million (December 31, 2013 – nil) was drawn on the facility and therefore the maximum amount available to be drawn on the facility was $13.6 million (December 31, 2013 – $20.7 million), net of letters of credit outstanding of $20 thousand (December 31, 2013 - $137 thousand). As security, at September 30, 2014, the Trust has provided a $50 million demand debenture secured by a first mortgage over twenty one properties.

10. 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 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

	September 30, 2014			December 31, 2013	
	Trust Units (000s)	**Shares (000s)**	**Amount**	Shares (000s)	Amount
Shares outstanding, beginning of the period	**-**	**87,928**	**$ 213,400**	63,980	$ 107,159
Issuance of units/shares:					
REIT conversion, January 1, 2014 (see Note 1)	**87,928**	**(87,928)**	**(1,393)**	-	-
Shares issued for the acquisition of KEYreit	**-**	**-**	**-**	12,893	59,747
Shares issued to terminate KEYreit's asset and property management agreements	**-**	**-**	**-**	825	4,000
Shares issued through bought deal equity raise, net of issuance costs	**-**	**-**	**-**	9,400	38,898
Units/shares issued through distribution reinvestment plan	**533**	**-**	**2,080**	411	1,707
Units/shares issued through RSU plan	**3**	**-**	**12**	29	-
Units/shares issued through debt conversions (Note 5)					
- face value debentures	**4,004**	**-**	**15,214**	390	1,481
- impact of fair value of convertible debentures	**-**	**-**	**2,283**	-	408
Units/shares outstanding, end of the period	**92,468**	**-**	**$ 231,596**	87,928	$ 213,400

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

On January 1, 2014, as part of the conversion to a real estate investment trust, shareholders of the Company exchanged 87,928,000 common shares for 87,928,000 units of the Trust (see Note 1).

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 nine months ended September 30, 2014 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 closing price of the units 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 nine months ended September 30, 2014, unitholders were issued 533 thousand units at a weighted average price of $3.90 per unit (for the year ended December 31, 2013 – 411 thousand shares at a weighted average price of $4.16 per share).

11. Change in Non-Cash Working Capital

	3 Months Ended September 30, 2014	3 Months Ended September 30, 2013	**9 Months Ended September 30, 2014**	9 Months Ended September 30, 2013
Receivables	**$ (1,565)**	$ (492)	**$ (2,863)**	$ (494)
Prepaid expenses and mortgage deposits	**1,587**	2,463	**(2,646)**	(435)
Accounts payable and accrued liabilities	**(277)**	(2,058)	**(1,133)**	(6,863)
Total cash from change in non-cash working capital	**$ (255)**	$ (87)	**$ (6,642)**	$ (7,792)

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

12. 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 balance sheet items recorded at fair value and disclosed in the notes to financial statements.

	September 30, 2014			December 31, 2013		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Investment properties	**$ -**	**$ -**	**$ 881,825**	$ -	$ -	$ 900,165
Investment properties held for sale	**-**	**-**	**5,053**	-	-	-
Cash	**-**	**4,356**	**-**	-	25,280	-
Receivables	**-**	**6,130**	**-**	-	3,271	-
Notes receivable	**-**	**5,191**	**-**	-	8,096	-
Tenant loans	**-**	**2,387**	**-**	-	2,351	-
	$ -	**$ 18,064**	**$ 886,878**	$ -	$ 38,998	$ 900,165
Bank indebtedness	**$ -**	**$ 16,410**	**$ -**	$ -	$ -	$ -
Accounts payable and accrued liabilities	**-**	**15,843**	**-**	-	12,478	-
Total net fixed rate mortgage loans	**-**	**415,652**	**-**	-	399,567	-
Total net variable rate mortgage loans	**-**	**6,583**	**-**	-	23,653	-
Non-convertible debentures	**-**	**4,000**	**-**	-	3,910	-
Mortgage bonds payable	**-**	**9,230**	**-**	-	11,241	-
Notes payable	**-**	**1,171**	**-**	-	919	-
Bridge facility	**-**	**30,000**	**-**	-	44,393	-
Series A, B, C & D convertible debentures	**61,800**	**-**	**-**	77,016	-	-
Series VI convertible debentures	**-**	**-**	**-**	-	17,497	-
	$ 61,800	**$ 498,889**	**$ -**	$ 77,016	$ 513,658	$ -

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.

In the prior year, the fair value of the Series VI convertible debentures payable was determined by using an industry standard pricing model which used the Company's share price, share volatility and yields on Government of Canada bonds.

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.

There were no changes to the Trust's approach to capital management for the nine months ended September 30, 2014.

13. Subsequent Events

Distribution and Distribution Reinvestment Plan

The Trust paid a cash distribution of $0.02 per unit for a total of $1.76 million on October 15, 2014 and 24 thousand units were issued at a purchase price of $3.78 per unit for a total of $88 thousand under the Distribution Reinvestment Plan.

Financings

In October 2014, the Trust defeased a mortgage on a property located in Sydney, NS and obtained new long term financing in the amount of $1.9 million with a 5 year term and an interest rate of 3.53%.

Investment Properties

In October 2014, the Trust sold properties in Roberval, QC, Magog, QC, Hawkesbury, ON, Ottawa, ON, Pembroke, ON, Sudbury, ON and Windsor, ON for gross proceeds of $5.2 million.

Subsequent to quarter end, conditions have been waived by the purchasers for the sale of three properties. Two are located in Toronto, ON and one is located in Longueuil, QC. These sales are expected to close at various points over the next six months. Total gross proceeds for these sales is $5.7 million.

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