



ANNUAL REPORT

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

**CONSOLIDATED FINANCIAL STATEMENTS
(AUDITED; IN CANADIAN DOLLARS)**

DECEMBER 31, 2023

DATED: FEBRUARY 26, 2024

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PRESIDENT'S MESSAGE

Fellow Unitholders:

At this time every year, we have the opportunity to look back and reflect on events and how they have had an impact on our business. 2023 was filled with headlines that had a tremendous impact on the real estate industry, such as geo-political crises, inflationary pressures and interest rate expansion. Despite all this, Plaza experienced many achievements and we have once again showcased our resilience by developing and maintaining a high-quality portfolio of essential needs retailers who target non-discretionary spending.

We completed 626,000 square feet of development projects, and significantly advanced a number of other developments. We were also very active leasing existing space and creating new space in our existing properties. This came at a higher cost than usual due to inflationary pricing, but we are slowly putting those pressures behind us. We experienced significant leasing spreads on our renewals and remain near record occupancy rates.

Market sentiment has shifted back toward retail over the last few years and, looking forward, we are very optimistic. Tenant demand is robust, and the geographic positioning of our asset mix is an advantage. The markets in which we operate have seen significant population growth and incremental demand from consumers translates to better performance for our tenants in markets where retail supply is limited. This has a direct impact on rental rates.

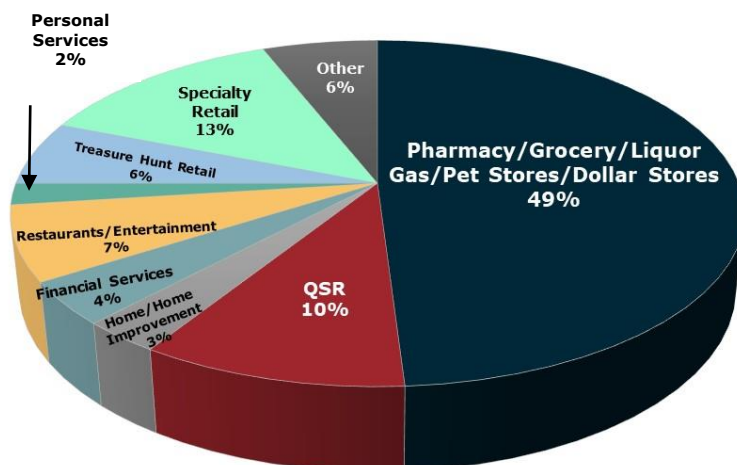
As Plaza's focus has always been retail – we know it very well. With most retail REITS having pivoted into other sectors, especially residential and industrial, we remain focused on being a best-in-class developer and owner of retail properties. We are the only publicly traded REIT offering investors access to pure-play essential needs, value and convenience retail development.

We recently participated in a retail trade show where we met with approximately 50 national retailers, all hoping to expand and open new locations. Our relationships with these national retailers have and always will be key to our success and will help build our development pipeline. Our reputation in the industry for delivering successful retail projects within an increasingly complex and costly regulatory environment, coupled with fewer pure-play retail developers operating in our geographies, has resulted in significant barriers to entry for new entrants.

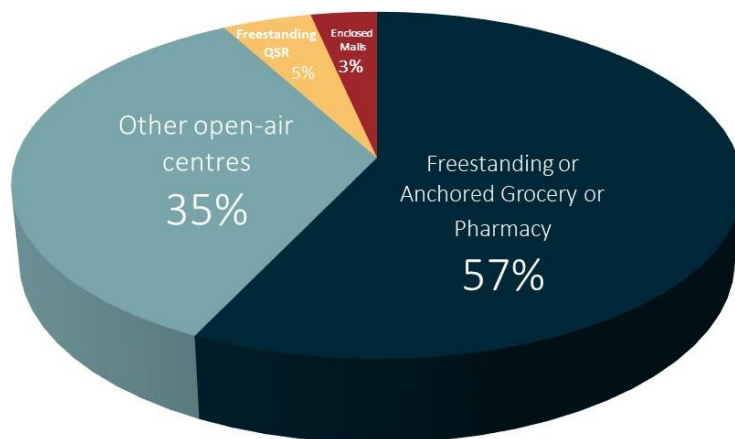
We completed a \$47 million disposition program in 2023 and plan to continue to sell non-core assets in 2024 – demand remains strong. The net effect of our capital recycling program is that we have increased the average size of our properties, reduced the average age of our assets, and improved the overall quality of the portfolio. We also raised \$40 million of equity, our first equity issue since 2016, which allowed us to de-lever and strengthen our balance sheet.

Term debt continues to be readily available for a borrower of Plaza's quality and for our type of retail assets. Rates for our term debt have stabilized, and we anticipate they will trend down over the course of 2024.

REVENUE BY RETAIL CATEGORY (based on base rents)



VALUE BY PROPERTY TYPE⁽¹⁾

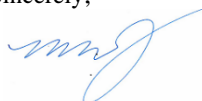


(1) Excluding non-consolidated entities

I would like to thank the Plaza team for their continued dedication. Our colleagues remain vital to our success and allow us to thrive and lever our platform for the benefit of all our stakeholders. Their talent has allowed us to execute a wide variety of essential needs retail projects in the markets we target. Because of this, we are the developer of choice for many retailers.

To all our stakeholders, including our unitholders, thank you for your continued support.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Michael Zakuta', with a stylized flourish at the end.

Michael Zakuta
President and CEO

PART I

BASIS OF PRESENTATION

Financial information included in this Management's Discussion and Analysis ("MD&A") includes information up to February 23, 2024. The financial statements to which this MD&A relates were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Unless the context indicates otherwise, references to "Plaza", the "Trust", "we", "us" and "our" in this MD&A refer to Plaza Retail REIT and its consolidated operations. This MD&A should be read in conjunction with the Trust's consolidated financial statements and the notes thereto for the years ended December 31, 2023 and 2022. Historical results, including trends which might appear, should not, however, be taken as indicative of future operations, performance or results.

This MD&A has been reviewed and approved by management of the Trust and by the board of trustees (the "Board").

NON-GAAP FINANCIAL MEASURES

In addition to using financial measures determined in accordance with IFRS Accounting Standards, Plaza also measures performance using certain additional non-GAAP financial measures and reports on these measures in this MD&A so that investors may do the same, including: funds from operations ("FFO"); adjusted funds from operations ("AFFO"); earnings before interest, taxes, depreciation and amortization ("EBITDA"); same-asset net property operating income ("same-asset NOI"); and net property operating income ("NOI"). These measures are widely used in the Canadian real estate industry and Plaza believes they provide useful information for both management and investors in measuring the financial performance and financial condition of the Trust. These financial measures do not have any standardized definitions prescribed by IFRS Accounting Standards and, therefore, may not be comparable to similar titled measures reported by other real estate investment trusts or entities. Please refer to Part VII of this MD&A under the heading "Explanation of Non-GAAP Measures" for definitions of these financial measures and where to find reconciliations thereof.

FORWARD-LOOKING DISCLAIMER

Certain information in this MD&A contains forward-looking statements that reflect Plaza's current estimates, beliefs and assumptions, which are based on management's perception of historic trends, current conditions and future expectations, as well as other factors it believes are appropriate in the circumstances. Forward-looking statements are subject to numerous known and unknown risks and uncertainties, including those described under the heading "Risks and Uncertainties" in Part V of this MD&A and under the heading "Risk Factors" in the Trust's Annual Information Form ("AIF") for the year ended December 31, 2022. This may cause the actual results, performance and achievements of the Trust to differ materially from future results, performance or achievements expressed, implied or projected by such forward-looking statements. Without limiting the foregoing, the words "believe", "expect", "continue", "anticipate", "could", "may", "intend", "will", "estimate", "goal", "strive", "plan" and variations of such words and similar expressions identify forward-looking statements. Forward-looking statements (which involve significant risks and uncertainties and should not be read as guarantees of future performance or results) include, but are not limited to, statements related to the Trust's future growth potential, prospects and opportunities, distributions, development activities, leasing expectations, financing and the availability of financing sources. Factors that could cause actual results, performance or achievements to differ from those expressed or implied by forward-looking statements include, but are not limited to: changes in economic, retail, capital market, or debt market conditions, including recessions and changes in interest rates and the rate of inflation; supply chain constraints; competitive real estate conditions; Plaza's ability to lease or re-lease space at current or anticipated rents; changes in operating costs; the availability of development and redevelopment opportunities for growth; demographic changes, including shifting consumer preferences, and changes in consumer behaviours which may result in a decrease in demand for physical space by retail tenants; tenant insolvencies or bankruptcies; and government regulations. This is not an exhaustive list of the factors that may affect Plaza's forward-looking statements. Other risks and uncertainties not presently known to Plaza, including any unforeseen impacts from new or renewed pandemic conditions, could also cause actual results or events to differ materially from those expressed in forward-looking statements. Management believes that the estimates, beliefs and assumptions reflected in its forward-looking statements are reasonable, however, management can give no assurance that actual results, performance or achievements will be consistent with these forward-looking statements.

Forward-looking statements in this MD&A are made as of February 23, 2024 and Plaza assumes no obligation to update or revise them to reflect new events or circumstances, except as required by applicable law.

OVERVIEW OF THE BUSINESS

Headquartered in Fredericton, New Brunswick, Plaza is an unincorporated, open-ended real estate investment trust (a “REIT”) established pursuant to a declaration of trust dated as of November 1, 2013, amended as of March 26, 2020 (collectively the “Declaration of Trust”). Plaza is the successor to Plazacorp Retail Properties Ltd. (“Plazacorp”), which began operations in February 1999. Plaza trades on the Toronto Stock Exchange (“TSX”) under the symbol “PLZ.UN”.

Plaza is a developer, owner and manager of retail real estate located primarily in Ontario, Quebec and Atlantic Canada. It has more than a twenty-four year history of accretive acquisitions, redevelopments and developments which have added high-quality real estate to Plaza’s portfolio and contributed to growth in net asset value (“NAV”) and FFO per unit. Some of the key attributes of Plaza’s business model are:

- Plaza conducts its business in a manner to maximize NAV and FFO growth per unit and, accordingly, unitholder value;
- Plaza’s entrepreneurial abilities allow it to adapt to changing market conditions;
- Plaza has developed strong relationships with leading retailers;
- Plaza’s business is driven by value-add opportunities to develop and redevelop, for its own account, unenclosed retail real estate throughout Canada;
- Plaza strives to minimize the amount of short-term debt that it obtains, thereby locking in returns and minimizing financing risk;
- Plaza has a competitive advantage as a developer in Atlantic Canada and Quebec; and
- Plaza is fully internalized and able to develop, redevelop, lease, manage and finance retail properties in-house.

Summary of Properties

The Trust’s portfolio at December 31, 2023 includes interests in 232 properties totaling approximately 8.9 million square feet (which are predominantly occupied by national tenants), and additional lands held for development. These include properties indirectly held by Plaza through its subsidiaries and through joint arrangements.

	Number of Properties December 31, 2023⁽¹⁾	Gross Leasable Area (sq. ft.) December 31, 2023^{(1) (2)}	Number of Properties December 31, 2022⁽¹⁾	Gross Leasable Area (sq. ft.) December 31, 2022^{(1) (2)}
Alberta	2	34,238	2	34,238
Manitoba	1	17,018	1	17,018
Newfoundland and Labrador	12	839,250	12	829,274
New Brunswick	53	1,992,318	53	1,928,719
Nova Scotia	32	1,246,012	33	1,249,948
Ontario	50	1,836,800	56	1,836,389
Prince Edward Island	10	559,493	11	601,031
Quebec	72	2,386,185	83	2,344,231
Total	232	8,911,314	251	8,840,848

⁽¹⁾ Includes properties under development and non-consolidated investments.

⁽²⁾ At 100%, regardless of the Trust’s ownership interest in the properties.

BUSINESS ENVIRONMENT AND OUTLOOK

Plaza’s entrepreneurial culture and adaptability, combined with its strong fully-internalized platform, has allowed Plaza to take advantage of opportunities in the marketplace. Plaza has always been dedicated to growing the business and improving the quality of its portfolio through value-add developments and redevelopments, as well as opportunistic acquisitions. Its properties are primarily leased to national retailers with a focus on retailers in the essential needs, value and convenience market segments. These segments are generally more resilient and tend to withstand, and potentially outperform, broader economic conditions and provide stable cash flow.

Tenant demand for new space remains strong, particularly from grocers and other essential needs, value and convenience retailers. Although certain operating and construction costs, and timelines, continue to see pressure from labour shortages and inflation, the market is improving and stabilizing. Plaza will continue to take a measured approach to new development and redevelopment, while striving to complete projects that are sustainable and profitable.

Plaza Retail REIT

Government of Canada bond yields, although recently showing some compression, remain volatile. Higher interest rates, particularly for floating rate debt, have impacted REITs. Concerns about persistent inflation and higher interest rates have also impacted the capital markets, including REIT unit prices. We believe our conservative debt management philosophy – pursuant to which we have maintained a well-balanced debt maturity ladder, locked-in rates for longer terms, generally used small individual debt issuances and limited our exposure to the unsecured debt market – will continue to benefit the Trust and, among other things, help mitigate the impact of the current interest rate environment. Please see the discussion under “Risks and Uncertainties” in Part V for additional details.

On March 28, 2023, Plaza issued 8.548 million trust units on a bought deal-basis at a price of \$4.68 per unit, for gross proceeds of \$40 million. The proceeds were used to repay Plaza’s maturing Series E \$47.25 million convertible debentures on March 31, 2023. As a result of this repayment, Plaza’s debt to gross assets has decreased from 56% at December 31, 2022 to 53% at December 31, 2023. This de-levering of Plaza’s balance sheet has provided the Trust with added flexibility to continue with its substantial development pipeline.

DEVELOPMENT PIPELINE AND ACQUISITIONS/DISPOSITIONS

Development Pipeline

Plaza currently owns an interest in each of the following projects under development or redevelopment which, upon completion, are expected to be accretive to Plaza’s earnings and create value. These projects are under construction, development, or planning and are anticipated to be completed at various points over the next three years as indicated:

Properties under development/redevelopment	Square Footage ⁽¹⁾	Ownership	Occupied or Committed at December 31, 2023 ⁽⁴⁾	Anticipated Completion Date ⁽⁵⁾
In Planning/In Development:				
Open-Air Centre:				
The Shoppes at Galway, St. John’s, NL - Phase A ⁽²⁾⁽³⁾	108,000	50%	n/a	2-3 years
The Shoppes at Galway, St. John’s, NL - Phase B ⁽²⁾⁽³⁾	32,700	50%	n/a	1-2 years
The Shoppes at Galway, St. John’s, NL - Phase C-E ⁽²⁾⁽³⁾	87,000	50%	n/a	2-3 years
Fairville Boulevard, Saint John, NB - Phase III.2 ⁽³⁾	8,000	100%	n/a	1-2 years
Lansdowne Plaza, Saint John, NB – Phase II ⁽³⁾	2,000	100%	n/a	1-2 years
Mapleview Dr., Barrie, ON	59,000	50%	10%	1-2 years
Niagara Street Plaza, Welland, ON	94,000	50%	6%	1-2 years
Les Immeubles SBT Drummondville, QC – Phase II.2	10,000	50%	n/a	1-2 years
Dieppe Boulevard Plaza, Dieppe, NB – Phase II ⁽³⁾	19,000	100%	n/a	1-2 years
Expansion:				
Petitcodiac Plaza, Dieppe (Moncton), NB - Phase II.2 ⁽³⁾	10,000	100%	n/a	2-3 years
Quispamsis Town Centre, Quispamsis, NB ⁽³⁾	2,500	50%	n/a	1-2 years
Millidge Avenue PJC, Saint John, NB ⁽³⁾	4,000	100%	n/a	1-2 years
100 Saint-Jude Nord, Granby, QC – Phase II.2 ⁽²⁾⁽³⁾	4,000	10%	n/a	1-2 years
L’Axe, Chicoutimi, QC	8,000	37.5%	20%	2-3 years
Under Construction:				
Open-Air Centre:				
Dieppe Boulevard Plaza, Dieppe, NB – Phase I ⁽³⁾	62,000	100%	100%	Q2 2024
Gibson Boulevard Plaza, Stewiacke, NS ⁽³⁾	19,578	100%	100%	Q1 2024
Taunton Rd., Oshawa, ON ⁽³⁾	46,000	50%	100%	Q1 2024
Northern Avenue Plaza, Sault Ste. Marie, ON ⁽³⁾	8,360	50%	82%	Q1 2024
Timiskaming Plaza, New Liskeard, ON ⁽³⁾	48,500	50%	100%	Q1 2024
Les Immeubles SBT Drummondville, QC – Phase I ⁽³⁾	70,000	50%	100%	Q1 2024
Les Immeubles SBT Drummondville, QC – Phase II.1 ⁽³⁾	8,000	50%	33%	Q3 2024
Single Use:				
Beaubien St., Montreal, QC ⁽³⁾	10,000	100%	100%	Q1 2024
Total	720,638			

(1) Approximate square footage upon completion or to be added on expansion.

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

(3) This is an existing property being developed or redeveloped. Of the total development gross leasable area (also referred to as “GLA”) above, 344,280 square feet are included in the Trust’s GLA at December 31, 2023.

(4) Occupied or committed based on redeveloped square footage.

- (5) Certain projects have been delayed due to supply chain disruptions and labour shortages, which may continue to impact the anticipated completion dates as shown.

In addition to the properties under development or redevelopment noted above, at December 31, 2023, there is excess density at existing properties which would represent approximately 14 thousand additional square feet of gross leasable area, at Plaza's ownership percentage. There are also three land assemblies under purchase agreement at December 31, 2023 and subject to due diligence and/or other conditions. If completed, these land purchases will represent an additional 171 thousand square feet of retail space, at Plaza's ownership percentage.

The total estimated costs for the developments and redevelopments (noted in the chart on the previous page) are between \$132 million and \$137 million, of which approximately \$87 million has already been spent (all figures represent Plaza's ownership percentage). The unspent amount has not been fully or specifically budgeted or committed at this time. For the projects under construction, the remaining costs to complete are between \$9 million and \$10 million. The majority of unspent amounts for Plaza's development projects are funded by Plaza's existing development facilities or construction loans.

Acquisitions/Dispositions

During the year ended December 31, 2023, the Trust disposed of the following:

		Gross Proceeds Year Ended December 31, 2023
Properties Disposed (000s)	% Disposed	
Quick Service Restaurants, excess land and non-core assets	100%	\$ 26,727
Non-core asset in Brampton, ON	100%	15,725
Surplus land in Welland, ON		4,504
Total disposals		\$ 46,956

SUMMARY OF SELECTED ANNUAL INFORMATION

	12 Months Ended December 31, 2023 (000s, except as otherwise noted) (unaudited)	12 Months Ended December 31, 2022 (unaudited)	12 Months Ended December 31, 2021 (unaudited)	
Financial Amounts				
Revenues	\$ 114,064	\$ 111,245	\$ 110,632	
NOI ⁽¹⁾	\$ 70,354	\$ 70,581	\$ 71,779	
Same-asset NOI ⁽¹⁾	\$ 68,531	\$ 67,814	N/A ⁽³⁾	
FFO ⁽¹⁾	\$ 41,520	\$ 41,383	\$ 44,703	
AFFO ⁽¹⁾	\$ 31,933	\$ 33,186	\$ 37,478	
EBITDA ⁽¹⁾	\$ 69,729	\$ 69,723	\$ 72,521	
Profit and total comprehensive income	\$ 20,312	\$ 54,221	\$ 100,489	
Total assets	\$ 1,263,416	\$ 1,269,011	\$ 1,214,834	
Total non-current liabilities	\$ 515,747	\$ 558,081	\$ 572,925	
Total mortgages, mortgage bonds, notes payable, face value of convertible debentures, non-convertible debentures, bank credit facilities, and right-of-use land lease liabilities	\$ 673,240	\$ 708,697	\$ 677,967	
Weighted average units outstanding ⁽²⁾	109,485	103,001	102,986	
Normal course issuer bid – units repurchased	28	19	28	
Amounts on a Per Unit Basis				
FFO ⁽¹⁾	\$ 0.379	\$ 0.402	\$ 0.434	
AFFO ⁽¹⁾	\$ 0.292	\$ 0.322	\$ 0.364	
Distributions	\$ 0.280	\$ 0.280	\$ 0.280	
Financial Ratios				
Weighted average interest rate – fixed rate mortgages	4.10%	4.06%	3.87%	
Debt to gross assets (excluding right-of-use land leases) ⁽¹⁾	50.9%	53.6%	53.3%	
Debt to gross assets (including right-of-use land leases) ⁽¹⁾	53.4%	56.0%	55.8%	
Interest coverage ratio ⁽¹⁾	2.48x	2.50x	2.65x	
Debt coverage ratio ⁽¹⁾	1.69x	1.68x	1.81x	
Distributions as a % of FFO ⁽¹⁾⁽⁴⁾	74.2%	69.7%	64.5%	
Distributions as a % of AFFO ⁽¹⁾⁽⁴⁾	96.5%	86.9%	76.9%	
Leasing Information				
Square footage leased during the period (total portfolio)	1,256,892	1,447,389	1,342,400	
Same-asset committed occupancy ⁽⁵⁾	96.6%	97.4%	96.0%	
Committed occupancy – including non-consolidated investments ⁽⁶⁾	97.0%	97.5%	96.5%	
Mix of Tenancy Based on Base Rents⁽⁵⁾				
National	91.0%	90.3%	90.5%	
Regional	3.2%	3.7%	3.6%	
Local	3.9%	4.0%	4.1%	
Non retail	1.9%	2.0%	1.8%	
Other				
Average term to maturity - mortgages	4.7 Years	5.3 Years	5.5 Years	
Average term to maturity - leases ⁽⁵⁾	5.8 Years	5.9 Years	5.9 Years	
Overall capitalization rate ⁽⁷⁾	6.86%	6.73%	6.90%	
Property Type Breakdown	Number of Properties December 31, 2023	Square Footage (000s)	Number of Properties December 31, 2022	Square Footage (000s)
Open-Air Centres	113	6,844	117	6,746
Enclosed Malls	3	723	3	719
Single Use – Quick Service Restaurant	46	148	59	185
Single Use – Retail	70	1,196	72	1,191
Total	232	8,911	251	8,841

⁽¹⁾ This is a non-GAAP financial measure. Refer to the “Non-GAAP Financial Measures” in Part I and “Explanation of Non-GAAP Financial Measures” in Part VII of this MD&A for more information.

⁽²⁾ Includes Class B exchangeable limited partnership (“LP”) units.

⁽³⁾ Not applicable as the same-asset calculation relates to assets owned since January 1, 2022.

⁽⁴⁾ Includes distributions on Class B exchangeable LP units.

⁽⁵⁾ Excludes properties under development and non-consolidated trusts and partnerships.

⁽⁶⁾ Excludes properties under development.

⁽⁷⁾ Excludes non-consolidated trusts and partnerships.

PART II

STRATEGY

Plaza's principal goal is to deliver long-term growth in per-unit NAV and FFO from a diversified portfolio of sustainable retail properties, with a focus on essential needs, convenience and value retail.

The Trust strives to:

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

The Trust invests in the following property types:

- new properties developed on behalf of retailer clients or in response to demand;
- well located properties where Plaza can add value through efficiencies, density/development or redevelopment; 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 committing to new developments or redevelopments;
- managing debt to obtain both a low cost of debt and a staggered debt maturity profile;
- matching, as closely as practical, the weighted average term to maturity of mortgages to the weighted average lease term;
- retaining sufficient capital to fund capital expenditures required to maintain the properties;
- raising capital when 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 or non-core properties into higher growth investments.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Plaza is committed to responsible and transparent ESG practices and to ensuring they are integrated in all aspects of our operations. We believe this supports a foundation for creating lasting value and resilience and facilitates success for all our stakeholders.

Below are some highlights from our 2023 ESG activities.

Energy, water and waste management

We upgraded 23 properties to LED lighting during 2023 as part of the retrofit program we launched in 2017 to replace incandescent, energy-intensive light fixtures with LED lighting. These upgrades were undertaken for exterior lighting, primarily in parking lots. This brings the total number of properties at which we have completed energy efficiency retrofits to 66 since 2017.

In 2023, we focused on improving our utility data collection and review processes by implementing additional internal controls. As we reviewed the data, we also engaged our property management team to gain an enhanced understanding of the extent of Plaza's control over consumption. Doing so has enabled us to calculate the energy and water intensities of both Plaza- and tenant-controlled areas. This helps us understand the proportion of energy and water consumption within and outside of our operational control, which will guide our engagement with tenants and our own efforts to reduce our resource consumption.

We began to engage with some of our largest tenants in 2023 to understand the drivers of their energy and water use and waste generation and identify ways in which we may be able to support them in their efforts to measure and reduce same. We are also exploring opportunities to increase the coverage of our tenants' utility and waste data, where possible, to help us in measuring the full environmental footprint of our properties.

Employee development and engagement

To demonstrate Plaza's commitment to ESG to employees, to educate and engage employees and build momentum for future ESG initiatives, Plaza invested in customized company-wide training which focused principally on the environmental and social pillars of ESG. The training included a refresher on what ESG is, what it encompasses and how it has evolved; an overview of Plaza's current ESG priorities and initiatives; information on how ESG adds value to Plaza's business; ESG impacts on investing & lending; and the importance of accurate and transparent disclosure and introduction to upcoming reporting standards. The training also delivered actionable insights to show employees what they can do to help Plaza achieve its ESG goals and how they can reduce their own environmental impact, conserve resources, and make better decisions about the use of energy and materials. As a follow-up to training previously provided on the fundamentals of diversity, equity and inclusion ("DEI"), it also reinforced the importance of a respectful and inclusive workplace and the benefits of a diverse range of perspectives and opinions. To continue with the momentum from our ESG training, Women@Plaza's next company-wide webinar, scheduled for International Women's Day on March 8, 2024, will feature a guest speaker in the field of environmental studies who will discuss why organizations should be concerned about the environment and social impacts of their business.

Plaza engaged the expertise of a third-party consulting firm specializing in employee engagement strategies to build its first employee engagement survey, which will be launched in the first quarter of 2024. This anonymous survey will cover key aspects of Plaza's work culture, communication channels, professional development opportunities, and overall job satisfaction and provide valuable insight into employees' perspectives, concerns, and suggestions for the workplace.

The pilot cohort of Women@Plaza's mentorship program has also been completed and participant feedback has been very positive. Women@Plaza is currently planning the launch of the second cohort. The mentorship program was launched in June 2023 and is designed to provide support and contribute to the personal and professional development of both mentees and mentors; support a culture of continuous learning, inclusion, and value creation throughout Plaza; and connect Plaza team members who may not otherwise have the opportunity to work together on a regular basis. For more information on Women@Plaza, please visit our website at <http://plaza.ca/women-at-plaza/>.

ESG Oversight & Reporting

The Board has overall responsibility for the oversight of ESG. Plaza established a Responsibility & Sustainability Committee in 2021 which reports directly to the Board on a quarterly basis on Plaza's ESG initiatives, plans and progress. The Responsibility & Sustainability Committee's mandate is to (i) prioritize the ESG initiatives that impact Plaza's business, ii) drive the continued development, enhancement and implementation of Plaza's ESG programs, iii) advance new initiatives and iv) ensure timely, accurate and transparent disclosure of ESG-related information. The Committee is comprised of executives, senior management and other employees from different departments and offices, across a number of regions.

In May 2023, Plaza published its 2022 ESG Report with indicators from the Sustainability Accounting Standards Board (SASB) Real Estate Standard, incorporating the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and references to the Global Reporting Initiative (GRI).

We anticipate issuing our second annual ESG report in May 2024 with further information on our approach to ESG, the ESG initiatives and activities we focused on in 2023, our progress to date and areas we will continue to focus on going forward.

KEY PERFORMANCE DRIVERS AND INDICATORS

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

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

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

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

Management believes that its key performance indicators allow it to track progress towards the achievement of Plaza's primary goal of providing long-term growth in per-unit NAV and FFO. The key performance indicators discussed throughout this MD&A are summarized in the table below, for the year ended December 31, 2023, compared to the year ended December 31, 2022.

FFO⁽¹⁾	(000s)	YTD Q4 2023	YTD Q4 2022	% Change
	FFO	\$41,520	\$41,383	0.3%
	FFO per unit	\$0.379	\$0.402	(5.7%)
	Distributions as a % of FFO	74.2%	69.7%	6.5%
	➤ The increase in FFO over the same period in the prior year was mainly due to higher NOI from same-asset, acquisitions, developments and properties transferred to income producing, as well as from higher investment and other income. These are offset by a decrease in NOI from property dispositions, and higher finance and administrative costs. The FFO per unit was also impacted by the issue of 8.548 million trust units in March 2023.			
AFFO⁽¹⁾	(000s)	YTD Q4 2023	YTD Q4 2022	% Change
	AFFO	\$31,933	\$33,186	(3.8%)
	AFFO per unit	\$0.292	\$0.322	(9.3%)
	Distributions as a % of AFFO	96.5%	86.9%	11.0%
	➤ The principal factors affecting AFFO are consistent with those impacting FFO, as well as increased maintenance capital expenditures and leasing costs. Increased leasing costs are the result of leasing activity and repositioning of certain properties to improve the quality of the tenancy across the portfolio. The AFFO per unit was also impacted by the issue of 8.548 million trust units in March 2023.			
Debt Service Ratios⁽¹⁾		YTD Q4 2023	YTD Q4 2022	% Change
	Interest coverage ratio	2.48x	2.50x	(0.8%)
	Debt coverage ratio	1.69x	1.68x	0.6%
	➤ The interest coverage ratio was impacted by higher finance costs from the increase in interest rates. Debt coverage and interest coverage ratios exceed the requirements under borrowing arrangements.			
Debt to Gross Assets⁽¹⁾		Q4 2023	Q4 2022	% Change
	Debt to gross assets (excluding right-of-use land leases)	50.9%	53.6%	(5.0%)
	Debt to gross assets (including right-of-use land leases)	53.4%	56.0%	(4.6%)
	➤ The decrease in debt to gross assets over the same period in the prior year relates mainly to the repayment of the \$47.25 million Series E convertible debentures.			
Same-Asset NOI⁽¹⁾	(000s)	YTD Q4 2023	YTD Q4 2022	% Change
	Same-asset NOI	\$68,531	\$67,814	1.1%
	➤ The increase in same-asset NOI over the same period in the prior year, is due to an increase in same-asset rental revenue due to lease-up and rent escalations, partially offset by an increase in operating expenses.			
Weighted Average Interest Rate – Fixed Rate Mortgages		Q4 2023	Q4 2022	% Change
	Weighted average interest rate – fixed rate mortgages	4.10%	4.06%	1.0%
	➤ The increase in the weighted-average interest rate is the result of refinancing maturing mortgages at current rates.			
Occupancy Levels		Q4 2023	Q4 2022	% Change
	Same-asset committed occupancy ⁽²⁾	96.6%	97.4%	(0.8%)
	Committed occupancy – including non-consolidated investments ⁽³⁾	97.0%	97.5%	(0.5%)

(1) This is a non-GAAP financial measure. Refer to “Non-GAAP Financial Measures” in Part I and “Explanation of Non-GAAP Financial Measures” in Part VII of this MD&A for more information.

(2) Excludes properties under development and non-consolidated investments.

(3) Excludes properties under development.

PROPERTY AND CORPORATE FINANCIAL PERFORMANCE 2023 AND 2022
Funds from Operations (FFO) and Adjusted Funds from Operations (AFFO)

Plaza's summary of FFO and AFFO for the three and twelve months ended December 31, 2023, compared to the three and twelve months ended December 31, 2022 is presented below:

(000s – except per unit amounts and percentage data, unaudited)	3 Months Ended December 31, 2023	3 Months Ended December 31, 2022	Change over Prior Period	12 Months Ended December 31, 2023	12 Months Ended December 31, 2022	Change over Prior Period
Profit and total comprehensive income for the period attributable to unitholders	\$ (3,822)	\$ 14,154		\$ 20,187	\$ 53,891	
Incremental leasing costs included in administrative expenses ⁽⁷⁾	316	285		1,372	1,491	
Amortization of debenture issuance costs ⁽⁸⁾	(18)	(121)		(141)	(483)	
Distributions on Class B exchangeable LP units included in finance costs - operations	81	84		326	334	
Deferred income taxes	192	(46)		73	(4)	
Right-of-use land lease principal repayments	(203)	(197)		(804)	(780)	
Fair value adjustment to restricted and deferred units	32	206		(351)	(40)	
Fair value adjustment to investment properties	9,497	(6,384)		19,969	(8,187)	
Fair value adjustment to investments ⁽⁹⁾	(1,323)	1,095		(1,202)	(49)	
Fair value adjustment to Class B exchangeable LP units	81	667		(936)	(286)	
Fair value adjustment to convertible debentures	441	267		(217)	(693)	
Fair value adjustment to interest rate swaps	3,418	2		1,404	(4,264)	
Fair value adjustment to right-of-use land lease assets	203	197		804	780	
Impairment of notes receivable – fair value component	1,024	-		1,024	-	
Equity accounting adjustment ⁽¹⁰⁾	137	2		79	(327)	
Non-controlling interest adjustment ⁽⁶⁾	6	21		(67)	-	
FFO⁽¹⁾	\$ 10,062	\$ 10,232	\$ (170)	\$ 41,520	\$ 41,383	\$ 137
FFO change over prior period - %			(1.7%)			0.3%
FFO⁽¹⁾	\$ 10,062	\$ 10,232		\$ 41,520	\$ 41,383	
Non-cash revenue – straight-line rent ⁽⁵⁾	(33)	(88)		(60)	31	
Leasing costs – existing properties ^{(2) (5) (11)}	(1,965)	(2,006)		(7,138)	(6,544)	
Maintenance capital expenditures – existing properties ⁽¹²⁾	(1,518)	(638)		(2,419)	(1,788)	
Non-controlling interest adjustment ⁽⁶⁾	27	26		30	104	
AFFO⁽¹⁾	\$ 6,573	\$ 7,526	\$ (953)	\$ 31,933	\$ 33,186	\$(1,253)
AFFO change over prior period - %			(12.7%)			(3.8%)
Weighted average units outstanding – basic ⁽¹⁾⁽³⁾	111,527	102,993		109,485	103,001	
FFO per unit – basic⁽¹⁾	\$ 0.090	\$ 0.099	(9.1%)	\$ 0.379	\$ 0.402	(5.7%)
AFFO per unit – basic⁽¹⁾	\$ 0.059	\$ 0.073	(19.2%)	\$ 0.292	\$ 0.322	(9.3%)
Gross distribution to unitholders ⁽¹⁾⁽⁴⁾	\$ 7,806	\$ 7,208		\$ 30,826	\$ 28,836	
FFO payout ratio – basic⁽¹⁾	77.6%	70.4%		74.2%	69.7%	
AFFO payout ratio – basic⁽¹⁾	118.8%	95.8%		96.5%	86.9%	
FFO⁽¹⁾	\$ 10,062	\$ 10,232		\$ 41,520	\$ 41,383	
Interest on dilutive convertible debentures	180	788		715	3,125	
FFO – diluted⁽¹⁾	\$ 10,242	\$ 11,020	\$ (778)	\$ 42,235	\$ 44,508	\$(2,273)
Diluted weighted average units outstanding ⁽¹⁾⁽³⁾	114,058	113,886		112,015	113,894	
AFFO⁽¹⁾	\$ 6,573	\$ 7,526		\$ 31,933	\$ 33,186	
Interest on dilutive convertible debentures	-	788		715	3,125	
AFFO – diluted⁽¹⁾	\$ 6,573	\$ 8,314	\$(1,741)	\$ 32,648	\$ 36,311	\$(3,663)
Diluted weighted average units outstanding ⁽¹⁾⁽³⁾	111,527	113,886		112,015	113,894	
FFO per unit – diluted⁽¹⁾	\$ 0.090	\$ 0.097	(7.2%)	\$ 0.377	\$ 0.391	(3.6%)
AFFO per unit – diluted⁽¹⁾	\$ 0.059	\$ 0.073	(19.2%)	\$ 0.291	\$ 0.319	(8.8%)

- (1) This is a non-GAAP financial measure. Refer to “Non-GAAP Financial Measures” in Part I and “Explanation of Non-GAAP Financial Measures” in Part VII of this MD&A for more information.
- (2) Based on actuals.
- (3) Includes Class B exchangeable LP units.
- (4) Includes distributions on Class B exchangeable LP units.
- (5) Includes proportionate share of revenue and expenditures at equity-accounted investments.
- (6) The non-controlling interest (“NCI”) adjustment, includes adjustments required to translate the profit and total comprehensive income attributable to NCI of \$43 thousand and \$125 thousand for the three and twelve months ending December 31, 2023, respectively (December 31, 2022 – \$31 thousand and \$330 thousand, respectively) to FFO and AFFO for the NCI.
- (7) Incremental leasing costs included in administrative expenses include leasing costs of salaried leasing staff directly attributed to signed leases that would otherwise be capitalized if incurred from external sources. These costs are excluded from FFO in accordance with RealPAC’s definition of FFO.
- (8) Amortization of debenture issuance costs is deducted on a straight-line basis over the remaining term of the related convertible debentures, in accordance with RealPAC.
- (9) Fair value adjustment to investments relate to the unrealized change in fair value of equity accounted entities which are excluded from FFO in accordance with RealPAC’s definition of FFO.
- (10) Equity accounting adjustment for interest rate swaps includes the change in non-cash fair value adjustments relating to interest rate swaps held by equity accounted entities, which are excluded from FFO in accordance with RealPAC’s definition of FFO.
- (11) Leasing costs – existing properties include internal and external leasing costs except to the extent that leasing costs relate to development projects, in accordance with RealPAC’s definition of AFFO. See the Gross Capital Additions Including Leasing Fees note on page 28 of this MD&A.
- (12) Maintenance capital expenditures – existing properties include expenditures related to sustaining and maintaining existing space, in accordance with RealPAC’s definition of AFFO. See the Gross Capital Additions Including Leasing Fees note on page 28 of this MD&A.

Basic FFO for the three months ended December 31, 2023 decreased by \$170 thousand over the prior year or (1.7%) on a dollar basis and (9.1%) on a per unit basis.

Items impacting FFO for the quarter were:

- (i) an increase in NOI of \$608 thousand from acquisitions, developments and properties transferred to income producing properties (“IPP”) in 2022 and 2023;
- (ii) an increase in same-asst NOI of \$69 thousand mainly due to rent escalations and renewals across the portfolio partially offset by an increase in operating expenses;
- (iii) a decrease in NOI of \$626 thousand from properties sold;
- (iv) a decrease in finance costs - operations of \$319 thousand, mainly due to lower debenture interest costs from the maturity of the Series E convertible debentures in March 2023, partially offset by higher mortgage interest expense;
- (v) an increase in administrative costs of \$215 thousand, mainly due to higher compensation expenses along with higher recruitment and reporting costs in the current year; and
- (vi) an increase in investment and other income of \$93 thousand.

For the three months ended December 31, 2023, AFFO decreased by \$953 thousand over the prior year or (12.7%) on a dollar basis and (19.2%) on a per unit basis. The AFFO and AFFO per unit were impacted by the changes in FFO and FFO per unit described above, as well as increased maintenance capital expenditures.

Basic FFO for the twelve months ended December 31, 2023 increased by \$137 thousand over the prior year or 0.3% on a dollar basis and a decrease of (5.7%) on a per unit basis.

Items impacting FFO for the twelve months ended December 31, 2023 were:

- (i) an increase in NOI of \$1.7 million from acquisitions, developments and properties transferred to income producing properties (“IPP”) in 2022 and 2023, offset by a \$235 thousand allowance provided to a tenant in consideration of delayed delivery of premises at a development property;
- (ii) an increase in same-asst NOI of \$717 thousand mainly due to rent escalations and renewals across the portfolio;
- (iii) a decrease in NOI of \$2.0 million from properties sold,
- (iv) an increase in finance costs - operations of \$91 thousand, mainly due to higher mortgage interest expense offset by the decrease in convertible debenture interest expense;
- (v) an increase in administrative costs of \$811 thousand, mainly due to higher compensation expenses along with higher IT, travel, recruitment and reporting costs in the current year; and
- (vi) an increase in investment and other income of \$1.3 million due to higher fees from an increase in leasing and development activity, increased insurance proceeds and an increase in interest earned on excess cash.

Plaza Retail REIT

For the twelve months ended December 31, 2023, AFFO decreased by \$1.3 million over the prior year or (3.8%) on a dollar basis and (9.3%) on a per unit basis. The AFFO and AFFO per unit were impacted by the changes in FFO and FFO per unit described above, as well as increased maintenance capital expenditures and leasing costs. Increased leasing costs are the result of leasing activity and repositioning of certain properties to improve the quality of the tenancy across the portfolio. Excluding the leasing costs related to these repositionings, AFFO for the twelve months ended December 31, 2023 would have increased 2.2% on a dollar basis and decreased (3.8%) on a per unit basis.

FFO and AFFO per unit results, for both the three and twelve months ended December 31, 2023, were also impacted by the issue of 8.548 million trust units in March 2023.

Profit and Total Comprehensive Income for the Period

The Trust recorded a loss for the three months ended December 31, 2023 of \$3.8 million compared to a profit of \$14.2 million for the same period in the prior year. The change was mainly due to a decrease in the fair value of investment properties of \$9.5 million in the current quarter compared to a fair value increase of \$6.4 million in the same quarter in the prior year. The fair value change year over year was mainly due to an increase in capitalization rates in the current quarter.

Profit was also impacted by the same factors mentioned in the discussion of FFO above, as well as:

- (i) an increase in the share of profit of associates of \$2.4 million over the prior year, mainly relating to the non-cash fair value adjustment of the underlying properties in the current year; and
- (ii) changes in non-cash fair value adjustments relating to interest rate swaps, the Class B exchangeable LP units, and convertible debentures.

The Trust recorded a profit for the year ended December 31, 2023 of \$20.3 million compared to \$54.2 million for the same period in the prior year. The decrease was mainly due to a decrease in the fair value of investment properties of \$20.0 million in the current year to date compared to a fair value increase of \$8.2 million in the prior year to date. The fair value change year over year was mainly due to an increase in capitalization rates this year.

Profit was also impacted by the same factors mentioned in the discussion of FFO above, as well as:

- (i) an increase in the share of profit of associates of \$752 thousand over the prior year, mainly relating to the non-cash fair value adjustment of the underlying properties; and
- (ii) changes in non-cash fair value adjustments relating to interest rate swaps, the Class B exchangeable LP units, and convertible debentures.

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

Same-asset categorization refers to those properties which were owned and operated by Plaza for the years ended December 31, 2023 and December 31, 2022, and excludes non-consolidated investments and partial year results from certain assets due to timing of acquisition, development, redevelopment or disposition.

Significant portions of the Trust's leases have common cost recoveries from tenants linked to the consumer price index ("CPI"). At December 31, 2023, approximately 46.1% 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 seasonal costs such as asphalt repairs, snow removal and other operating costs may not be completely offset by cost recoveries in a particular period, or recovery revenues may exceed costs. Municipal taxes are generally net and fully recoverable from all tenants. Most tenants in open-air centres and single use properties are responsible for their own utilities, and changes to these costs do not materially impact NOI.

	3 Months Ended December 31, 2023 (unaudited)	3 Months Ended December 31, 2022 (unaudited)	12 Months Ended December 31, 2023 (unaudited)	12 Months Ended December 31, 2022 (unaudited)
(000s)				
Same-asset rental revenue ⁽¹⁾	\$ 26,640	\$ 25,680	\$ 104,869	\$ 101,790
Same-asset operating expenses ⁽¹⁾	(4,262)	(3,800)	(15,206)	(13,741)
Same-asset realty tax expense ⁽¹⁾	(5,374)	(4,945)	(21,132)	(20,235)
Same-asset NOI⁽¹⁾	\$ 17,004	\$ 16,935	\$ 68,531	\$ 67,814
Percentage increase over prior period	0.4%		1.1%	

- (1) This is a non-GAAP financial measure. Refer to "Non-GAAP Financial Measures" in Part I and "Explanation of Non-GAAP Financial Measures" in Part VII of this MD&A for more information.

Plaza Retail REIT

Same-asset NOI for the three and twelve months ended December 31, 2023, increased 0.4% and 1.1%, respectively compared to the same period in the prior year. The increase is due to an increase in revenue from leasing and rent escalations over the same period in the prior year, partially offset by an increase in operating expenses.

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

	3 Months Ended December 31, 2023 (unaudited)	3 Months Ended December 31, 2022 (unaudited)	12 Months Ended December 31, 2023 (unaudited)	12 Months Ended December 31, 2022 (unaudited)
(000s except percentage data)				
New Brunswick	\$ 4,672	\$ 4,640	\$ 18,700	\$ 18,445
Nova Scotia	2,922	2,802	11,836	11,290
Quebec	3,232	3,304	13,227	13,027
Alberta	166	158	640	624
Manitoba	93	91	376	377
Ontario	2,858	2,791	11,395	11,235
Newfoundland and Labrador	1,152	1,258	4,914	5,379
Prince Edward Island	1,909	1,891	7,443	7,437
Same-asset NOI⁽¹⁾	\$ 17,004	\$ 16,935	\$ 68,531	\$ 67,814
Percentage increase over prior period	0.4%		1.1%	

(1) This is a non-GAAP financial measure. Refer to “Non-GAAP Financial Measures” in Part I and “Explanation of Non-GAAP Financial Measures” in Part VII of this MD&A for more information.

Net Property Operating Income (NOI)

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

	3 Months Ended December 31, 2023 (unaudited)	3 Months Ended December 31, 2022 (unaudited)	12 Months Ended December 31, 2023 (unaudited)	12 Months Ended December 31, 2022 (unaudited)
(000s)				
Same-asset NOI ⁽¹⁾	\$ 17,004	\$ 16,935	\$ 68,531	\$ 67,814
Developments and redevelopments transferred to income producing in 2022 & 2023 (\$6.2 million stabilized NOI)	1,190	708	4,351	2,924
NOI from acquisitions, properties currently under development and redevelopment (\$4.6 million stabilized NOI)	223	97	564	517
Straight-line rent	17	88	60	(31)
Administrative expenses charged to NOI	(939)	(835)	(3,768)	(3,372)
Lease termination revenue	-	28	-	145
Properties disposed	3	629	601	2,557
Other	(62)	(60)	15	27
Total NOI⁽¹⁾	\$ 17,436	\$ 17,590	\$ 70,354	\$ 70,581

(1) This is a non-GAAP financial measure. Refer to “Non-GAAP Financial Measures” in Part I and “Explanation of Non-GAAP Financial Measures” in Part VII of this MD&A for more information.

Share of Profit of Associates

Share of profit of associates consists of income from equity accounted investments, 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 share of profits which the equity-accounted investments noted below are entitled to is distributed first as a preferred return on invested capital with the remaining distributed as a residual return, as outlined below. If there is no preferred and residual return structure noted, the share of profits is distributed pro-rata in accordance with ownership position. The following schedule shows Plaza's ownership position, rates of preferred returns on investment and Plaza's residual return beyond the preferred returns.

	Ownership Position	Preferred Return	Residual Return
Equity Accounted Investments⁽¹⁾			
Centennial Plaza Limited Partnership	10%	10%	20%
Trois Rivières Limited Partnership	15%	10%	30%
Plazacorp Ontario1 Limited Partnership	25%	8%	25%
Plazacorp Ontario2 Limited Partnership	50%	-	-
Plazacorp Ontario3 Limited Partnership	50%	-	-
Plazacorp Ontario4 Limited Partnership	50%	-	-
RBEG Limited Partnership	50%	-	-
CPRDL Limited Partnership	50%	-	-
Fundy Retail Ltd.	50%	-	-
VGH Limited Partnership	20%	8%	27.5%
Ste. Hyacinthe Limited Partnership	25%	6%	pro-rata
144 Denison East Limited Partnership	25%	6%	pro-rata
The Shoppes at Galway Limited Partnership ⁽²⁾	50%	-	-

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

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

Share of profit of associates for the three months ended December 31, 2023 includes Plaza's share of NOI of approximately \$1.3 million compared to \$1.1 million with the same period in the prior year. Share of profit of associates increased by \$2.4 million for the three months ended December 31, 2023 compared to the three months ended December 31, 2022. The increase was mainly due to the non-cash fair value adjustment to the underlying investment properties quarter over quarter.

Share of profit of associates for the twelve months ended December 31, 2023 includes Plaza's share of NOI of approximately \$5.6 million compared to \$5.2 million in the same period in the prior year. Share of profit of associates increased by \$752 thousand for the twelve months ended December 31, 2023 compared to the twelve months ended December 31, 2022. The increase was mainly due to the non-cash fair value adjustment to the underlying investment properties year over year.

Overall committed occupancy for non-consolidated investments was 98.4% at December 31, 2023, compared to 98.3% at December 31, 2022.

Regular distributions received from associates for the three months ended December 31, 2023 were \$443 thousand, compared to \$350 thousand for the three months ended December 31, 2022. Regular distributions received from associates for the twelve months ended December 31, 2023 were \$2.0 million, compared to \$1.6 million for the twelve months ended December 31, 2022.

Finance Costs - Operations

Finance costs - operations for the three months ended December 31, 2023 were \$7.0 million, compared to \$7.3 million in the same period in the prior year. The finance costs were mainly impacted by lower debenture interest from the repayment of the Series E convertible debentures on March 31, 2023, higher capitalization of interest due to an increase in development activity, offset by higher mortgage interest as a result of new mortgages and refinancings, and higher interest rates.

Finance costs - operations for the twelve months ended December 31, 2023 were \$28.5 million, compared to \$28.4 million for the same period in the prior year, impacted by the changes noted above.

Administrative Expenses

Administrative expenses for the three months ended December 31, 2023 were \$2.2 million, consistent with the same period in the prior year. Administrative expenses were impacted by higher compensation, recruiting costs, and reporting costs in the current period, and the change in fair value of restricted and deferred units. Excluding the decrease in the fair value of restricted and deferred units, administrative expenses would have been \$215 thousand higher than the same period in the prior year.

Administrative expenses for the twelve months ended December 31, 2023 were \$8.3 million compared to \$7.9 million for the same period in the prior year. Administrative expenses were impacted by higher compensation, recruiting costs, information technology (IT), travel, and reporting costs in the current year. Excluding the fair value of restricted and deferred units, administrative expenses would have been \$811 thousand higher than the prior year.

Change in Fair Value of Investment Properties

Investment properties are measured at fair value using valuations prepared by either the Trust's internal valuation team or external independent appraisers. Management uses the direct capitalization method to fair value investment properties. Under this method, fair value is estimated by applying capitalization rates to stabilized net operating income (property revenue less property operating expenses), with the resulting value reduced by any costs to complete or required to achieve stabilization.

The Trust recorded a fair value decrease to investment properties of \$9.5 million for the three months ended December 31, 2023 compared to a fair value increase of \$6.4 million for the three months ended December 31, 2022. The fair value decrease in the current quarter was mainly due to an increase in capitalization rates.

The Trust recorded a fair value decrease to investment properties of \$20.0 million for the twelve months ended December 31, 2023 compared to a fair value increase of \$8.2 million for the twelve months ended December 31, 2022. The change was mainly due to an increase in capitalization rates.

The investment market for the Trust's properties occupied by grocery and other essential needs, convenience, and value-based retailers, as well as its stable properties, remains strong.

Change in Fair Value of Convertible Debentures

The fair value adjustment to convertible debentures for the three months ended December 31, 2023 was a net loss of \$441 thousand compared to a net loss of \$267 thousand in the same period in the prior year. The fair value adjustment to convertible debentures for the twelve months ended December 31, 2023 was a net gain of \$217 thousand compared to a net gain of \$693 thousand in the same period in the prior year. The fair value changes relate to movement in the Trust's unit price and risk-free interest rates.

Change in Fair Value of Class B Exchangeable LP Units

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

The fair value adjustment to Class B exchangeable LP units for the three months ended December 31, 2023 was a net loss of \$81 thousand compared to a net loss of \$667 thousand in the same period in the prior year. The fair value adjustment to Class B exchangeable LP units for the twelve months ended December 31, 2023 was a net gain of \$936 thousand compared to a net gain of \$286 thousand in the same period in the prior year. The fair value changes relate to movement in the Trust's unit price.

LEASING AND OCCUPANCY

The following table represents leases expiring for the next 5 years and thereafter for Plaza's property portfolio at December 31, 2023 (excluding developments, redevelopments and non-consolidated investments).

Year	Open-Air Centres		Enclosed Malls		Single-User Retail		Single-User QSR ⁽²⁾		Total	
	Sq Ft ⁽¹⁾	%	Sq Ft ⁽¹⁾	%	Sq Ft ⁽¹⁾	%	Sq Ft ⁽¹⁾	%	Sq Ft ⁽¹⁾	%
2024	405,961	7.7	106,248	18.6	23,652	2.4	17,392	15.0	553,253	7.9
2025	517,986	9.8	131,935	23.1	146,359	14.7	2,211	1.9	798,491	11.4
2026	618,303	11.6	19,132	3.4	58,594	5.9	2,054	1.8	698,083	10.0
2027	553,973	10.4	31,080	5.5	77,799	7.8	11,804	10.2	674,656	9.7
2028	728,643	13.7	72,898	12.8	24,999	2.5	8,688	7.5	835,228	11.9
Thereafter	2,485,165	46.8	208,632	36.6	663,012	66.7	73,693	63.6	3,430,502	49.1
Subtotal	5,310,031	100.0	569,925	100.0	994,415	100.0	115,842	100.0	6,990,213	100.0
Vacant	95,609		152,784		-		6,637		255,030	
Total	5,405,640		722,709		994,415		122,479		7,245,243	
Weighted average lease term	5.7 years		4.1 years		7.4 years		5.9 years		5.8 years	

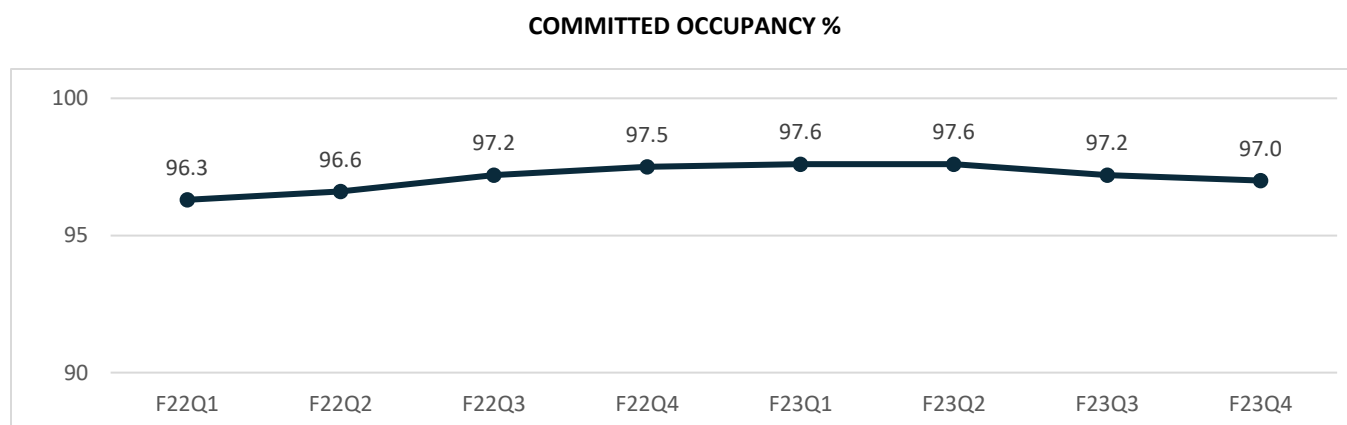
(1) At 100%, regardless of the Trust's ownership interest in the properties.

(2) QSR refers to quick service restaurants.

At December 31, 2023, same-asset committed occupancy was 96.6% compared to 97.4% at December 31, 2022.

Excluding enclosed malls, committed occupancy, including non-consolidated investments (excluding properties under development and redevelopment) was 98.7% at December 31, 2023 compared to 98.4% at December 31, 2022.

Committed occupancy including non-consolidated investments (excluding properties under development and redevelopment) was 97.0% at December 31, 2023 compared to 97.5% at December 31, 2022. Committed occupancy for the portfolio over the last eight quarters is as follows:



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The weighted average contractual base rent per square foot on renewals and new leasing in 2023 versus expiries (excluding developments, redevelopments and non-consolidated investments) is outlined in the following table:

	Open-Air Centres	Enclosed Malls	Single-User Retail	Single-User QSR	Total
<u>2023 – YTD</u>					
Leasing renewals (sq. ft.)	617,046	75,159	59,665	8,858	760,728
Weighted average rent (\$/sq. ft.) - Renewed	\$13.74	\$15.09	\$16.48	\$27.56	\$14.25
Weighted average rent (\$/sq. ft.) - Expired	\$12.59	\$15.36	\$15.12	\$26.98	\$13.23
Renewal spread	9.1%	(1.8%)	9.0%	2.1%	7.7%
New leasing (sq. ft.)	149,080	40,303	3,369	-	192,752
Weighted average rent (\$/sq. ft.)	\$16.51	\$12.49	\$35.00	-	\$15.99
Expiries not renewed (sq. ft.)	54,563	94,576	10,663	3,276	163,078
Weighted average rent (\$/sq. ft.)	\$16.92	\$13.77	\$22.51	\$24.41	\$15.61
<u>2024</u>					
Expiries (sq. ft.)	405,961	106,248	23,652	17,392	553,253
Weighted average rent (\$/sq. ft.)	\$14.00	\$14.28	\$17.89	\$32.23	\$14.79

Excluding the impact of renewing an anchor tenant at an open-air centre with an automatic renewal at the same terms and conditions, the overall renewal spread would have been 8.2%.

In addition to the leasing indicated above, for the twelve months ended December 31, 2023, the Trust completed 132 thousand square feet of renewals and new leasing at developments and redevelopments at a weighted-average rent of \$21.70 per square foot, and 171 thousand square feet of renewals and new leasing at market rates at non-consolidated investments. In total, including developments, redevelopments and non-consolidated investments, the Trust completed 1.3 million square feet of new and renewal leasing deals for the year ending December 31, 2023.

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

- Committed occupancy in open-air centres was 98.5% at December 31, 2023, compared to 98.1% at December 31, 2022.
- Committed occupancy for enclosed malls was 78.9% at December 31, 2023, compared to 89.8% at December 31, 2022.
- Committed occupancy for single use assets was 99.5% at December 31, 2023, compared to 100.00% at December 31, 2022.
- Pre-leased space in active properties under development was 97.1% at December 31, 2023.

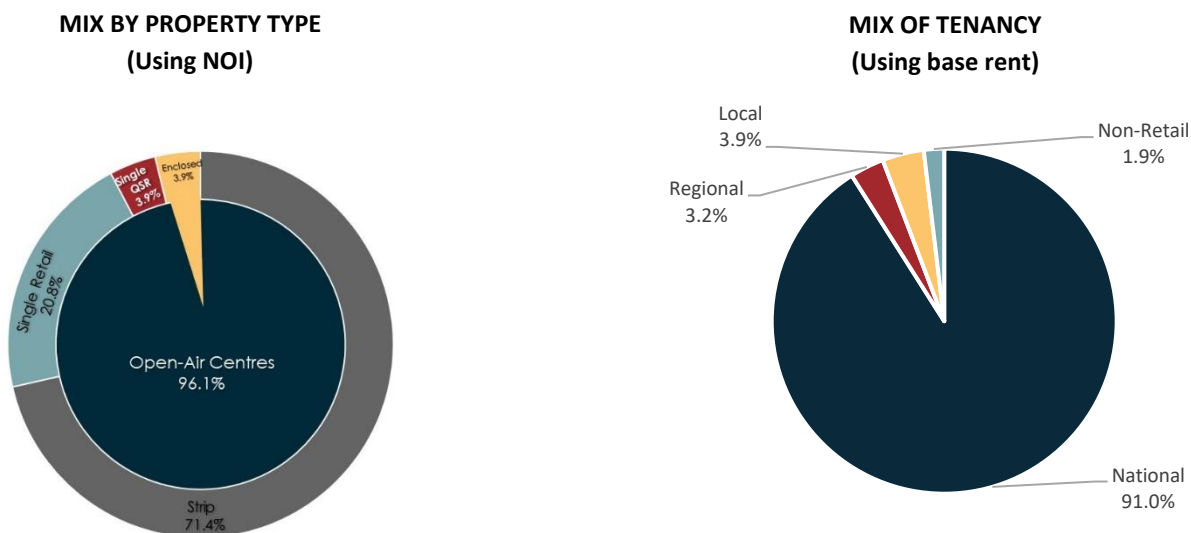
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Plaza has built a portfolio with a high-quality revenue stream. Plaza's ten largest tenants based upon current monthly base rents at December 31, 2023 represent approximately 53.0% of total base rent revenues in place.

	% of Base Rent Revenue ⁽⁸⁾		% of Base Rent Revenue ⁽⁸⁾
1. Shoppers Drug Mart/Loblaw ⁽¹⁾	24.4	6. Staples	3.1
2. Dollarama	6.4	7. KFC ⁽⁵⁾	2.7
3. TJX Group ⁽²⁾	4.5	8. Bulk Barn	1.7
4. Canadian Tire Group ⁽³⁾	3.7	9. RBI ⁽⁶⁾	1.6
5. Sobeys Group ⁽⁴⁾	3.3	10. Metro Inc. ⁽⁷⁾	1.6
Total: 53.0%			

- (1) Shoppers Drug Mart/Loblaw represents the following stores: Shoppers Drug Mart, No Frills, Atlantic Superstore, Pharmaprix and Maxi.
- (2) TJX Group represents the following stores: Winners, HomeSense, and Marshalls.
- (3) Canadian Tire Group represents the following stores: Canadian Tire, Mark's/L'Équipement, Party City, PartSource, Sport Chek, and Sports Experts.
- (4) Sobeys Group represents the following stores: Sobeys, IGA, Sobeys Fast Fuel, Foodland and Lawtons.
- (5) The majority is represented by two operators.
- (6) RBI represents the following stores: Tim Hortons, Burger King, Popeyes and Firehouse Subs.
- (7) Metro Inc. represents the following stores: Metro, Jean Coutu, Food Basics and Pharmacie Brunet.
- (8) Excludes developments, redevelopments and non-consolidated investments.

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



PART III

OPERATING LIQUIDITY AND WORKING CAPITAL

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

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

Plaza maintains a prudent distribution policy in order to retain sufficient funds to manage the business, including ongoing maintenance capital expenditures and debt service. New capital raised is generally directed to acquisitions or continuing

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development activities, which are discretionary, or to pay down debt, based on the availability of such capital. In setting the distributions to unitholders, Plaza reviews budgets and forecasts and considers future growth prospects for the business, including developments/redevelopments and leasing within the portfolio and considers cash flow and profitability, the sustainability of margins, maintenance capital expenditures, debt service requirements, the satisfaction of statutory tests imposed by the laws governing Plaza for the declaration of distributions and other conditions, among other things. Plaza may also look at other capital market factors when determining distributions. Profit under IFRS is not used by Plaza when setting the annual distribution, as profit reflects, among other things, non-cash fair value adjustments relating to the Trust's income producing property and convertible debentures – items that are not reflective of Plaza's ability to pay distributions. In addition, because of items such as principal repayments or timing of expenditures, distributions may also exceed cash available from time to time.

Although Plaza currently pays distributions on a monthly basis, there can be no assurance regarding the amount and frequency of such distributions. Future distribution payments and the level thereof are subject to the discretion of the Board and will depend upon the numerous factors outlined above.

There can be no assurance regarding the amount of income to be generated by Plaza's properties. The ability of Plaza to make cash distributions, and the actual amount distributed, will be entirely dependent on the operations and assets of Plaza, and will be subject to various factors including financial performance, current and forecasted economic conditions, obligations under applicable credit facilities, the sustainability of income derived from the tenant profile of Plaza's properties and maintenance capital expenditure requirements. Distributions may be increased, reduced or suspended entirely depending on Plaza's operations and the performance of Plaza's assets, at the discretion of the Board.

Plaza's annual distributions are currently set at \$0.28 per unit. Total distributions increased over last year due to the issue of 8.548 million units, via bought deal, on March 28, 2023, as follows:

	3 Months Ended December 31, 2023 (unaudited)	3 Months Ended December 31, 2022 (unaudited)	12 Months Ended December 31, 2023 (unaudited)	12 Months Ended December 31, 2022 (unaudited)
(000s)				
Cash distributions paid ⁽¹⁾	\$ 7,806	\$ 7,208	\$ 30,625	\$ 28,836

⁽¹⁾ Cash distributions include cash distributions paid to unitholders and distributions on Class B exchangeable LP units classified as finance costs - operations.

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

	3 Months Ended December 31, 2023 (unaudited)	3 Months Ended December 31, 2022 (unaudited)	12 Months Ended December 31, 2023 (unaudited)	12 Months Ended December 31, 2022 (unaudited)
(000s)				
Cash provided by operating activities ⁽¹⁾	\$ 14,364	\$ 11,022	\$ 42,293	\$ 38,469
Cash distributions paid to Class B exchangeable LP unitholders	81	84	326	334
Cash provided by operating activities excluding distributions paid to Class B exchangeable LP unitholders	\$ 14,445	\$ 11,106	\$ 42,619	\$ 38,803
Total distributions ⁽²⁾	(7,806)	(7,208)	(30,625)	(28,836)
Excess of cash provided by operating activities over total distributions	\$ 6,639	\$ 3,898	\$ 11,994	\$ 9,967

⁽¹⁾ Cash provided by operating activities is presented net of interest paid.

⁽²⁾ Total distributions include cash distributions paid to unitholders and distributions on Class B exchangeable LP units classified as finance costs - operations.

CAPITAL RESOURCES, EQUITY AND DEBT ACTIVITIES
Operating and Development Facilities

(000s)	\$60.0 Million Operating	\$20.0 Million Development	\$15.0 Million Development
December 31, 2022 ⁽¹⁾	\$ 37,800	\$ 2,008	\$ -
Net change	11,544	6,881	1,293
December 31, 2023 ⁽¹⁾	\$ 49,344	\$ 8,889	\$ 1,293
Interest rate	Prime + 0.75% or BA + 2.00%	Prime + 0.75% or BA + 2.25%	Prime + 0.75% or BA + 2.00%
Maturity	July 31, 2024	July 31, 2024	July 31, 2024
Security	First charges on pledged properties	First charges on applicable pledged development property	First charges on applicable pledged development property
Other terms	Debt service, maximum leverage, occupancy & equity maintenance covenants	Debt service & maximum leverage covenants	Debt service, maximum leverage, occupancy & equity maintenance covenants
Line reservations available for letters-of-credit	\$2.0 million	\$1.5 million	\$0.5 million
Issued and outstanding	\$0.5 million	-	-

⁽¹⁾ Excludes unamortized finance charges.

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 these facilities mature, it is anticipated they will be renewed. As of December 31, 2023, all debt covenants in respect of the above facilities have been maintained.

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

Plaza’s liquidity at December 31, 2023 is comprised of \$10.9 million of cash, \$10.1 million available to be drawn on the operating line, \$24.8 million of unused development facilities, \$4.9 million of unused construction facilities at consolidated properties, \$3.0 million of unused construction facilities at non-consolidated investments, and unencumbered assets with a value of approximately \$9.1 million.

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Interim Facilities

(000s)	Interest Rate Range	Maturity Dates	December 31, 2023	December 31, 2022
\$8.0 million interim facility	Prime plus 1.50% or BA plus 2.50%	July 16, 2024	\$ 7,075	\$ 9,150
\$1.2 million unsecured interest-only loan	Prime plus 1.05% (min 5.00%)	January 15, 2024	1,171	1,171
\$10.08 million interim facility	Prime plus 1.00% or BA plus 2.25%	April 24, 2023	-	9,980
\$13.4 million interim facility	Prime plus 1.00% or BA plus 2.50%	August 31, 2024	13,057	8,017
\$6.75 million interim facility	Prime plus 1.00% or BA plus 2.50%	December 21, 2024	5,760	3,750
\$6.2 million interim facility	Prime plus 0.9% or BA plus 2.15%	July 28, 2024	3,938	6,238
\$6.75 million interim facility	Prime plus 0.95%	April 11, 2024	6,750	6,073
\$7.25 million interim facility	Prime plus 1.00% or BA plus 2.50%	June 21, 2024	6,667	2,407
\$5.0 million interim facility	Prime plus 0.95% or BA plus 2.45%	December 31, 2024	1,984	-
Total interim facilities			\$ 46,402	\$ 46,786

Funding is generally secured by first mortgage charges on properties or development properties as applicable. These interim facilities are in place for financing the construction and development of specific properties. As they mature, it is expected the facilities will either be extended until construction has been completed or will be converted to long-term mortgages on completion of the construction projects. The Trust must maintain certain financial ratios to comply with these facilities. As of December 31, 2023, all debt covenants in respect of the above facilities have been maintained.

In April, the \$10.08 million facility was repaid with proceeds from placing long-term debt on the underlying property.

The \$1.2 million unsecured interest-only facility was repaid on maturity in January 2024.

Mortgage Bonds

Plaza's mortgage bonds are secured by either property or cash. The terms of the mortgage bonds are as follows:

(000s)	Series X.2	Series X.2	Series X.2	Series XII	Series XII	Series XII
Interest rate	6.00%	4.75%	6.00%	6.00%	6.00%	4.75%
Maturity date	January 15, 2024	June 25, 2024	July 15, 2024	January 15, 2024	July 15, 2024	July 15, 2024
Amount	\$250	\$1,510	\$725	\$1,160	\$85	\$435

The Series X.2 and XII mortgage bonds can be deployed up to 90% of the cost of a property under a first or second charge on that property. If it is a second charge, the total debt, including mortgage bonds, cannot exceed 90%. These mortgage bonds can be reallocated to different properties from time to time as required.

In January 2023, Series XII mortgage bonds maturing January 15, 2023, were renewed with an interest rate of 6% per annum. Of the \$1.285 million, \$125 thousand were renewed for six months, maturing July 15, 2023, and \$1.16 million were renewed for one year to January 15, 2024.

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In June 2023, Series X.2 mortgage bonds maturing June 25, 2023, were renewed with an interest rate of 6% per annum. Of the \$975 thousand, \$250 thousand were renewed until January 15, 2024, and \$725 thousand were renewed until July 15, 2024.

In July 2023, the \$125 thousand in Series XII mortgage bonds which matured on July 15, 2023 were repaid and the \$85 thousand in Series XII mortgage bonds were extended for one year at 6.00%.

In December 2023, the \$500 thousand in Series X.2 mortgage bonds maturing on December 15, 2023 were repaid.

In January 2024, the \$250 thousand Series X.2 mortgage bonds and the \$1.16 million Series XII mortgage bonds matured. Of the total matured, \$150 thousand was repaid and the remaining \$1.26 million participated in the issuance of Series IV non-convertible debentures.

Debentures

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

	Maturity Date	Interest Rate	December 31, 2023	December 31, 2022
Convertible				
Series E (TSX: PLZ.DB.E) – Conversion price - \$5.65	March 31, 2023	5.10%	\$ -	\$ 47,250
Series VIII - Conversion price - \$4.75	March 31, 2026	5.95%	12,019	12,019
Total convertible debentures at face value			\$ 12,019	\$ 59,269
Non-convertible				
Series II non-convertible debentures	February 28, 2027	5.00%	\$ 3,537	\$ 3,537
Series III non-convertible debentures – Tranche A	February 14, 2024	6.25%	1,510	-
Series III non-convertible debentures – Tranche B	March 31, 2024	6.25%	4,490	-
Series IV non-convertible debentures – Tranche A	June 14, 2024	6.75%	579	-
Series IV non-convertible debentures – Tranche A	December 16, 2024	6.75%	2,672	-
Total non-convertible debentures at face value			\$ 12,788	\$ 3,537

In February and March 2023, a total of \$6.0 million in Series III unsecured debentures were issued with a term of one year and an interest rate of 6.25%.

On March 31, 2023, Series E convertible debentures matured and the balance of \$47.25 million was repaid.

In December 2023, \$3.3 million in Series IV unsecured debentures were issued at an interest rate of 6.75%, \$0.6 million for a term of 6 months and \$2.7 million for a term of 1 year. \$0.5 million of the proceeds were used to repay maturing Series X.2 mortgage bonds.

In January 2024, \$1.75 million Series IV non-convertible debentures – Tranche B were issued with a maturity of December 16, 2024 and an interest rate of 6.75%.

In February 2024, the Series III Tranche A non-convertible debentures matured. Of the \$1.51 million maturing, \$1.3 million was renewed to a maturity date of March 31, 2025 at a rate of 6.75%, and \$175 thousand was repaid.

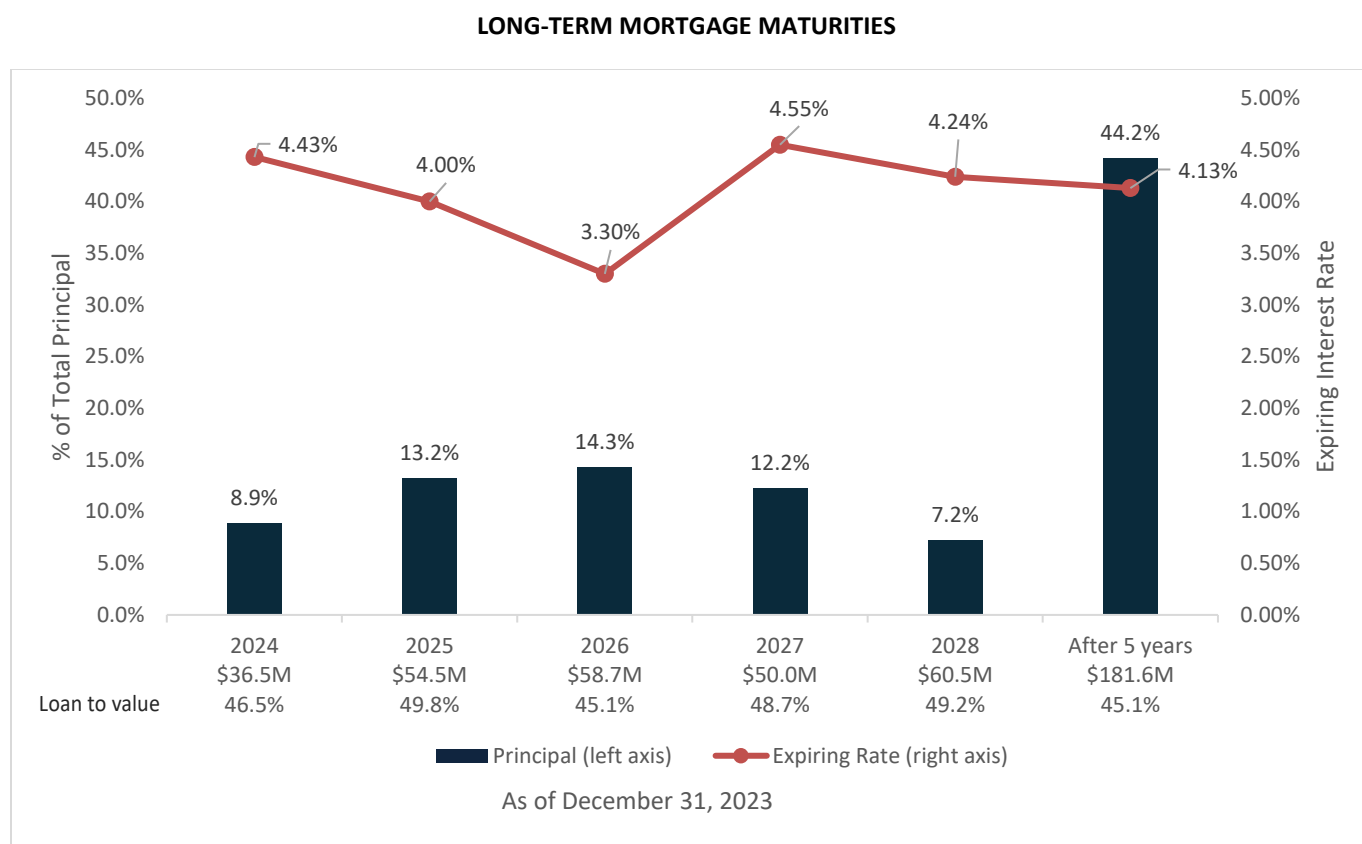
Mortgages

During 2023, the Trust renewed or obtained new long-term fixed-rate financing totaling \$38.9 million with a weighted average term of 8.2 years and a weighted average interest rate of 5.36%.

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, to reduce overall interest costs, and to match debt maturities with lease maturities when possible. Maintaining or improving the average cost of debt will be dependent on market conditions at the time of refinancing. Plaza's debt strategy involves maximizing the term of long-term debt available based on the tenant profiles for the assets being financed, at current market rates, in order to stabilize cash flow available for reinvestment and distribution payments.

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

The following is a maturity chart of long-term mortgages by year:



The weighted average term to maturity for the long-term mortgages is 4.7 years. The average remaining repayment (amortization) period on long-term mortgage debt is 23.7 years.

Debt Service Ratios

Plaza's summary of EBITDA and debt service ratios for the three and twelve months ended December 31, 2023 compared to the three and twelve months ended December 31, 2022 is presented below:

	3 Months Ended December 31, 2023 (unaudited)	3 Months Ended December 31, 2022 (unaudited)	12 Months Ended December 31, 2023 (unaudited)	12 Months Ended December 31, 2022 (unaudited)
(000s – except debt service ratios)				
Profit and total comprehensive income for the period	\$ (3,779)	\$ 14,185	\$ 20,312	\$ 54,221
Add (deduct):				
Income taxes	317	(81)	359	175
Finance costs - operations	6,957	7,276	28,484	28,393
Fair value adjustment to investment properties	9,497	(6,384)	19,969	(8,187)
Fair value adjustment to investments ⁽¹⁾	(1,323)	1,095	(1,202)	(49)
Fair value adjustment to convertible debentures	441	267	(217)	(693)
Fair value adjustment to Class B exchangeable LP units	81	667	(936)	(286)
Fair value adjustment to restricted and deferred units	32	206	(351)	(40)
Fair value adjustment to interest rate swaps	3,418	2	1,404	(4,264)
Fair value adjustment to right-of-use land lease assets	203	197	804	780
Impairment of notes receivable – fair value component	1,024	-	1,024	-
Equity accounting adjustment for interest rate swaps ⁽²⁾	137	2	79	(327)
Adjusted EBITDA⁽³⁾	\$ 17,005	\$ 17,432	\$ 69,729	\$ 69,723
Finance costs ⁽⁴⁾	\$ 6,887	\$ 7,196	\$ 28,152	\$ 27,941
Periodic principal repayments ⁽⁵⁾	3,313	3,350	13,013	13,489
Total debt service	\$ 10,200	\$ 10,546	\$ 41,165	\$ 41,430
Debt service ratios				
Interest coverage ratio ⁽³⁾	2.47 times	2.42 times	2.48 times	2.50 times
Debt coverage ratio ⁽³⁾	1.67 times	1.65 times	1.69 times	1.68 times

(1) Fair value adjustment to investments relate to the unrealized change in fair value of equity accounted entities.

(2) Equity accounting adjustment for interest rate swaps includes the change in non-cash fair value adjustments relating to interest rate swaps held by equity accounted entities.

(3) This is a non-GAAP financial measure. Refer to the Non-GAAP Financial Measures in Part I and VII of this document for more information on each non-GAAP financial measure.

(4) Excludes mark-to-market adjustments, early mortgage discharge fees, non-controlling interest liability adjustment and distributions on Class B exchangeable LP units recorded in finance costs - operations.

(5) Includes right-of-use land lease principal repayments.

For the three months ended December 31, 2023, the interest and debt coverage ratios were mainly impacted by lower finance costs – operations due to the Series E debentures which matured in March 2023. For the twelve months ended December 31, 2023, the interest and debt coverage ratios were mainly impacted by higher finance costs - operations from the increase in interest rates.

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

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Debt to Gross Assets

Plaza's debt to gross assets is presented below:

Debt to gross assets⁽¹⁾ (000s)	December 31, 2023	December 31, 2022
Total debt including right-of-use land leases ⁽¹⁾⁽²⁾	\$ 673,240	\$ 708,697
Less: right-of-use land leases	(64,403)	(65,206)
Total debt excluding right-of-use land leases	<u>\$ 608,837</u>	<u>\$ 643,491</u>
 Total gross assets excluding derivative asset	 \$ 1,261,691	 \$ 1,265,882
Less: right-of-use land leases	(64,403)	(65,206)
Total gross assets excluding right-of-use land leases	<u>\$ 1,197,288</u>	<u>\$ 1,200,676</u>
Debt to gross assets including right-of-use land leases⁽¹⁾	53.4%	56.0%
Debt to gross assets excluding right-of-use land leases⁽¹⁾	50.9%	53.6%

(1) This is a non-GAAP financial measure. Refer to "Non-GAAP Financial Measures" in Part I and "Explanation of Non-GAAP Financial Measures" in Part VII of this MD&A for more information.

(2) Total debt includes current and long-term debt defined for this purpose as mortgage bonds, mortgages payable, face value of convertible debentures, non-convertible debentures, notes payable, right-of-use land lease liabilities and bank indebtedness.

The decrease in debt to gross assets relates mainly to the repayment of the Series E convertible debentures of \$47.25 million on maturity on March 31, 2023. By its Declaration of Trust, Plaza is limited to an overall indebtedness ratio of 60% excluding convertible debentures and 65% including convertible debentures.

Units

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

At February 23, 2024 (000s) (unaudited)	Units
Current outstanding units	110,366
Class B exchangeable LP units	1,156
Series VIII convertible debentures	2,530
Total adjusted units outstanding	114,052

On September 26, 2023, the Trust announced that it had received approval from the TSX for the renewal of its normal course issuer bid ("NCIB") for a further year. Plaza's prior NCIB expired on September 27, 2023. The period of the renewed NCIB commenced on September 28, 2023, and will conclude on the earlier of the date on which purchases under the bid have been completed and September 27, 2024. Under the terms of the renewed NCIB, the Trust can purchase up to 7,107,380 of its issued and outstanding units through the facilities of the TSX and any alternative trading system in Canada. Subject to certain prescribed exemptions and any block purchase made in accordance with the rules of the TSX, daily purchases made by the Trust may not exceed 11,148 units, representing 25% of the average daily trading volume of the units on the TSX for the six-month period ended August 31, 2023 (being 44,595 units). All units that are purchased under the renewed NCIB will be cancelled (on a monthly basis, on or before the record date for each monthly distribution). Unitholders may obtain a copy of the NCIB renewal notice, without charge, by contacting the Trust.

Plaza also entered into a new automatic securities purchase plan agreement (the "Purchase Plan") with its designated broker in order to facilitate purchases of units under the renewed NCIB. The Purchase Plan, which was pre-cleared by the TSX, allows for purchases of units by Plaza at times when it would ordinarily not be permitted to make purchases due to regulatory restrictions or self-imposed blackout periods. The Purchase Plan will terminate on September 27, 2024.

For the year ended December 31, 2023, 27,657 units have been repurchased for cancellation under Plaza's former and renewed NCIB at a weighted average price of \$3.9171. With this, to December 31, 2023, Plaza has purchased a total of 1,191,810 units for cancellation since the commencement of the original NCIB on September 28, 2018 at a weighted average price of \$4.0178.

On March 28, 2023, the Trust completed a bought deal public offering of 8.548 million units at a price of \$4.68 per unit for gross proceeds of \$40.0 million, and net proceeds of \$37.9 million after closing costs.

Right-of-Use 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 returns. 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.

The Trust has 27 long-term land leases (affecting 26 properties). One of the land leases relates to shared parking facilities. Land leases expire (excluding any non-automatic renewal periods) on dates ranging from 2027 to 2084 with an average remaining life of 31 years, with some of the leases also containing non-automatic renewal options, extending the average remaining life of the leases to 57 years including these non-automatic renewal options. Of the 27 land leases, 11 of the land leases have options to purchase, generally at fair market value. At December 31, 2023, the recorded amount of the right-of-use assets and land lease liabilities is \$64.4 million.

Plaza leases 9 parcels of land from an entity owned by the below-noted related parties at market rates. The land leases expire at various times from October 2043 to November 2047, subject to options to renew. All the land leases have options to purchase in favour of the Trust, of which one is at a fixed price with the remainder at fair market value.

(000s) Related Parties:	Land Rent Paid	
	December 31, 2023	December 31, 2022
A company beneficially-owned by Earl Brewer and Michael Zakuta	\$ 1,200	\$ 1,200

Gross Capital Additions Including Leasing Fees:

(000s)	3 Months Ended December 31, 2023 (unaudited)	3 Months Ended December 31, 2022 (unaudited)	12 Months Ended December 31, 2023 (unaudited)	12 Months Ended December 31, 2022 (unaudited)
Existing properties				
Leasing commissions	\$ 143	\$ 172	\$ 463	\$ 356
Other leasing costs	1,584	1,644	5,681	5,141
	1,727	1,816	6,144	5,497
Maintenance capital expenditures	1,518	638	2,419	1,788
Total capital additions – existing properties	3,245	2,454	8,563	7,285
Development/redevelopment properties				
Leasing commissions	4	15	382	288
Other leasing costs	3,816	1,073	8,953	7,166
Capital additions	10,245	9,397	35,684	22,656
Total capital additions - developments/redevelopments	14,065	10,485	45,019	30,110
Total gross additions per statements of cash flows⁽¹⁾	\$ 17,310	\$ 12,939	\$ 53,582	\$ 37,395
Reconciliation of leasing costs for AFFO purposes				
Leasing costs – existing properties per above	\$ 1,727	\$ 1,816	\$ 6,144	\$ 5,497
Internal leasing salaries	238	190	994	1,047
Total leasing costs – existing properties for AFFO purposes	\$ 1,965	\$ 2,006	\$ 7,138	\$ 6,544

⁽¹⁾ The gross additions per the statements of cash flows include leasing commissions on existing properties in the operating activities section and the remainder of the total gross additions noted above in the investing activities section.

COMMITMENTS AND CONTINGENT LIABILITIES
Commitments

The Trust estimates \$19.4 million in commitments in respect of certain development and leasing activities. Management believes that Plaza has sufficient unused bank and development line availability, cash and/or mortgage bond deployment potential, to fund these commitments.

The Trust's estimated commitments at December 31, 2023 in respect of certain projects under development and other long-term obligations are as follows:

(000s)	Year 1 2024	Year 2 2025	Year 3 2026	Year 4 2027	Year 5 2028	After 5 Years	Face Value Total
Mortgages – periodic payments	\$ 11,977	\$ 11,090	\$ 9,603	\$ 8,395	\$ 7,173	\$ 15,506	\$ 63,744
Mortgages – due at maturity	34,706	52,709	58,688	49,993	29,709	181,642	407,447
Development lines of credit	10,182	-	-	-	-	-	10,182
Construction loans	45,231	-	-	-	-	-	45,231
Unsecured interest-only loans	2,971	1,800	-	-	-	-	4,771
Bank indebtedness	49,344	-	-	-	-	-	49,344
Mortgage bonds payable	4,165	-	-	-	-	-	4,165
Debentures ⁽¹⁾	9,251	-	12,019	3,537	-	-	24,807
Right-of-use land leases ⁽²⁾	3,340	3,352	3,405	3,431	3,396	112,310	129,234
Development activities	19,372	-	-	-	-	-	19,372
	\$ 190,539	\$ 68,951	\$ 83,715	\$ 65,356	\$ 40,278	\$ 309,458	\$ 758,297

⁽¹⁾ Stated at face value.

⁽²⁾ Land leases expire on dates ranging from 2027 to 2084 (including automatic renewal periods) with non-automatic renewal options ranging from 5 to 70 years.

Management believes that all mortgages maturing in 2024 will be renewed or refinanced as they come due. The overall loan to value on these mortgages is estimated at 46.5%.

Contingent Liabilities

The Trust has contingent liabilities as original borrower on five mortgages partially assumed by the purchasers of the underlying properties, where a 50% interest in each was sold in November 2017. These sales did not relieve the Trust's obligations as original borrower in respect of these mortgages; however, these commitments are also subject to indemnity agreements. The debt subject to such guarantees at December 31, 2023 totals \$5.2 million with a weighted average remaining term of 2.5 years.

The Trust also has contingent liabilities as original borrower on three mortgages partially assumed by the purchasers of the underlying properties, where a 50% interest in each was sold in August 2020. Similarly, these sales did not relieve the Trust's obligations as original borrower in respect of these mortgages, but the commitments are subject to indemnity agreements. The debt subject to such guarantees at December 31, 2023 totals \$7.0 million with a weighted average remaining term of 4.0 years.

The Trust guarantees a \$3.5 million commitment relating to the mortgage of an asset sold in 2018, with a weighted average remaining term of 0.6 years at December 31, 2023.

The Trust is contingently liable for certain obligations of its co-venturers, under guarantees in excess of its ownership percentages for six open-air centres and four free-standing properties. The excess guarantees amount to \$13.8 million. Cross indemnities are in place for certain of these properties from co-venturers.

PART IV

SUMMARY OF SELECTED QUARTERLY INFORMATION

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

(000s except per unit and percentage data) (unaudited)	Q4'23	Q3'23	Q2'23	Q1'23	Q4'22	Q3'22	Q2'22	Q1'22
Revenues	\$28,962	\$28,294	\$28,463	\$28,345	\$27,978	\$27,609	\$27,754	\$27,904
Net property operating income ⁽¹⁾	\$17,436	\$18,460	\$17,643	\$16,815	\$17,590	\$18,156	\$17,705	\$17,130
Profit and total comprehensive income (loss)	(\$3,779)	\$3,355	\$12,985	\$7,751	\$14,185	\$7,236	\$6,968	\$25,832
Distributions per unit	7.0¢	7.0¢	7.0¢	7.0¢	7.0¢	7.0¢	7.0¢	7.0¢
Funds from operations per unit – basic ⁽¹⁾	9.0¢	10.2¢	9.6¢	9.1¢	9.9¢	10.4¢	10.0¢	9.9¢
Funds from operations per unit – diluted ⁽¹⁾	9.0¢	10.1¢	9.5¢	9.0¢	9.7¢	10.1¢	9.7¢	9.6¢
Adjusted funds from operations per unit – basic ⁽¹⁾	5.9¢	8.5¢	7.0¢	7.9¢	7.3¢	8.0¢	8.1¢	8.8¢
Adjusted funds from operations per unit – diluted ⁽¹⁾	5.9¢	8.4¢	7.0¢	7.8¢	7.3¢	8.0¢	8.0¢	8.6¢
Distributions as a percentage of basic FFO ⁽¹⁾	77.6%	68.5%	73.0%	79.0%	70.4%	67.2%	70.2%	71.0%
Distributions as a percentage of basic AFFO ⁽¹⁾	118.8%	82.8%	100.0%	91.1%	95.8%	87.1%	86.8%	79.4%
Gross Leasable Area (000s of sq. ft.) (at 100%, excluding properties under development/redevelopment)								
Total income producing properties	8,139	8,060	7,974	7,886	7,926	7,945	7,869	7,863
Occupancy % (at 100%, excluding properties under development/redevelopment)								
Total income producing properties	97.0%	97.2%	97.6%	97.6%	97.5%	97.2%	96.6%	96.3%

⁽¹⁾ This is a non-GAAP financial measure. Refer to “Non-GAAP Financial Measures” in Part I and “Explanation of Non-GAAP Financial Measures” in Part VII of this MD&A for more information.

During the last eight quarters occupancy has remained high, which contributes to stable cash flow. Significant fluctuations in profit and loss are mainly due to non-cash fair value adjustments on the Trust's investment properties and debt instruments.

Some of Plaza's leases have common cost recoveries from tenants linked to CPI or otherwise have caps on operating cost recoveries. At December 31, 2023, approximately 46.1% of the Trust's leased area is tied to a CPI cost recovery formula. As well, anchor tenant leases may restrict common area maintenance (also referred to as “CAM”) cost recoveries. As a result of all of these factors, seasonal fluctuations in NOI, FFO and AFFO occur primarily due to winter costs, as well as yearly repair and maintenance activities which typically occur in spring and early summer, which may create inconsistencies in quarterly recovery revenues compared with quarterly expenses.

PART V

RISKS AND UNCERTAINTIES

All real property investments are subject to a degree of risk and uncertainty. Such 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 real property investments. Management attempts to manage these risks through geographic and retail asset class diversification in the portfolio. At December 31, 2023, the Trust held interests in 232 properties spread geographically across Canada.

Some of the more central risks to Plaza's business are outlined below. See Financial Instruments and Risk Management Note 29 to the December 31, 2023 consolidated financial statements of the Trust for further details. Also see the Trust's AIF for the year ended December 31, 2022 dated March 30, 2023 for a list and descriptions of other risks and uncertainties applicable to the Trust's business.

Interest Rate, Financing and Refinancing Risk

The recent increases in floating and fixed interest rates impact the cost of debt and could further impact capitalization rates. Plaza has always utilized a conservative debt management strategy and attempts to lock in cash returns on assets for the long-term, considering exposure to debt maturing and leases expiring in any given year. Matching as closely as possible the debt term on a particular asset with its average lease term helps ensure that interest rate increases could be offset by increases in rental rates.

The Trust also mitigates interest rate risk by maintaining the majority of its debt at fixed rates. Floating rate debt is typically used on Plaza's operating line of credit and for development or redevelopment projects as interim financing, until the projects are completed and are then able to attract the appropriate long-term financing. The hypothetical impact of a 1% change in interest rates on floating rate debt would be approximately \$1.1 million.

The Trust mitigates its exposure to fixed-rate interest risk on its debt by staggering maturities and future financing obligations in order to avoid excessive amounts of debt maturing in any one year, and by generally using small individual debt issuances to mitigate exposure on individual debt maturities. If market conditions warrant, the Trust may attempt to renegotiate its existing debt to take advantage of lower interest rates. 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 at all. The Trust works with numerous lenders to manage exposure to any single lender. Management believes that all debts maturing over the next year will be able to be financed or refinanced as they come due.

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

Credit Risk

Credit risk mainly arises from the possibility that tenants may experience financial difficulty and will be unable to fulfill their lease commitments. Management mitigates this risk by ensuring that Plaza's tenant mix is diversified and heavily weighted to national tenants in the essential needs, convenience and value-based market segment. Plaza also maintains a portfolio that is diversified geographically so that exposure to local business is lessened, and Plaza limits loans granted under lease arrangements to credit-worthy, mainly national, tenants. Receivables include excise tax receivable, which have minimal to no collection risk.

Currently one tenant, Shoppers Drug Mart/Loblaws, represents 24.4% of current monthly base rents in place, Dollarama represents 6.4% and the TJX Group represents 4.5%. The top 10 tenants collectively represent approximately 53.0% of current monthly base rents in place. National and regional tenants represent 94.2% of the tenant base, based on base rents in place.

Lease Roll-Over and Occupancy Risk

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

Plaza's principal management of occupancy risk is the skewing of tenancies towards national tenants, the signing of longer-term leases and significant pre-leasing of development space. As well, management attempts to stagger the lease expiry profile so that Plaza is not faced with a disproportionate amount of square footage of leases expiring in any one year. Management further

mitigates this risk by maintaining a diversified portfolio mix by geographic location and ensuring that the Trust maintains a well-staffed and highly skilled leasing department.

One of Plaza's performance drivers is related to same-property 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 immediately reduced by vacancy. Certain costs such as cleaning costs would not decline with a decline in occupancy.

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

Development and Acquisition Risk

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

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 complies with both the mutual fund trust rules and the REIT rules.

Labour Shortages

Labour shortages in certain industries have impacted delivery timelines and operating and construction costs, although the environment continues to improve. Labour shortages may also impact the operations of certain of Plaza's tenants.

PART VI

RELATED PARTY TRANSACTIONS

Notes Payable to Related Parties

The note payable from the related party was assumed on the Trust's acquisition of the underlying property in September 2000. It is payable on the sale or refinancing of the underlying property.

(000s)	December 31, 2023	December 31, 2022
Non-interest bearing notes:		
Entities owned (directly or indirectly), controlled or significantly influenced by Michael Zakuta (President & Chief Executive Officer and Trustee)	\$ 261	\$ 261

Bonds and Debentures Held

The Trust has placed certain bonds and debentures by way of private placement, in which accredited investors may participate. Employees and trustees of the Trust (individually a "Trustee", collectively "Trustees") may be eligible to participate in these private placements, along with non-related parties.

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

(000s)	December 31, 2023	December 31, 2022
Doug McGregor (Chairman and Trustee)	\$ 400	\$ 400
Stephen Johnson (Trustee)	519	-
Lynda Savoie (Trustee)	15	15
Michael Zakuta (President and Chief Executive Officer and Trustee)	684	300
Total	\$ 1,618	\$ 715

No other Trustee or key management personnel own mortgage bonds or debentures of the Trust at December 31, 2023.

Other Related Party Transactions

TC Land LP, an entity controlled by Earl Brewer and Michael Zakuta, leases nine parcels of land to the Trust at market rates. 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. Land leases reduce Plaza's equity requirement in the subject projects, spread risk and enhance project feasibility and overall unitholder returns.

(000s)	Land Rent Paid	
	December 31, 2023	December 31, 2022
Related Parties:		
A company beneficially-owned by Earl Brewer and Michael Zakuta	\$ 1,200	\$ 1,200

The Montreal office of Plaza Group Management Limited (a wholly-owned subsidiary of the Trust and Plaza's internalized property manager) shares office space with a company indirectly owned by Michael Zakuta in an office building owned by that related party. The Trust pays no basic minimum rent for the space.

The Trust has syndicated ownership of certain properties, where accredited investors may participate in the ownership of these properties in common with the Trust. These co-ownerships reduce Plaza's equity requirement, spread risk and enhance project feasibility and overall unitholder returns. Employees and Trustees may be eligible to participate in these co-ownerships, along with non-related parties.

Plaza Retail REIT

The following related parties hold interests in common with the Trust's interest in the noted properties below:

Property	Ownership%	
	Earl Brewer	Michael Zakuta
Gateway Mall, Sussex, NB	25.00%	21.50%
Mountainview Plaza, Midland, ON and Park Street Plaza, Kenora, ON	4.33%	4.81%
Amherstview, Amherstview, ON and 1865 Scugog St, Port Perry, ON	4.87%	4.67%
KGH Plaza, Miramichi, NB, 681 Mountain Rd., Moncton, NB, 201 Main St., Sussex, NB, and Robie St Truro Plaza, Truro, NS ⁽¹⁾	2.62%	5.08%
Main St Alexandria, Alexandria, ON, Ottawa Street Plaza, Almonte, ON, and Hastings Street Plaza, Bancroft, ON	2.68%	5.19%
Quispamsis Town Centre, Quispamsis, NB	-	5.91%
Scott Street Plaza, St. Catharines, ON, St. Joseph's Boulevard, Orleans, ON, Dufferin and Wilson, Perth, ON, Ontario Street Port Hope, Port Hope, ON, Civic Centre Road, Petawawa, ON, and 615 King Street, Gananoque, ON	2.17%	2.17%
Boulevard Hebert Plaza and Victoria Street Plaza in Edmundston, NB, Grand Falls Shopping Centre and Madawaska Road Plaza, Grand Falls, NB, Connell Road Plaza, Woodstock, NB, Welton Street Plaza, Sydney, NS, and Pleasant Street Plaza and Starrs Road Plaza in Yarmouth, NS	0.69%	5.17%
5628 4th Street NW, Calgary, AB, 303 Main St., Antigonish, NS, 912 East River Rd., New Glasgow, NS, 1 Mont-Royal Ave E, and 8222 Maurice-Duplessis Blvd., Montreal, QC ⁽¹⁾	-	4.28%

⁽¹⁾ Barbara Trenholm was a related party with interests in some of the above properties until she ceased to be a trustee in May 2023.

The related parties resulting beneficial interest in accounts receivable owing to the Trust from the underlying properties, and in fees earned by a subsidiary of the Trust from the underlying properties are as follows:

(000s)	Related parties' beneficial ownership of accounts receivable balance owing to the Trust from the underlying properties		Related parties' beneficial ownership of fees earned by a subsidiary of the Trust from the underlying properties	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Related Party:				
Earl Brewer	\$ 402	\$ 410	\$ 53	\$ 39
Michael Zakuta	\$ 447	\$ 458	\$ 72	\$ 56

PART VII

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures (“DC&P”) are intended to provide reasonable assurance that material information is gathered and reported to senior management to permit timely decisions regarding public disclosure. Internal controls over financial reporting (“ICFR”) are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Trust maintains appropriate DC&P and ICFR (each as further defined in National Instrument 52-109, *Certification of Disclosure in Issuers’ Annual and Interim Filings*) to ensure that information disclosed externally is complete, reliable and timely.

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

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

The Trust’s Chief Executive Officer and Chief Financial Officer evaluated, or under their supervision caused to be evaluated, the design and operating effectiveness of the Trust’s DC&P and ICFR (as defined in National Instrument 52-109, *Certification of Disclosure in Issuers’ Annual and Interim Filings*) as at December 31, 2023. Based on that evaluation they determined that at December 31, 2023, the design and operation of the Trust’s DC&P were effective to ensure that material information relating to the Trust would have been known to them and that information required to be disclosed by the Trust is recorded, processed, summarized, and reported on a timely basis and within the time period specified in securities legislation. Management has also determined that as at December 31, 2023 the Trust’s ICFR were appropriately designed and operating effectively in accordance with the criteria established in the *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

During the twelve months ended December 31, 2023, there were no changes in the Trust’s DC&P and ICFR that occurred that have materially affected, or are reasonably likely to materially affect, the Trust’s DC&P and ICFR.

CRITICAL ACCOUNTING POLICIES

Critical Accounting Estimates

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

(i) Investment properties

Investment properties, which are carried on the consolidated statements of financial position at fair value, are valued either by the Trust’s internal valuation team or by external independent appraisers. The valuations are based on a number of significant assumptions, such as capitalization rates, future stabilized net operating income. The determination of future stabilized net operating income involves assumptions regarding future rental income and operating expenses. These investment properties are sensitive to fluctuations in capitalization rates.

(a) Internal approach – direct capitalization method

Income producing properties are valued using the direct capitalization method. Under this method, fair value is estimated by applying capitalization rates to future stabilized net operating income (property revenue less property operating expenses), with the resulting value reduced by any costs required to achieve stabilization. Future stabilized net operating income adjusts net operating income for items such as market property management fees, or in the case of development properties, to reflect full intended occupancy (less a normal vacancy allowance). The Trust utilizes quarterly capitalization rate matrices provided by an external 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 generally 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.

(b) External appraisals

Independent appraisals are obtained in the normal course of business. When an independent appraisal is obtained, the internal valuation team assesses all major inputs used by the independent valuers in preparing their reports and holds discussions with them on the reasonableness of their assumptions. Where warranted, adjustments will be made to the internal valuations prepared using the direct capitalization method to reflect the assumptions contained in the external valuations, and/or the external valuation will be utilized for valuation purposes.

At December 31, 2023 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 \$42.6 million. An increase of 0.25% in the capitalization rates used would have resulted in a decrease in investment properties of approximately \$39.5 million.

FUTURE ACCOUNTING POLICY CHANGES

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

In January 2020, the IASB issued amendments to IAS 1, “Presentation of Financial Statements” (the “2020 amendments”), providing a more general approach to the classification of liabilities based on the contractual agreements in place at the reporting date. On October 31, 2022 the IASB issued Non-current Liabilities with Covenants (“Amendments to IAS 1” or the “2022 amendments”) to improve the information provided about long-term debt with covenants. The 2020 amendments and the 2022 amendments (collectively the “Amendments”) are effective for annual reporting periods beginning on or after January 1, 2024. Earlier adoption is permitted.

The Amendments to IAS 1 affect only the presentation of liabilities in the statement of financial position and seek to clarify that the classification of liabilities as current or non-current should be based on the rights that are in existence at the end of the reporting period. Further, the Amendments make clear that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and that the settlement of a liability refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Plaza intends to adopt the Amendments in its consolidated financial statements beginning on January 1, 2024, when they become effective. At that time, the Class B exchangeable LP units and the Series VIII convertible debentures will be reclassified from non-current liabilities to current liabilities on the Consolidated Statement of Financial Position, applied retrospectively to comparable periods.

EXPLANATION OF NON-GAAP MEASURES

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

Funds From Operations (FFO) and Adjusted Funds From Operations (AFFO) are non-GAAP financial measures. FFO and AFFO are industry terms commonly used in the real estate industry and their calculations are prescribed in publications of the Real Property Association of Canada (“REALpac”). Plaza calculates FFO and AFFO in accordance with REALpac’s publications.

FFO and AFFO as calculated by Plaza may not be comparable to similar titled measures reported by other entities. FFO is an industry standard widely used for measuring operating performance and is exclusive of unrealized changes in the fair value of investment properties, deferred income taxes and gains or losses on property dispositions. AFFO is an industry standard widely used for measuring recurring or sustainable economic operating performance and AFFO further primarily adjusts FFO for

operating capital and leasing (both internal and external) requirements that must be made to preserve the existing rental stream. Capital expenditures which generate a new investment or revenue stream, such as the development of a new property or the construction of a new retail pad during property expansion or intensification would not be included in determining AFFO. See the reconciliation of FFO and AFFO to profit for the period attributable to unitholders in Part II of this MD&A under the heading “Property and Corporate Financial Performance”.

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

FFO per unit and AFFO per unit are non-GAAP financial measures. FFO per unit and AFFO per unit as calculated by Plaza may not be comparable to similar titled measures reported by other entities. Plaza calculates FFO per unit and AFFO per unit as FFO or AFFO divided by the weighted average number of units outstanding.

Distributions as a percentage of basic FFO and distributions as a percentage of basic AFFO are non-GAAP financial measures. Distributions as a percentage of basic FFO and basic AFFO as calculated by Plaza may not be comparable to similar titled measures reported by other entities. Plaza calculates distributions as a percentage of basic FFO and distributions as a percentage of basic AFFO as gross distributions to unitholders divided by basic FFO or basic AFFO.

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

Same-Asset Net Property Operating Income (Same-asset NOI) is a non-GAAP financial measure. Same-asset NOI, as calculated by Plaza, may not be comparable to similarly titled measures reported by other entities. Same-asset NOI is used by Plaza to evaluate the period over period performance of those properties owned by Plaza since January 1, 2022 and excludes partial year results from certain assets due to timing of acquisition, development, redevelopment or disposition. Its calculation is revenues less operating expenses for the same-asset pool of properties. The revenues or operating expenses exclude the impact of non-cash straight-line rent, administrative expenses charged to NOI, property tax settlements and lease termination revenue. Excluding these items enables the users to better understand the period over period performance for a consistent pool of assets from contractual rental rate changes embedded in lease agreements, and the impact of leasing and occupancy on the same-asset portfolio. See the reconciliation of same-asset NOI to NOI in Part II of this MD&A under the heading “Property and Corporate Financial Performance”.

Net Property Operating Income (NOI) is an industry term in widespread use. The Trust includes NOI as an additional non-GAAP financial 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).

Interest coverage ratio and debt coverage ratio are non-GAAP financial measures. Interest coverage ratio and debt coverage ratio, as calculated by Plaza, may not be comparable to similarly titled measures reported by other entities. Plaza calculates the interest coverage ratio and debt coverage ratio as EBITDA divided by finance costs and EBITDA divided by total debt service, respectively. Finance costs are defined for this calculation as finance costs - operations as per the consolidated statements of comprehensive income (loss) excluding mark-to-market adjustments, convertible debenture issuance costs, loan defeasance and early mortgage discharge fees, and distributions on Class B exchangeable LP units recorded in finance costs - operations. Total debt service is defined for this calculation as finance costs, as defined above, plus periodic mortgage principal repayments and right-of-use land lease principal repayments.

Debt to gross assets including right-of-use land leases and debt to gross assets excluding right-of-use land leases are non-GAAP financial measures. Debt to gross assets including right-of-use land leases and debt to gross assets excluding right-of-use land leases, as calculated by Plaza, may not be comparable to similarly titled measures reported by other entities. Plaza calculates the debt to gross assets including right-of-use land leases as total debt including the face value of convertible debentures divided

by total gross assets, with both total debt and total gross assets including right-of-use land lease liabilities and assets, respectively. Plaza calculates the debt to gross assets excluding right-of-use land leases as total debt excluding right-of-use land lease liabilities divided by total gross assets excluding right-of-use land lease assets. Total debt is defined for this calculation as mortgage bonds, mortgages payable, face value of convertible debentures, non-convertible debentures, notes payable, right-of-use land lease liabilities (except when excluded per above) and bank indebtedness.

ADDITIONAL INFORMATION

Additional information relating to Plaza, including other required continuous disclosure documents, have been filed electronically with Canadian securities regulatory authorities on SEDAR+ and can be accessed at www.sedarplus.ca.

PROPERTIES OF THE TRUST

A chart listing the Trust's properties at December 31, 2023 can be accessed on Plaza's website at <http://plaza.ca/financial-reports-presentations-and-other-filings/>.

APPENDIX A**FOURTH QUARTER 2023 INCOME RESULTS****Consolidated Statements of Comprehensive Income**

(000s) (unaudited)	3 Months Ended December 31, 2023	3 Months Ended December 31, 2022
Revenues	\$ 28,962	\$ 27,978
Operating expenses	(11,526)	(10,388)
Net property operating income	17,436	17,590
Share of profit (loss) of associates	1,883	(561)
Administrative expenses	(2,221)	(2,180)
Investment income	535	177
Other income	838	1,103
Income before finance costs, fair value adjustments and income taxes	18,471	16,129
Finance costs - operations	(6,957)	(7,276)
Finance costs – net change in fair value of convertible debentures	(441)	(267)
Finance costs – net change in fair value of Class B exchangeable LP units	(81)	(667)
Finance costs – net change in fair value of interest rate swaps	(3,418)	(2)
Net change in fair value of right-of-use land lease assets	(203)	(197)
Net change in fair value of investment properties	(9,497)	6,384
Impairment of notes receivable	(1,336)	-
Profit (loss) before income tax	(3,462)	14,104
Income tax recovery (expense)		
- Current	(125)	35
- Deferred	(192)	46
	(317)	81
Profit (loss) and total comprehensive income for the period	\$ (3,779)	\$ 14,185
Profit (loss) and total comprehensive income for the period attributable to:		
- Unitholders	\$ (3,822)	\$ 14,154
- Non-controlling interests	43	31
	\$ (3,779)	\$ 14,185

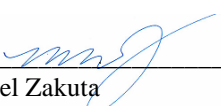
Management's Statement of Responsibility for Financial Reporting

The accompanying consolidated financial statements and information have been prepared by, and are the responsibility of, the management of the Trust. The financial statements have been prepared within accepted limits of materiality and in accordance with the International Financial Reporting Standards appropriate in the circumstances.


Management maintains appropriate systems of internal control. Policies and procedures are designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for preparation of financial statements.

The Board of Trustees, with the assistance of its Audit Committee, is responsible for ensuring that management fulfills its oversight responsibility for financial reporting and internal control. The Audit Committee consists entirely of independent trustees. At regular meetings, the Audit Committee reviews audit, internal control and financial reporting matters with management and the external auditors to satisfy itself that each is properly discharging its responsibilities. The financial statements, the independent auditors' report thereon and the accompanying management's discussion and analysis have been reviewed by the Audit Committee and have been approved by the Board of Trustees.

KPMG LLP, the independent auditors appointed by the unitholders based on the recommendation of the Board of Trustees, have been engaged to audit the consolidated financial statements and provide an independent professional opinion thereon. The auditors have full and independent access to the Audit Committee to discuss audit and related matters with and without the presence of management and non-independent Trustees.



Michael Zakuta
President and CEO
February 26, 2024



Jim Drake
Chief Financial Officer
February 26, 2024



KPMG LLP

Frederick Square
77 Westmorland Street, Suite 700
Fredericton, NB E3B 6Z3
Canada
Telephone 506 452 8000
Fax 506 450 0072

INDEPENDENT AUDITORS' REPORT

To the Unitholders of Plaza Retail REIT

Opinion

We have audited the consolidated financial statements of Plaza Retail REIT (the "Entity"), which comprise:

- the consolidated statements of financial position as at December 31, 2023 and December 31, 2022
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in unitholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023 and December 31, 2022, and its consolidated financial performance, and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Evaluation of the Valuation of Income Producing Properties

Description of the matter:

We draw attention to Notes 2(c)(i), 3(b), and 4 to the financial statements. The Entity uses the fair value model to account for income producing properties. The Entity has recorded income producing properties at fair value for an amount of \$1,036,377 thousand as at December 31, 2023. The income producing properties are measured at fair value using valuations prepared by either the Entity's internal valuation team or external independent appraisers. Significant assumptions include capitalization rates and future stabilized net operating income.

Why the matter is a key audit matter:

We identified the evaluation of the fair value of income producing properties as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of income producing properties and the high degree of estimation uncertainty in determining the fair value of income producing properties. In addition, significant auditor judgment and specialized skills and knowledge were required in performing, and evaluating, the results of our audit procedures due to the sensitivity of the fair value of income producing properties to minor changes in certain significant assumptions.

How the matter was addressed in the audit:

The primary procedures we performed to address this key audit matter included the following:

For a selection of income producing properties, we assessed the Entity's ability to accurately forecast by comparing the Entity's future stabilized net operating income used in the prior year's estimate of the fair value of income producing properties to actual results.

For a selection of income producing properties, we compared the Entity's future stabilized net operating income to the actual historical net operating income. We assessed the future stabilized net operating income by:

- Taking into account the changes in conditions and events affecting the selected income producing properties, including future rental income and operating expenses; and
- Considering the adjustments, or lack of adjustments, made by the Entity in arriving at the future stabilized net operating income.

We involved valuations professionals with specialized skills and knowledge, who assisted in evaluating, for the overall portfolio, the appropriateness of the capitalization rate ranges used by the Entity's internal valuation team and external appraisers. These rates were evaluated by comparing them to published reports of real estate industry commentators and considering the various characteristics of the portfolio.

We evaluated the competence, capabilities and objectivity of the external independent appraisers by:

- Inspecting evidence that the appraisers are in good standing with the Appraisal Institute
- Considering whether the appraisers have appropriate knowledge in relation to the specific type of investment properties
- Reading the reports of the external independent appraisers which refer to their independence

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis of Results of Operations and Financial Condition filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis of Results of Operations and Financial Condition filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a single, long, horizontal red line.

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditor's report is James O'Neil.

Fredericton, Canada

February 26, 2024

Plaza Retail REIT
Consolidated Statements of Financial Position
(in thousands of Canadian dollars)

December 31,
2023

December 31,
2022

Assets

Non-Current Assets

Investment properties (Note 4)	\$ 1,173,665	\$ 1,169,075
Investments (Note 5)	54,562	51,180
Tenant loans	321	235
Derivative assets (Note 12)	1,725	3,129
Deferred income tax asset (Note 17)	285	280
Total non-current assets	1,230,558	1,223,899

Current Assets

Cash	10,868	7,262
Receivables (Note 6)	5,041	4,138
Investment properties held for sale (Note 4(g))	1,140	19,260
Prepaid expenses and deposits (Note 7)	3,281	3,433
Tenant loans	62	55
Notes and advances receivable (Note 8)	12,466	10,964
Total current assets	32,858	45,112
Total assets	\$ 1,263,416	\$ 1,269,011

Liabilities and Unitholders' Equity

Non-Current Liabilities


Debentures payable (Note 9)	\$ 14,756	\$ 15,394
Mortgage bonds payable (Note 10)	-	1,945
Mortgages payable and other loans (Note 11)	424,317	462,246
Class B exchangeable LP units (Note 22)	4,255	5,336
Right-of-use land lease liabilities (Note 14)	63,585	64,403
Deferred income tax liability (Note 17)	8,834	8,757
Total non-current liabilities	515,747	558,081

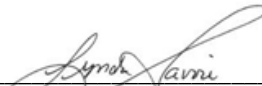
Current Liabilities

Current portion of debentures payable (Note 9)	9,234	46,806
Current portion of mortgage bonds payable (Note 10)	4,155	2,832
Bank indebtedness (Note 13)	49,344	37,800
Current portion of mortgages payable and other loans (Note 11)	105,066	74,723
Accounts payable, accrued liabilities, tenant payables and tenant deposits (Note 15)	28,938	25,473
Current portion of right-of-use land lease liabilities (Note 14)	818	803
Notes payable (Note 16)	1,190	1,188
Total current liabilities	198,745	189,625
Total liabilities	714,492	747,706

Unitholders' equity	546,487	518,900
Non-controlling interests	2,437	2,405
Total unitholders' equity	548,924	521,305
Total liabilities and unitholders' equity	\$ 1,263,416	\$ 1,269,011

Contingencies, commitments, guarantees and indemnities, litigation and provisions – see Note 28
Subsequent events – see Note 31


Doug McGregor, Trustee
Chair of the Board


Lynda Savoie, Trustee
Chair of the Audit Committee

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

Plaza Retail REIT
Consolidated Statements of Comprehensive Income
(in thousands of Canadian dollars)

	Year Ended December 31, 2023	Year Ended December 31, 2022
Revenues (Note 18)	\$ 114,064	\$ 111,245
Operating expenses (Note 19)	(43,710)	(40,664)
Net property operating income	70,354	70,581
Share of profit of associates (Note 5)	4,491	3,739
Administrative expenses (Note 20)	(8,297)	(7,873)
Investment income	1,211	562
Other income	3,756	3,130
Income before finance costs, fair value adjustments and income taxes	71,515	70,139
Finance costs - operations (Note 21)	(28,484)	(28,393)
Finance costs - net change in fair value of convertible debentures (Note 9)	217	693
Finance costs - net change in fair value of Class B exchangeable LP units (Note 22(b))	936	286
Finance costs - net change in fair value of interest rate swaps (Note 12)	(1,404)	4,264
Net change in fair value of right-of-use land lease assets (Note 4)	(804)	(780)
Impairment of notes receivables (Note 8)	(1,336)	-
Net change in fair value of investment properties (Note 4)	(19,969)	8,187
Profit before income tax	20,671	54,396
Income tax recovery (expense)		
- Current	(286)	(179)
- Deferred	(73)	4
	(359)	(175)
Profit and total comprehensive income for the period	\$ 20,312	\$ 54,221
Profit and total comprehensive income for the period attributable to:		
- Unitholders	\$ 20,187	\$ 53,891
- Non-controlling interests	125	330
	\$ 20,312	\$ 54,221

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

Plaza Retail REIT

Consolidated Statements of Changes in Unitholders' Equity

(in thousands of Canadian dollars)

	Trust Units (Note 22)	Retained Earnings	Unitholders' Equity	Non- Controlling Interests	Total Equity
Balance as at January 1, 2022	\$ 275,493	\$ 218,028	\$ 493,521	\$ 4,372	\$ 497,893
Profit and total comprehensive income for the period	-	53,891	53,891	330	54,221
Transfer to non-controlling interest liability	-	-	-	(1,104)	(1,104)
Transactions with unitholders, recorded directly in equity:					
- Issuance of units under the RU and DU plan	70	-	70	-	70
- Repurchase of units under normal course issuer bid (Note 22)	(51)	(29)	(80)	-	(80)
- Distributions declared to unitholders (Note 24)		(28,502)	(28,502)	-	(28,502)
- Contributions to non-controlling interests	-	-	-	(1,193)	(1,193)
Balance as at December 31, 2022	\$ 275,512	\$ 243,388	\$ 518,900	\$ 2,405	\$ 521,305
Profit and total comprehensive income for the period	-	20,187	20,187	125	20,312
Transactions with unitholders, recorded directly in equity:					
- Bought deal equity raise, net of issue costs (Note 22)	37,863	-	37,863	-	37,863
- Exchangeable unit redemption (Note 22)	145	-	145	-	145
- Repurchase of units under normal course issuer bid (Note 22)	(78)	(31)	(109)	-	(109)
- Distributions declared to unitholders (Note 24)		(30,499)	(30,499)	-	(30,499)
- Contributions to non-controlling interests	-	-	-	(93)	(93)
Balance as at December 31, 2023	\$ 313,442	\$ 233,045	\$ 546,487	\$ 2,437	\$ 548,924

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

Plaza Retail REIT**Consolidated Statements of Cash Flows****(in thousands of Canadian dollars)**

Year Ended December 31, 2023	Year Ended December 31, 2022
------------------------------------	------------------------------------

Cash obtained from (used for):**Operating activities**

Profit and total comprehensive income for the period	\$ 20,312	\$ 54,221
Items not affecting cash:		
Finance costs - operations (Note 21)	28,484	28,393
Share of profit of associates	(4,491)	(3,739)
Net change in fair value of investment properties	19,969	(8,187)
Net change in fair value of convertible debentures	(217)	(693)
Net change in fair value of Class B exchangeable LP units	(936)	(286)
Net change in fair value of interest rate swaps (Note 12 and 29)	1,404	(4,264)
Net change in fair value of right-of-use land lease assets	804	780
Impairment of notes receivable	1,336	-
Current and deferred income taxes	359	175
Issuance of units under the RU and DU plan	-	70
Straight-line rent (Note 18)	(60)	31
Interest paid	(25,340)	(24,715)
Imputed interest paid on right-of-use land lease liabilities (Note 21)	(2,500)	(2,493)
Cash distributions paid to Class B exchangeable LP unitholders (Note 21)	(326)	(334)
Income taxes paid	(132)	(88)
Distributions from equity accounted investments (Note 5)	1,969	1,610
Leasing commissions paid (Note 25(c))	(463)	(356)
Change in non-cash working capital (Note 25(a))	2,121	(1,656)
	42,293	38,469

Financing activities

Cash distributions paid to unitholders	(30,299)	(28,502)
Repurchase of units under normal course issuer bid (Note 22)	(109)	(80)
Net proceeds from bought deal	37,863	-
Gross mortgage proceeds	62,617	113,610
Fees incurred for placement of mortgages	(398)	(526)
Early mortgage discharge fees paid (Note 21)	(50)	(196)
Mortgages repaid	(42,130)	(65,709)
Mortgages repaid on disposal of investment properties and land (Note 4(e))	(16,063)	(3,769)
Periodic mortgage principal repayments	(12,209)	(12,709)
Right-of-use land lease principal repayments	(804)	(780)
Gross proceeds from mortgage bonds	2,345	2,080
Redemption of mortgage bonds	(2,970)	(3,485)
Gross proceeds from non-convertible debentures (Note 9)	9,251	1,300
Redemption of debentures (Note 9)	(47,250)	(3,763)
Fees incurred for placement of mortgage bonds and debentures	(24)	(69)
Increase (decrease) in notes payable	2	(24)
	(40,228)	(2,622)

Investing activities

Investment properties – additions (Note 25(c))	(53,119)	(37,039)
Acquisition of investment properties and land (Note 25(c))	-	(13,221)
Proceeds from disposal of investment properties and land (Note 4(e))	37,237	12,348
Proceeds from assets previously held for sale (Note 4(e))	9,719	-
Advances to equity accounted investments for developments (Note 5)	(860)	(371)
Contributions to non-controlling interests, recorded in non-controlling interests and in liabilities	(213)	(173)
Decrease in deposits for acquisitions and financings (Note 7)	166	683
Increase in notes and advances receivable	(2,838)	(3,417)
Repayment of tenant loans	64	83
Issuance of tenant loans	(159)	(27)
	(10,003)	(41,134)

Net decrease in cash

Cash less bank indebtedness, beginning of the period	(30,538)	(25,251)
Cash less bank indebtedness, end of the period	\$ (38,476)	\$ (30,538)

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

Plaza Retail REIT

Notes to the Consolidated Financial Statements

December 31, 2023

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

1. Reporting Entity

Plaza Retail REIT (the “Trust” or “Plaza”) is an unincorporated “open-ended” real estate investment trust established pursuant to its declaration of trust dated as of November 1, 2013 and amended as of March 26, 2020 (the “Declaration of Trust”) and is governed by the laws of the Province of Ontario. The address of the Trust’s head office is 98 Main Street, Fredericton, New Brunswick. The Trust operates a retail real estate ownership and development business in Canada. Management does not distinguish or group its operations by geography or any other basis when measuring its performance or making decisions. Accordingly, the Trust has a single reportable segment for disclosure purposes.

2. Basis of Preparation

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements were authorized for issue by the Board of Trustees of the Trust on February 26, 2024.

(b) Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis, except for the following items in the consolidated statements of financial position that are measured at fair value:

- Derivatives;
- Unit-based payments;
- Convertible debentures;
- Investment properties;
- Investment properties included in investments; and
- Exchangeable LP units.

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

(i) Investment properties

Investment properties, which are carried on the consolidated statements of financial position at fair value, are valued either by the Trust’s internal valuation team or by external independent appraisers. The valuations are based on a number of significant assumptions, such as capitalization rates, and future stabilized net operating income. The determination of future stabilized net operating income involves assumptions regarding future rental income and operating expenses. These investment properties are sensitive to fluctuations in capitalization rates.

Plaza Retail REIT

Notes to the Consolidated Financial Statements

December 31, 2023

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

3. Summary of Material Accounting Policies

The Trust's material accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

(a) General and Consolidation

The consolidated financial statements comprise the financial statements of the Trust and the entities that it controls. All intra-group balances, transactions, income and expenses resulting from intra-group transactions are eliminated in full. Wholly owned subsidiaries are fully consolidated. When the Trust does not own all of the equity in a subsidiary, the non-controlling equity interest is disclosed in the consolidated statement of financial position as a separate component of total equity. Investments in associates and joint ventures are accounted for using the equity method and initially recorded at cost and adjusted thereafter to recognize the Trust's share of the profit or loss and other comprehensive income of the associate or joint venture. The Trust's share of the associate or joint venture's profit or loss is recognized in the Trust's consolidated statements of comprehensive income under share of profit of associates. For joint operations, the Trust recognizes its proportionate share of assets, liabilities, revenues and expenses of the entities.

The financial statements of the associates, joint ventures, and joint operations are prepared for the same reporting period as the Trust, using consistent accounting policies.

(b) Investment Properties

Investment properties are held to earn rental income or for capital appreciation, or both, but not for sale in the ordinary course of business. As such, investment properties are measured at fair value, under IAS 40, Investment Property ("IAS 40") using valuations prepared by either the Trust's internal valuation team or external independent appraisers. Fair value represents the amount at which the properties could be exchanged between knowledgeable, willing parties in an arm's length transaction at the date of valuation.

Management undertakes a review of the fair value of its investment properties at each reporting period to assess the continuing validity of the underlying assumptions, such as future stabilized net operating income, capitalization rates, and capital expenditures. Where increases or decreases are warranted, the Trust adjusts the fair values of its investment properties. Related fair value gains and losses are recorded in profit or loss in the period in which they arise.

(c) Properties Under Development

Properties under development for future use as investment property are accounted for as investment property under IAS 40.

(d) Capitalization of Costs

The Trust capitalizes investment property acquisition costs incurred at the time of purchase.

For development properties, the Trust capitalizes all direct expenditures incurred in connection with their acquisition, development and construction. These expenditures consist of all direct costs and borrowing costs on both specific and general debt. Borrowing costs are offset by any interest earned by the Trust on borrowed funds prior to utilization. The development period commences when activities necessary to prepare the asset for its intended use are in progress. Capitalization ceases when substantially all the activities necessary to prepare the asset for its intended use are complete.

(e) Right-of-Use Assets and Liabilities

The Trust has investment properties located on land which is leased.

At the commencement date of the lease, the Trust recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Trust uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. Subsequently, the lease liabilities are measured at amortized cost using the effective interest rate method. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

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The Right-of-Use (“ROU”) assets are accounted for as investment property, as these land leases meet the definition of investment property under IAS 40, Investment property. On initial recognition, the Trust measures its ROU assets at an amount equal to the corresponding lease liability, plus any direct costs of obtaining the lease less any incentives provided by the lessor, adjusted for any prepaid or accrued lease payments. The ROU assets are subsequently measured at fair value and are included in investment properties in the consolidated statements of financial position.

(f) *Revenue Recognition*

The Trust enters as a lessor into lease agreements that fall within the scope of IFRS 16, “Leases” which are classified as operating leases. The Trust's revenues are earned from lease contracts with tenants and include both a lease component and a non-lease component. The Trust recognizes contractual revenue from lease components on a straight-line basis over the lease term, which is included in revenue in the consolidated statements of comprehensive income due to its operating nature. An accrued straight-line rent receivable is recorded from tenants for the difference between the straight-line rent and the rent that is contractually due from the tenant. Contingent rental income is recognized when it arises.

The lease agreements include certain services offered to tenants such as cleaning, utilities, security, landscaping, snow removal, property maintenance, as well as other support services. The consideration charged to tenants for these services includes fees charged based on a percentage of the rental income and reimbursement of certain expenses incurred. The Trust has determined that these services constitute a distinct non-lease component (transferred separately from the right to use the underlying asset) and are within the scope of IFRS 15, “Revenue from Contracts with Customers”. These property management services are considered a performance obligation, meeting the criteria for over time recognition and are recognized in the period that recoverable costs are incurred, or services are performed.

Lease termination revenue

Lease termination revenue represents amounts earned from tenants in connection with the cancellation or the early termination of their remaining lease obligations and is recognized when a lease termination agreement is signed, and collection is reasonably assured.

Other Income

Other income consists mainly of property management fees, leasing fees, project management fees and other miscellaneous fees charged to co-owners. Property management fees are generally based on a percentage of property revenues and are recognized when earned in accordance with the property management or co-ownership agreements. Leasing fees are incurred when the Trust is the leasing manager for co-owned properties and are recognized when earned in accordance with the property management or co-ownership agreements.

(g) *Income Taxes*

The Trust is a mutual fund trust and qualifies as a real estate investment trust for Canadian income tax purposes. Under current tax legislation, a real estate investment trust is entitled to deduct distributions of taxable income such that it is not liable to pay income tax, provided that its taxable income is fully distributed to unitholders. Accordingly, income taxes, comprised of current and deferred taxes, are only recorded for the Trust's corporate subsidiaries. The Trust intends to continue to qualify as a real estate investment trust and to make distributions not less than the amount necessary to ensure that the Trust will not be liable to pay income taxes. The Trust qualified as a real estate investment trust throughout 2023 and the 2022 comparative year.

(h) *Investments*

Investments consist of the Trust's associates and joint ventures accounted for using the equity method. For investments in entities not accounted for using the equity method, amounts received or receivable in accordance with the income distribution formula of the entity, if not capital or financing receipts, are included in income. For investments in entities accounted for using the equity method, amounts received are accounted for as a reduction of the investments and the proportionate share of the net income or loss from the investments are recorded in profit or loss for the period under share of profit of associates, and as an increase or decrease to the investments.

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Investment properties that are held by equity-accounted entities are measured at fair value, consistent with the Trust's policy for its consolidated investment properties. The Trust's pro-rata share of any fair value gain or loss is calculated based on "winding-up" the specific entity and distributing the net assets to the partners as dictated by the respective agreements. The Trust's pro-rata share of any fair value gain or loss is recorded in profit or loss for the period within share of profit of associates.

(i) Financial Instruments

Financial assets and liabilities are recognized when the Trust becomes a party to the contractual provision of the financial instrument.

Classification and Measurement - Financial assets are classified and measured based on three categories: amortized cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL"). Financial liabilities are classified and measured on two categories: amortized cost or FVTPL. Derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9, "Financial Instruments" are not separated, but the hybrid financial instrument as a whole is assessed for classification.

Financial assets are measured at amortized cost if both of the following conditions are met and it is not designated as FVTPL:

- the financial asset is held within a business model with the objective of collecting the contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are measured at FVOCI if they meet both of the following conditions and are not designated at FVTPL:

- the financial asset is held within a business model whose objective is to both hold assets to collect contractual cash flows and to sell assets prior to maturity; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Assets held within another business model or assets that do not have contractual cash flow characteristics that are solely payments of principal and interest are measured at FVTPL.

Financial liabilities are classified and measured subsequently at amortized cost using the effective interest method or at FVTPL.

The Trust's financial assets and liabilities have been classified and measured as follows:

Asset / Liability	Classification and Measurement Basis
Cash	Amortized cost
Receivables	Amortized cost
Tenant loans	Amortized cost
Notes and advances receivable	Amortized cost
Debentures payable:	
- Convertible debentures	FVTPL
- Non-convertible debentures	Amortized cost
Mortgage bonds payable	Amortized cost
Mortgages payable and other loans	Amortized cost
Class B exchangeable LP units	FVTPL
Bank indebtedness	Amortized cost
Accounts payable, accrued liabilities, tenant payables and tenant deposits	Amortized cost
Notes payable	Amortized cost
Derivatives	FVTPL

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Financial assets are not reclassified subsequent to their initial recognition, unless the Trust identifies changes in its business model in managing financial assets and would reassess the classification of financial assets.

The effective interest method is used for financial instruments measured at amortized cost and allocates interest over the relevant period. The effective interest rate used in the effective interest method, is the rate that discounts estimated future cash flows (including all fees paid or received that form an integral part of the Effective Interest Rate, transaction costs and other premiums or discounts) through the expected life of the instrument, to the gross carrying amount of a financial asset or to the amortized cost of a financial liability.

Any transaction costs associated with financial instruments measured at FVPTL are expensed as incurred.

Impairment - An allowance for expected credit losses (“ECL”) is recognized at each balance sheet date for all financial assets measured at amortized cost or those measured at fair value through other comprehensive income, except for investments in equity instruments. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which is determined on a probability-weighted basis.

Impairment losses, if incurred, would be recorded in the consolidated statement of comprehensive income with the carrying amount of the financial asset or group of financial assets reduced through the use of impairment allowance accounts. In periods subsequent to the impairment where the impairment loss has decreased, and such decrease can be related objectively to conditions and changes in factors occurring after the impairment was initially recognized, the previously recognized impairment loss would be reversed through the consolidated statement of comprehensive income. The impairment reversal would be limited to the lesser of the decrease in impairment or the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized, after the reversal.

General Hedging - IFRS 9 includes a general hedge accounting standard which aligns hedge accounting more closely with an entity’s risk management objectives and strategies. The Trust does not currently apply hedge accounting in its financial statements.

(j) *Trust Units*

The Trust’s units are redeemable at the option of the holder and, therefore, are considered puttable instruments. Puttable instruments are required to be accounted for as financial liabilities, except where certain conditions are met in accordance with IAS 32, “Financial instruments: presentation”, in which case, the puttable instruments may be presented as equity. The Trust’s units meet the conditions of IAS 32 and are, therefore, presented as equity.

(k) *Leasing Costs*

Payments to tenants under lease contracts are characterized as either tenant improvements, which enhance the value of the property, or lease inducements. When the obligation is determined to be a tenant improvement, the Trust is considered to have acquired an asset. Accordingly, the tenant improvements are capitalized as part of investment property. When the obligation is determined to be a lease inducement, the amount is recognized as an asset which forms a component of investment property and is deferred and amortized over the term of the lease as a reduction of revenue.

(l) *Finance Costs*

Finance costs are comprised of interest expense on borrowings, fair value changes in financial liabilities, the fair value adjustment on interest rate swap and transaction costs associated with the issuance of financial liabilities measured at fair value through profit or loss (such as convertible debentures). Transaction costs associated with financial liabilities presented at amortized cost are presented with the related debt instrument and amortized into finance costs using the effective interest method over the anticipated life of the related debt.

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(m) *Future Changes in Accounting Policies*

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

In January 2020, the IASB issued amendments to IAS 1, “Presentation of Financial Statements” (the “2020 amendments”), providing a more general approach to the classification of liabilities based on the contractual agreements in place at the reporting date. On October 31, 2022 the IASB issued Non-current Liabilities with Covenants (“Amendments to IAS 1” or the “2022 amendments”) to improve the information provided about long-term debt with covenants. The 2020 amendments and the 2022 amendments (collectively the “Amendments”) are effective for annual reporting periods beginning on or after January 1, 2024. Earlier adoption is permitted.

The Amendments to IAS 1 affect only the presentation of liabilities in the statement of financial position and seek to clarify that the classification of liabilities as current or non-current should be based on the rights that are in existence at the end of the reporting period. Further, the Amendments make clear that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and that the settlement of a liability refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Plaza intends to adopt the Amendments in its consolidated financial statements beginning on January 1, 2024, when they become effective. At that time, the Class B exchangeable LP units and the Series VIII convertible debentures will be reclassified from non-current liabilities to current liabilities on the Consolidated Statement of Financial Position, applied retrospectively to comparable periods.

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4. Investment Properties

	December 31, 2023				December 31, 2022			
	Income producing properties	Properties under development	ROU land lease assets	Total	Income producing properties	Properties under development	ROU land lease assets	Total
Balance, beginning of the period:	\$ 1,025,249	\$ 78,620	\$ 65,206	\$ 1,169,075	\$ 1,017,733	\$ 57,585	\$ 65,986	\$ 1,141,304
Additions (deductions):								
Additions to investment properties	16,891	37,248	-	54,139	12,469	26,337	-	38,806
Acquisitions of investment properties and land	-	-	-	-	-	13,221	-	13,221
Disposals (Note 4(e))	(27,696)	-	-	(27,696)	(12,348)	-	-	(12,348)
Transfers	44,046	(44,046)	-	-	17,558	(17,558)	-	-
Straight line rent receivable change	35	25	-	60	(115)	60	-	(55)
Reclass to investment properties held for sale (Note 4(g))	(1,140)	-	-	(1,140)	(19,260)	-	-	(19,260)
Change in fair value – income producing and under development	(21,008)	1,039	-	(19,969)	9,212	(1,025)	-	8,187
Change in fair value – right-of-use land lease assets	-	-	(804)	(804)	-	-	(780)	(780)
Balance, end of the period:	\$ 1,036,377	\$ 72,886	\$ 64,402	\$ 1,173,665	\$ 1,025,249	\$ 78,620	\$ 65,206	\$ 1,169,075

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

Fair value disclosure

Investment properties (including those owned through equity accounted joint ventures) are measured at fair value using valuations prepared by either the Trust's internal valuation team or external independent appraisers. The fair value of investment properties has been categorized as a Level 3 fair value (see (i), below, for a more detailed description of the Trust's valuation approach and note 29e for a description of Level 3 classification). The significant unobservable inputs include capitalization rates, future stabilized net operating income, which is supported by the terms of existing leases in place and current market rents to renew or lease up vacant or expiring space, adjusted for estimated or normalized vacancy rates based on market conditions and factoring in expected maintenance costs.

Income Producing Properties

(i) Internal approach – direct capitalization method

Income producing properties are valued using the direct capitalization method. Under this method, fair value is estimated by applying capitalization rates to future stabilized net operating income (property revenue less property operating expenses), with the resulting value reduced by any costs required to achieve stabilization. Future stabilized net operating income adjusts net operating income for items such as market property management fees, or in the case of development properties, to reflect full intended occupancy (less a normal vacancy allowance). The Trust utilizes quarterly capitalization rate matrices provided by an external 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 generally utilizes capitalization rates within the range of rates provided. In addition, adjustments may be made to the internal valuations to reflect assumptions contained in external appraisals, discussed below, where the appraisal may better reflect the specific qualities of a property. 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.

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(ii) External appraisals

Independent appraisals are obtained in the normal course of business. When an independent appraisal is obtained, the internal valuation team assesses all major inputs used by the independent valuers in preparing their reports and holds discussions with them on the reasonableness of their assumptions. When the external appraisal better reflects the value of a property, the external appraisal will be utilized for valuation purposes.

Of the total fair value of income producing properties and properties under development in the chart on the previous page, \$100.1 million of investment properties were based on external appraisals obtained during the year to date, with \$30.9 million based on external appraisals obtained during the current quarter, (year ended December 31, 2022 - \$222.9 million).

As at December 31, 2023 the Trust has utilized the following range of capitalization rates:

Capitalization Rate Matrix Ranges				
	Number of Properties ⁽¹⁾	Weighted average capitalization rates ⁽¹⁾	Primary Market	Secondary Market
Freestanding or Mini Box	68	6.31%	5.25% - 8.25%	6.00% - 9.75%
Quick Service Restaurant	47	6.77%	5.50% - 8.50%	5.75% - 10.50%
Anchored Open-Air Centre – Class A	16	6.49%	5.25% - 8.00%	5.75% - 8.75%
Anchored Open-Air Centre – Class B	41	6.93%	5.50% - 9.00%	6.25% - 10.00%
Unanchored Open-Air Centre	33	7.33%	5.50% - 9.00%	6.50% - 11.50%
Enclosed Malls – Community	3	9.89%	8.00% - 12.50%	7.75% - 13.50%
	208	6.86%		

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

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

Quick Service Restaurant – defined as freestanding retail quick-service restaurant.

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

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

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

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

A sensitivity analysis of fair values of investment properties at December 31, 2023, based on changes to the capitalization rates used to determine fair values, is as follows:

Capitalization Rate Sensitivity Increase (Decrease)	Capitalization Rate	Fair Value of Investment Properties	Fair Value Variance	% Change
(0.75%)	6.11%	1,248,901	138,499	12.5%
(0.50%)	6.36%	1,198,984	88,582	8.0%
(0.25%)	6.61%	1,152,967	42,565	3.8%
December 31, 2023	6.86%	1,110,402	-	-
0.25%	7.11%	1,070,909	(39,493)	(3.6%)
0.50%	7.36%	1,034,162	(76,240)	(6.9%)
0.75%	7.61%	999,879	(110,523)	(10.0%)

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Although the fair value of investment properties reflects the Trust's best estimates as at December 31, 2023, the Trust continues to review its future net property operating income and cash flow projections and valuation of investment properties in light of the current interest rate and macro-economic environment. Certain aspects of Plaza's operations could be further affected, including rental and occupancy rates, consumer demand and demand for retail space, capitalization rates, temporary or long-term labour or supply chain disruptions and the impact on construction costs and development projects, and the resulting value of Plaza's properties.

As at December 31, 2022 the Trust has utilized the following range of capitalization rates:

Capitalization Rate Matrix Ranges				
	Number of Properties ⁽¹⁾	Weighted average capitalization rates ⁽¹⁾	Primary Market	Secondary Market
Freestanding or Mini Box	69	6.23%	5.00% - 8.25%	5.75% - 9.75%
Quick Service Restaurant	60	6.65%	5.25% - 8.50%	5.75% - 10.50%
Anchored Open-Air Centre – Class A	16	6.45%	5.00% - 8.00%	5.50% - 8.75%
Anchored Open-Air Centre – Class B	43	6.82%	5.25% - 9.00%	6.25% - 10.00%
Unanchored Open-Air Centre	35	7.04%	5.25% - 9.00%	6.50% - 11.50%
Enclosed Malls – Community	3	9.25%	8.00% - 12.50%	7.75% - 13.50%
	226	6.73%		

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

Properties Under Development

Properties under development are valued using a combination of the internal approach, as noted above, and external appraisals. The resulting values are reduced by future cash outlays for costs to complete the development and achieve stabilization, including construction, development, lease-up and related costs.

(a) Straight-line Rent

Included in investment properties at December 31, 2023 is \$11.5 million (December 31, 2022 - \$11.9 million) of straight-line rents receivable arising from the recognition of rental revenue on a straight-line basis over the lease terms in accordance with IFRS 16, *Leases*.

(b) Surplus Land

Included in investment properties at December 31, 2023 is \$8.1 million of surplus lands at fair value (December 31, 2022 - \$8.1 million).

(c) Borrowing Costs

The total amount of borrowing costs capitalized for the year ended December 31, 2023 is \$3.9 million (for the year ended December 31, 2022 - \$1.7 million).

(d) Acquisitions of Investment Properties and Land

Properties Acquired	% Acquired	Year Ended December 31, 2023 ⁽¹⁾	Year Ended December 31, 2022 ⁽¹⁾
Gibson Boulevard Plaza, Stewiacke, NS	100%	\$ -	\$ 399
Dieppe Boulevard Plaza, Dieppe, NB	100%	-	3,242
Niagara Street Plaza, Welland, ON	50%	-	9,580
Total properties acquired		\$ -	\$ 13,221

⁽¹⁾ Including closing costs

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(e) Disposals

		Gross Proceeds Year Ended December 31, 2023 ⁽¹⁾	Gross Proceeds Year Ended December 31, 2022
Properties Disposed	% Disposed		
Quick Service Restaurants, excess land and non-core assets	100%	\$ 26,727	\$ 8,355
Non-core asset in Port Hope, ON	50%	-	3,993
Non-core asset in Brampton, ON	100%	15,725	-
Surplus land in Welland, ON		4,504	-
Total disposals		\$ 46,956	\$ 12,348
Less: assets previously held for sale		(19,260)	-
Disposals excluding assets previously held for sale		\$ 27,696	\$ 12,348

⁽¹⁾ Gross proceeds after closing costs, before repayment of mortgages.

	Net Proceeds Year Ended December 31, 2023	Net Proceeds Year Ended December 31, 2022
Reconciliation of disposals with the Statements of Cash Flows		
Total disposals	\$ 46,956	\$ 12,348
Mortgages repaid on disposal	(16,063)	(3,769)
Net proceeds - cash	\$ 30,893	\$ 8,579

Recorded on the Statement of Cash Flows in:		
Investing activities: Proceeds from disposal of investment properties and land	\$ 37,237	\$ 12,348
Financing activities: Mortgages repaid on disposal of investment properties and land	(16,063)	(3,769)
Investing activities: Proceeds from assets previously held for sale	9,719	-
Net proceeds - cash	\$ 30,893	\$ 8,579

(f) Right-of-use land lease assets

The Trust has investment properties located on land which is leased. The Trust has 27 long-term land leases (affecting 26 properties). Land leases expire (excluding any non-automatic renewal periods) on dates ranging from 2027 to 2084 with an average life of 31 years, with some of the leases also containing non-automatic renewal options, extending the average life of the leases to 57 years including these non-automatic renewal options.

(g) Investment properties held for sale

The Trust has segregated one investment property as held for sale with a fair value of \$1.1 million for a property located in Granby, QC (December 31, 2022 - \$19.3 million). The sale closed in February 2024.

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5. Investments

Investments consist of the following:

	Ownership Position	Preferred Return	Residual Return	December 31, 2023	December 31, 2022
Equity Accounted Investments					
Associates:					
Centennial Plaza Limited Partnership	10%	10%	20%	\$ 15,519	\$ 14,955
Trois Rivières Limited Partnership	15%	10%	30%	3,200	3,124
VGH Limited Partnership	20%	8%	27.5%	1,656	1,610
Plazacorp Ontario1 Limited Partnership	25%	8%	25%	2,963	3,366
Ste. Hyacinthe Limited Partnership	25%	6%	pro-rata	221	221
144 Denison East Limited Partnership	25%	6%	pro-rata	611	535
Total Associates				24,170	23,811
Joint Ventures:					
Plazacorp Ontario2 Limited Partnership	50%	-	-	4,930	4,896
Plazacorp Ontario3 Limited Partnership	50%	-	-	1,756	1,706
Plazacorp Ontario4 Limited Partnership	50%	-	-	2,689	2,620
RBEG Limited Partnership	50%	-	-	2,519	2,405
CPRDL Limited Partnership	50%	-	-	2,868	2,806
Fundy Retail Ltd.	50%	-	-	1,018	1,015
The Shoppes at Galway Limited Partnership	50%	-	-	14,612	11,921
Total Joint Ventures				30,392	27,369
Total Investments				\$ 54,562	\$ 51,180

For equity accounted investments in which the Trust has less than a 20% ownership interest, the Trust has significant influence over these entities as it has the power to participate in the financial and operating policy decisions of the entities but is not able to exercise control or joint control over those policies.

The share of profits which the equity-accounted investments noted above are entitled to is distributed first as a preferred return on invested capital with the remaining distributed as a residual return, as outlined above. If there is no preferred and residual return structure noted, the share of profits is distributed pro-rata in accordance with ownership position.

For the year ended December 31, 2023 the Trust received \$2.0 million of distributions (for the year ended December 31, 2022 - \$1.6 million) from equity accounted investments. For the year ended December 31, 2023 the Trust made \$860 thousand in contributions to its equity accounted investments (for the year ended December 31, 2022 - \$371 thousand).

Summary financial information for equity accounted investments, at 100% and the Trust's ownership position:

	December 31, 2023		December 31, 2022	
	Equity Investments at 100%	Plaza's Interest ⁽¹⁾	Equity Investments at 100%	Plaza's Interest ⁽¹⁾
Current assets	\$ 7,520	\$ 2,031	\$ 6,934	\$ 1,928
Long term assets	360,788	109,307	342,134	103,464
Total assets	368,308	111,338	349,068	105,392
Current liabilities	5,273	1,570	6,610	1,965
Long term liabilities	180,575	55,206	169,036	52,247
Total liabilities	185,848	56,776	175,646	54,212
Net assets	\$ 182,460	\$ 54,562	\$ 173,422	\$ 51,180
Revenues	\$ 31,360	\$ 9,064	\$ 28,639	\$ 8,307
Expenses	(19,583)	(5,775)	(16,951)	(4,617)
Fair value gain	2,905	1,202	4,629	49
Share of profit of equity investments	\$ 14,682	\$ 4,491	\$ 16,317	\$ 3,739

⁽¹⁾ Calculated at the Trust's effective interest of the equity accounted investments, if the underlying investments were wound-up based on allocation of residual interests for certain investments, as noted in the chart above.

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The change in the Trust's equity investment is as follows:

	December 31, 2023	December 31, 2022
Balance, beginning of the year	\$ 51,180	\$ 48,680
Cash contributions	860	371
Distributions of operating proceeds	(1,969)	(1,610)
Share of profit of equity investments	4,491	3,739
Balance, end of the year	\$ 54,562	\$ 51,180

6. Receivables

Receivables consist of the following:

	December 31, 2023	December 31, 2022
Tenant accounts receivable, net of allowance	\$ 235	\$ 751
Tenant CAM and tax recovery accrual	1,497	1,040
Tenant accounts receivable – annual tax billings	263	6
Excise tax	1,968	1,090
Other receivables	1,078	1,127
Income tax receivable	-	124
Total receivables	\$ 5,041	\$ 4,138

The Trust determines its allowance for doubtful accounts on a tenant-by-tenant basis using an expected credit loss model taking into consideration lease terms, industry conditions and status of the tenants' accounts, among other factors. Accounts are written off only when all collection efforts have been exhausted. The allowance for doubtful accounts balance at December 31, 2023 is \$320 thousand (December 31, 2022 - \$674 thousand). This amount is deducted from tenant accounts receivable.

7. Prepaid Expenses and Deposits

Prepaid expenses and deposits consist of the following:

	December 31, 2023	December 31, 2022
Prepaid expenses	\$ 1,546	\$ 1,475
Prepaid property taxes	1,113	1,170
Deposits for acquisitions and financings	622	788
Total prepaid expenses and deposits	\$ 3,281	\$ 3,433

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8. Notes and Advances Receivable

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

Due from:	Interest Rate	December 31, 2023	December 31, 2022
Co-owners of certain investment properties (payable on demand)	6.00% ⁽¹⁾	\$ 7,017	\$ 7,129
	Prime + 1.5% ⁽¹⁾	281	322
	Prime + 1.25%	1,250	-
	Prime + 6.0%	4,658	2,165
	Non-interest bearing	44	794
	Prime + 0.75% or BA		
Minority interest shareholders (payable on demand)	plus 2.25%	502	502
	Prime + 2.0%	50	50
	Non-interest bearing	-	2
Impairment of notes receivable		(1,336)	
Total notes and advances receivable		\$ 12,466	\$ 10,964

⁽¹⁾ Michael Zakuta and Earl Brewer, related parties, own interests in common with the Trust in the underlying properties (Mountainview Plaza, Midland, ON and Park St. Plaza, Kenora, ON). See Note 26(c)(ii) for additional information.

9. Debentures Payable

Debentures payable consist of the following:

	Maturity Date	Interest Rate	December 31, 2023	December 31, 2022
Convertible ⁽¹⁾				
Series E (TSX: PLZ.DB.E)	March 31, 2023	5.10%	\$ -	\$ 46,806
Series VIII	March 31, 2026	5.95%	11,244	11,906
Total convertible debentures			11,244	58,712
Series II non-convertible debentures ⁽²⁾	February 28, 2027	5.00%	3,537	3,537
Series III non-convertible debentures ⁽²⁾ – Tranche A	February 14, 2024	6.25%	1,510	-
Series III non-convertible debentures ⁽²⁾ – Tranche B	March 31, 2024	6.25%	4,490	-
Series IV non-convertible debentures ⁽²⁾ – Tranche A	June 14, 2024	6.75%	579	-
Series IV non-convertible debentures ⁽²⁾ – Tranche A	December 16, 2024	6.75%	2,672	-
Total non-convertible debentures			12,788	3,537
Net debentures payable			24,032	62,249
Less: unamortized finance charges – non-convertible debentures			(42)	(49)
Net debentures payable			23,990	62,200
Less: current portion of debentures payable			(9,234)	(46,806)
Total debentures payable – long-term portion			\$ 14,756	\$ 15,394

⁽¹⁾ Recorded at fair value based on closing market trading prices for the Series E debentures and based on a valuation methodology that uses differential equations for the Series VIII debentures. The fair value change of the total convertible debentures during 2023 was a gain of \$217 thousand (for the year ended December 31, 2022 – gain of \$693 thousand).

⁽²⁾ Recorded at amortized cost.

Convertible and non-convertible debentures are subordinate and unsecured.

In February and March 2023, a total of \$6.0 million in Series III unsecured debentures were issued with a term of one year, at an interest rate of 6.25%.

On March 31, 2023, Plaza's Series E convertible debentures matured and the balance of \$47.25 million was repaid in full.

In December 2023, \$3.3 million in Series IV unsecured debentures were issued at an interest rate of 6.75%, \$0.6 million for a term of 6 months and \$2.7 million for a term of 1 year. \$0.5 million of the proceeds were used to repay maturing Series X.2 mortgage bonds.

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Current convertible debenture terms are as follows:

	Series VIII
Conversion price	\$4.75
Trust's first redemption date	March 31, 2024
Par call date	March 31, 2025
Maturity date	March 31, 2026
Face value outstanding	\$12,019
Publicly listed	no

10. Mortgage Bonds Payable

Mortgage bonds payable are secured by 1st mortgages on various properties:

			December 31, 2023	December 31, 2022
	Interest Rates	Maturity Dates	Total	Total
Series X.2	6.00%	June 25, 2023	\$ -	\$ 250
Series X.2	4.25%	June 25, 2023	-	725
Series X.2	6.00%	December 25, 2023	-	500
Series X.2	6.00%	January 15, 2024	250	-
Series X.2	4.75%	June 25, 2024	1,510	1,510
Series X.2	6.00%	July 15, 2024	725	-
Total Series X.2			2,485	2,985
Series XII	3.75%	January 15, 2023	-	1,285
Series XII	6.00%	January 15, 2024	1,160	-
Series XII	6.00%	July 15, 2024	85	85
Series XII	4.75%	July 15, 2024	435	435
Total Series XII			1,680	1,805
Gross mortgage bonds payable			4,165	4,790
Less: unamortized finance charges			(10)	(13)
Net mortgage bonds payable			4,155	4,777
Less: current portion of mortgage bonds payable			(4,155)	(2,832)
Net mortgage bonds payable – long-term portion			\$ -	\$ 1,945

The Series X.2 and XII mortgage bonds can be deployed up to 90% of the cost of a property under a first or second charge on that property. If it is a second charge, the total debt, including mortgage bonds, cannot exceed 90%. These mortgage bonds can be reallocated to different properties from time to time as required.

In January 2023, Series XII mortgage bonds maturing January 15, 2023, were renewed with an interest rate of 6% per annum. Of the \$1.285 million, \$125 thousand were renewed for six months, maturing July 15, 2023, and \$1.16 million were renewed for one year to January 15, 2024.

In June 2023, Series X.2 mortgage bonds maturing June 25, 2023, were renewed with an interest rate of 6% per annum. Of the \$975 thousand, \$250 thousand were renewed until January 15, 2024, and \$725 thousand were renewed until July 15, 2024.

In July 2023, the \$125 thousand in Series XII mortgage bonds which matured on July 15, 2023 were repaid and the \$85 thousand in Series XII mortgage bonds were extended for one year at 6.00%.

In December 2023, the \$500 thousand in Series X.2 mortgage bonds maturing on December 15, 2023 were repaid.

In January 2024, the \$250 thousand Series X.2 mortgage bonds and the \$1.16 million Series XII mortgage bonds matured. Of the total matured, \$150 thousand was repaid and the remaining \$1.26 million participated in the issuance of Series IV non-convertible debentures.

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11. Mortgages Payable and Other Loans

	Interest Rate Range	Weighted Average Effective Interest Rate	Maturity Dates	December 31, 2023	December 31, 2022
Secured fixed rate loans:	2.33% - 7.00%	4.21%	Up to June 2034	\$ 471,191	\$ 481,122
Unsecured interest-only fixed rate loans ⁽¹⁾ :	5.00%	5.00%	Up to Sept 2025	3,600	9,243
Revaluation of loans upon acquisitions, net of amortization of \$6,549 (December 31, 2022 - \$6,505)				224	268
Less: unamortized finance charges				(2,154)	(2,374)
Total net fixed rate loans				472,861	488,259
Variable rate loans:					
- \$20 million development facility	Prime plus 0.75% or BA plus 2.25%		July 31, 2024	8,889	2,008
- \$15 million development facility	Prime plus 0.75% or BA plus 2.00%		July 31, 2024	1,293	-
- \$8.0 million interim facility	Prime plus 1.50% or BA plus 2.50%		July 16, 2024	7,075	9,150
- \$1.2 million unsecured interest-only loan ⁽¹⁾	Prime plus 1.05% (min. 5.00% rate)		January 15, 2024	1,171	1,171
- \$10.08 million interim facility	Prime plus 1.00% or BA plus 2.25%		April 24, 2023	-	9,980
- \$13.4 million interim facility	Prime plus 1.00% or BA plus 2.50%		August 31, 2024	13,057	8,017
- \$6.75 million interim facility	Prime plus 1.00% or BA plus 2.50%		December 21, 2024	5,760	3,750
- \$6.2 million interim facility	Prime plus 0.90% or BA plus 2.15%		July 28, 2024	3,938	6,238
- \$6.75 million interim facility	Prime plus 0.95%		April 11, 2024	6,750	6,073
- \$7.25 million interim facility	Prime plus 1.00% or BA plus 2.5%		June 21, 2024	6,667	2,407
- \$5.0 million interim facility	Prime plus 0.95% or BA plus 2.45%		December 31, 2024	1,984	-
Less: unamortized finance charges				(62)	(84)
Total net variable rate loans				56,522	48,710
Net mortgages payable				529,383	536,969
Less: mortgages payable and other loans – current portion				(105,066)	(74,723)
Total mortgages payable and other loans – long-term portion				\$ 424,317	\$ 462,246

⁽¹⁾ These loans are unsecured, however the lenders have recourse to the underlying properties in case of default.

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

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To fund development activities the Trust has two revolving development facilities with Canadian chartered banks available upon pledging of specific assets. One is a \$20.0 million one-year revolving facility that bears interest at prime plus 0.75% or bankers' acceptances ("BAs") plus 2.25%, and the other is a \$15.0 million revolving facility that bears interest at prime plus 0.75% or BAs plus 2.00%. At December 31, 2023 there is \$24.8 million available on these development facilities (December 31, 2022 - \$33.0 million). The Trust must maintain certain financial ratios to comply with the facilities. These covenants include loan-to-value, debt coverage, interest coverage and occupancy covenants, as well as unitholder equity tests. As of December 31, 2023, the Trust is in compliance with all financial covenants.

Funding is generally secured by first mortgage charges on properties or development properties as applicable. Interim facilities are in place for financing the construction and development of specific properties. The \$8.0 million interim facility is secured by a property which is undergoing repositioning and stabilization. The remaining interim facilities are funding specific developments in progress; management expects that available funds under the respective facilities are sufficient to complete the respective developments. As the interim facilities mature, it is expected they will either be extended until construction has been completed or they will be converted to long-term mortgages on completion of the construction projects. The Trust must maintain certain financial ratios to comply with certain facilities. As of December 31, 2023, the Trust is in compliance with all financial covenants.

12. Derivative Assets and Liabilities

The Trust utilizes interest rate swaps in order to fix the variable interest rate on six mortgages. The interest rate swaps mature in August 2027, May, June and August 2029 and are recorded at fair value, with movements in fair value recorded in profit and total comprehensive income. The interest rate swaps result in derivative assets of \$1.7 million at December 31, 2023, (December 31, 2022 – derivative assets of \$3.1 million). The Trust recorded a fair value loss on the interest rate swaps of \$1.4 million for the year ended December 31, 2023 (for the year ended December 31, 2022 – gain of \$4.3 million).

13. Bank Indebtedness

The Trust has a \$60.0 million (December 31, 2022 - \$55.0 million) revolving operating line of credit facility with a Canadian chartered bank at the rate of prime plus 0.75% or BAs plus 2.00%, maturing July 31, 2024. The amount available to be drawn fluctuates depending on the specific assets pledged as security. Based on the assets pledged at December 31, 2023, the available limit was \$60.0 million of which \$49.3 million (December 31, 2022 – \$37.8 million) was drawn and therefore the maximum amount remaining available to be drawn on the facility was \$10.1 million (December 31, 2022 – \$16.5 million), net of letters of credit outstanding of \$508 thousand (December 31, 2022 - \$677 thousand). As security, at December 31, 2023, the Trust has provided a \$60.0 million demand debenture secured by a first mortgage over thirty-three properties.

14. Right-of-use Land Lease Liabilities

The Trust has investment properties located on land which is leased. The right-of-use land lease liabilities relate to the right-of-use assets included in investment properties (Note 4). The Trust has 27 long-term land leases (affecting 26 properties). Of the 27 land leases, 9 are with related parties. Land leases expire (excluding any non-automatic renewal periods) on dates ranging from 2027 to 2084 with an average life of 31 years, with some of the leases also containing non-automatic renewal options, extending the average life of the leases to 57 years including these non-automatic renewal options.

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

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

	December 31, 2023	December 31, 2022
Accounts payable and accrued liabilities	\$ 17,198	\$ 13,687
Tenant CAM and tax accrual	636	908
Distributions payable	2,603	2,403
Excise tax payable	1,712	1,347
Accrued interest payable	1,686	2,197
Deferred tenant revenue and deposits	4,635	4,560
Income tax payable	47	-
Other	421	371
Total accounts payable, accrued liabilities, tenant payables and tenant deposits	\$ 28,938	\$ 25,473

16. Notes Payable

Notes payable consist of the following:

	Interest Rate	December 31, 2023	December 31, 2022
Non-interest bearing notes:			
Entities owned (directly and indirectly), controlled or significantly influenced by Michael Zakuta, President, CEO and Trustee of the Trust ⁽¹⁾	n/a	\$ 261	\$ 261
Unrelated parties and non-controlling interests	n/a	929	927
Total notes payable		\$ 1,190	\$ 1,188

⁽¹⁾ The notes are repayable on sale or refinancing of the related asset.

17. Income Taxes

The Trust qualifies as a real estate investment trust ("REIT") for Canadian income tax purposes. The Trust expects to distribute all of its taxable income to unitholders and is entitled to deduct such distributions for income tax purposes. Accordingly, no provision for Canadian current income tax payable is required, except for amounts in its incorporated Canadian subsidiaries.

Where an entity does not qualify as a REIT for Canadian income tax purposes, certain distributions will not be deductible by that entity in computing its income for Canadian tax purposes. As a result, the entity will be subject to tax at a rate substantially equivalent to the general corporate income tax rate on distributed taxable income. Distributions paid in excess of taxable income will continue to be treated as a return of capital to unitholders. Undistributed taxable income is subject to the top marginal personal tax rate. The Trust consolidates certain wholly-owned incorporated entities that remain subject to tax. The current year tax disclosures and expense relate only to these entities.

The components of deferred taxes on the consolidated statements of financial position are as follows:

	December 31, 2023	December 31, 2022
<u>Deferred income tax assets</u>		
Tax loss carry-forwards of subsidiaries	\$ 285	\$ 280
<u>Deferred income tax liabilities</u>		
Income producing properties	8,834	8,757
Net deferred income tax liability	\$ 8,549	\$ 8,477

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Distributions are declared monthly at the discretion of the Board of Trustees of the Trust, provided that the Board of Trustees intend to make distributions sufficient to reduce or eliminate the Trust's liability for income tax under Part I of the Income Tax Act (*Canada*).

	2023	2022
Cash distributions declared	\$ 30,499	\$ 28,502
Required cash distributions to ensure no Part I tax	21,976	17,525
Total excess over Part I tax	\$ 8,523	\$ 10,977

18. Revenues

	2023	2022
Contractual revenue	\$ 77,807	\$ 76,806
Straight-line rent	60	(31)
Property tax and insurance recoveries	22,958	21,826
Cost recovery revenue	13,004	12,329
Lease termination revenue	-	145
Other revenue	235	170
Total property revenues	\$ 114,064	\$ 111,245

19. Operating Expenses

	2023	2022
Property taxes and insurance	\$ 24,265	\$ 23,426
Recoverable expenses	16,872	15,261
Non-recoverable expenses	2,573	1,977
Total operating expenses	\$ 43,710	\$ 40,664

20. Administrative Expenses

	2023	2022
Salaries and benefits	\$ 5,207	\$ 4,918
Restricted units	142	77
Restricted unit fair value	(20)	4
Professional services	1,163	1,018
Trustee fees	597	470
Deferred unit fair value	(331)	33
Office, travel and IT related expenses	1,539	1,353
Total administrative expenses	\$ 8,297	\$ 7,873

Total employee salaries and benefits, including restricted units, recorded by the Trust during the year ended December 31, 2023 were \$12.1 million, of which \$5.4 million is included in operating expenses, \$5.3 million is included in administrative expenses and \$1.4 million has been capitalized to investment properties (for the year ended December 31, 2022 – \$11.1 million, of which \$4.9 million is in operating expenses, \$5.0 million is in administrative expenses and \$1.3 million is in investment properties).

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21. Finance Costs - Operations

	2023	2022
Mortgage interest	\$ 23,146	\$ 20,711
Debenture interest	1,796	3,322
Mortgage bond interest	251	300
Distributions paid to Class B exchangeable LP unitholders	326	334
Operating line of credit interest	3,012	1,807
Interest and bank charges	674	354
Amortization of finance charges	675	647
Early mortgage discharge fees	50	196
Imputed interest on right-of-use land lease liabilities	2,500	2,493
Mark to market amortization	(44)	(84)
Capitalization of interest	(3,902)	(1,687)
Finance costs - operations	\$ 28,484	\$ 28,393

22. Units of the REIT

(a) Authorized

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

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

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

(b) Issued and Outstanding

(i) Class B Exchangeable LP Units

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

	December 31, 2023		December 31, 2022	
	Units (000s)	Amount	Units (000s)	Amount
Exchangeable LP units outstanding, beginning of the period	1,191	\$ 5,336	1,191	\$ 5,622
Exchanges	(35)	(145)	-	-
Fair value adjustment for the period		(936)		(286)
Exchangeable LP units outstanding, end of the period	1,156	\$ 4,255	1,191	\$ 5,336

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(ii) Special Voting Units

At December 31, 2023, there were 1,156,000 (December 31, 2022 - 1,191,000) special voting units outstanding, issued in connection with 1,156,000 (December 31, 2022 - 1,191,000) Class B exchangeable LP units of a subsidiary of the Trust (see above).

(iii) Units

	Year Ended December 31, 2023		Year Ended December 31, 2022	
	Trust Units (000s)	Amount	Trust Units (000s)	Amount
Units outstanding, beginning of the period	101,800	\$ 275,512	101,804	\$ 275,493
Issuance of units:				
Units issued through bought deal	8,548	37,863	-	-
Exchange of Class B exchangeable LP units	35	145		
RU and DU plan	13	-	15	70
Repurchase and cancellation of units under normal course issuer bid	(28)	(78)	(19)	(51)
Units outstanding, end of the period	110,368	\$ 313,442	101,800	\$ 275,512

Unitholders have the right to redeem their units at the lesser of (i) 90% of the Market Price of the unit (Market Price is defined for this purpose in the Declaration of Trust as the weighted average trading price of the previous 10 trading days) and (ii) the most recent Closing Market Price (Closing Market Price is defined for this purpose in the Declaration of Trust as the weighted average trading price on the specified date) at the time of the redemption. The redemption price will be satisfied by cash, up to a limit of \$50 thousand for all redemptions in a calendar month, or a note payable. For the year ended December 31, 2023 no unitholder had redeemed units.

On September 26, 2023, the Trust announced that it had received approval from the TSX for the renewal of its normal course issuer bid ("NCIB") for a further year. Plaza's prior NCIB expired on September 27, 2023. The period of the renewed NCIB commenced on September 28, 2023, and will conclude on the earlier of the date on which purchases under the bid have been completed and September 27, 2024. Under the terms of the renewed NCIB, the Trust can purchase up to 7,107,380 of its issued and outstanding units through the facilities of the TSX and any alternative trading system in Canada. Subject to certain prescribed exemptions and any block purchase made in accordance with the rules of the TSX, daily purchases made by the Trust may not exceed 11,148 units, representing 25% of the average daily trading volume of the units on the TSX for the six-month period ended August 31, 2023 (being 44,595 units). All units that are purchased under the renewed NCIB will be cancelled (on a monthly basis, on or before the record date for each monthly distribution). Unitholders may obtain a copy of the NCIB renewal notice, without charge, by contacting the Trust.

Plaza also entered into a new automatic securities purchase plan agreement (the "Purchase Plan") with its designated broker in order to facilitate purchases of units under the renewed NCIB. The Purchase Plan, which was pre-cleared by the TSX, allows for purchases of units by Plaza at times when it would ordinarily not be permitted to make purchases due to regulatory restrictions or self-imposed blackout periods. The Purchase Plan will terminate on September 27, 2024.

For the year ended December 31, 2023, 27,657 units have been repurchased for cancellation under Plaza's former and renewed NCIB at a weighted average price of \$3.9171. With this, to December 31, 2023, Plaza has purchased a total of 1,191,810 units for cancellation since the commencement of the original NCIB on September 28, 2018 at a weighted average price of \$4.0178.

On March 28, 2023, the Trust completed a bought deal public offering of 8.548 million units at a price of \$4.68 per unit for gross proceeds of \$40.0 million, and net proceeds of \$37.9 million after closing costs.

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23. Omnibus Equity Incentive Plan

The Trust adopted the Omnibus Equity Incentive Plan (the “Equity Incentive Plan” or “Plan”) following approval at its Annual & Special Meeting of Unitholders on May 27, 2021. The Equity Incentive Plan supersedes the Trust’s former restricted unit plan originally adopted on April 18, 2012, as subsequently amended from time to time (the “Restricted Unit Plan”) and the former deferred unit plan originally adopted on May 21, 2015 (the “Deferred Unit Plan”) (the Restricted Unit Plan and the Deferred Unit Plan are collectively referred to as the “Former Plans”) pursuant to which the Trust could issue restricted units (“RUs”) to employees and deferred units (“DUs”) to non-employee trustees, respectively. The Equity Incentive Plan provides for awards of RUs, DUs, performance units (“PUs”) and other Unit-based awards denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to Units. Under no circumstances are RUs, DUs or PUs considered Units nor do they entitle a participant to any rights as a unitholder, including, without limitation, voting rights, distribution entitlements (other than as set out below) or rights on liquidation. Executive officers and all other employees of the Trust and its subsidiaries and affiliates are eligible to participate in the Equity Incentive Plan. Non-employee trustees are also eligible to participate, however, only with respect to DUs, as further described below. In other words, RUs and PUs may not be granted to trustees.

RUs and DUs outstanding under the Former Plans remain in full force and effect and are now outstanding under the Equity Incentive Plan. No PUs or other Unit-based awards as described above have been issued and none are outstanding under the Plan. The maximum number of Units available for issuance under the Equity Incentive Plan is 10% of the outstanding Units at any time. Units underlying RUs and DUs that have expired or have been cancelled or settled in cash or without issuing Units from treasury will become available for subsequent issuance under the Plan. Issuances of additional Units by the Trust will result in new awards being available for grant. The Equity Incentive Plan is considered an “evergreen” plan and must be re-approved by Unitholders every three (3) years. As at December 31, 2023, 10,126,676 Units are available to be issued under the Equity Incentive Plan.

RUs and DUs are credited with distribution equivalents under the Equity Incentive Plan in the form of additional RUs and DUs, respectively, as of each distribution payment date in respect of which normal cash distributions are paid on Units. Such distribution equivalents are computed by dividing: (a) the amount obtained by multiplying the amount of the distribution declared and paid per Unit by the number of RUs and DUs (in each case, vested and unvested), as applicable, held by the participant on the record date for the payment of such distribution, by (b) the volume weighted average closing price of Units on the TSX for the five (5) trading days immediately preceding the distribution payment date (or the “Market Price”). Distribution equivalents credited to a participant’s accounts vest on the same schedule as the RUs and DUs to which they relate, and will be settled on the same basis. Were any PUs outstanding, they would also be credited with distribution equivalents under the Equity Incentive Plan.

Restricted Units

A RU award is an award denominated in notional units that entitles the participant to receive Units. Unless otherwise determined by the Plan Administrator (the Board or, to the extent it delegates its administrative powers thereunder to the Governance & Compensation Committee, the Committee), RUs vest as follows: one-third (1/3) on the first anniversary of the date of grant, one-third (1/3) on the second anniversary of the date of grant and the balance on the third anniversary of the date of grant. This is the same vesting schedule that existed under the Restricted Unit Plan. Upon vesting, each RU will be redeemed for one Unit issued from treasury.

A total of 593,269 RUs have been granted by Plaza since the Restricted Unit Plan was originally put in place. For the year ended December 31, 2023, a compensation expense of \$141 thousand (for the year ended December 31, 2022 - \$77 thousand) has been recognized in respect of the RUs, excluding the fair value impact.

	December 31, 2023	December 31, 2022
Restricted units outstanding, beginning of the year	53,687	4,956
Vested	(19,769)	(2,645)
Granted	45,146	51,376
Restricted units outstanding, end of the year	79,064	53,687

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Deferred Units

A DU award is an award denominated in notional units that entitles the participant to receive Units or, if so elected by the participant and subject to the approval of the Plan Administrator, cash, or a combination thereof. The Equity Incentive Plan permits Plaza to grant DUs to executive officers and other employees, in addition to non-employee trustees. Except as otherwise determined by the Plan Administrator, DUs vest immediately upon grant but are redeemable by a participant only on or after the date on which the participant is no longer employed by the Trust or a subsidiary or affiliate thereof or ceases to be a trustee (the "Termination Date"), provided that any such settlement date is not later than two (2) years following the Termination Date. In the event that a participant has not redeemed his or her DUs prior to the date that is two (2) years following the Termination Date, such DUs will be automatically redeemed for Units issued from treasury. These are the same general redemption features that existed under the Deferred Unit Plan. Each participant will have the right to elect to receive trustee fees (in the case of trustees) or bonus (in the case of employees) in the form of DUs. The Trust may, but is under no obligation to, match up to 50% of the elected amount for each participant. The amount, if any, of a participant's elected amount that is matched by the Trust may vary among participants. As at December 31, 2023, no DUs have been granted or issued to executive officers or other employees.

At December 31, 2023, a total of 541,057 DUs have been granted or issued by Plaza since the Deferred Unit Plan was originally put in place and a total of 70,850 DUs have been redeemed for cash. For the year ended December 31, 2023 trustee fees of \$597 thousand were incurred, including \$435 thousand for issued deferred units and \$162 thousand paid in cash (for the year ended December 31, 2022 - \$470 thousand including \$406 thousand for deferred units and \$64 thousand in cash), excluding the fair value impact.

	December 31, 2023	December 31, 2022
Deferred units outstanding, beginning of the year	380,620	298,863
Granted	9,889	9,635
Redeemed	(20,000)	(27,854)
Trustee fees taken as deferred units	69,688	79,551
Distributions paid on deferred units taken as additional deferred units	30,008	20,425
Deferred units outstanding, end of the year	470,205	380,620

24. Distributions

Distributions are declared monthly at the discretion of the Board.

	2023	2022
Distributions declared to unitholders ⁽¹⁾	\$ 30,499	\$ 28,502

⁽¹⁾ Distributions declared to unitholders exclude cash distributions paid on Class B exchangeable LP units classified as finance costs - operations.

25. Additional Cash Flow Information

(a) *Changes in Non-Cash Working Capital*

	2023	2022
Receivables	\$ (971)	\$ 564
Prepaid expenses and deposits	(13)	(337)
Change in construction accruals removed from investing activities	(647)	(1,461)
Accounts payable, accrued liabilities, tenant payables and tenant deposits	3,752	(422)
Total cash from change in non-cash working capital	\$ 2,121	\$ (1,656)

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(b) Changes in Liabilities Arising from Financing Activities

	December 31, 2023	December 31, 2022
Current and long-term debt ⁽¹⁾ – beginning of the period	\$ 675,676	\$ 650,412
Repayment of convertible debentures	(47,250)	-
Gross proceeds from non-convertible debentures	9,251	1,300
Redemption/repayment of debentures	-	(3,763)
Redemption/repayment of mortgage bonds	(2,970)	(3,485)
Gross proceeds from mortgage bonds	2,345	2,080
Periodic mortgage principal repayments	(12,209)	(12,709)
Right-of-use land lease principal repayments	(804)	(780)
Mortgages repaid	(42,130)	(65,709)
Mortgages repaid on sale of investment properties	(16,063)	(3,769)
Gross mortgage proceeds	62,617	113,610
Fees incurred for placement of debt	(422)	(595)
Increase (decrease) in notes payable	2	(24)
Non-cash changes in current and long-term debt:		
Net change in fair value of Class B exchangeable LP units	(936)	(286)
Net change in fair value of convertible debentures	(662)	(693)
Net change in fair value of convertible debentures prior to repayment	445	-
Transfer to accounts payable	-	(476)
Exchange of Class B exchangeable LP units	(145)	-
Amortization of finance charges	675	647
Mark to market amortization	(44)	(84)
Current and long-term debt ⁽¹⁾ – end of the period	\$ 627,376	\$ 675,676

⁽¹⁾ Debt defined for this purpose as mortgage bonds, debentures, mortgages payable, notes payable, Class B exchangeable LP units and right-of-use land lease liabilities.

(c) Reconciliation for Additions to Investment Properties

Reconciliation with Note 4	2023	2022
Additions to Investment Properties (Note 4)	\$ 54,139	\$ 38,806
Acquisitions of investment properties and land (Note 4)	-	13,221
Non-cash impacts included in above:		
Amortization of tenant improvements	90	50
Change in construction accrual	(647)	(1,461)
Additions to Investment Properties – cash	\$ 53,582	\$ 50,616
Recorded on Consolidated Statement of Cash Flows in:		
Operating activities: Leasing commissions paid	\$ 463	\$ 356
Investing activities: Investment Properties – additions	53,119	37,039
Investing activities: Acquisitions of investment properties and land	-	13,221
Additions to Investment Properties - cash	\$ 53,582	\$ 50,616

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26. Related Party Transactions

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

(a) Bonds and Debentures

The trustees of the Trust (individually a "Trustee", collectively the "Trustees") own directly or indirectly the following mortgage bonds or unsecured debentures of the Trust (stated at face value):

	December 31, 2023	December 31, 2022
Doug McGregor (Chairman and Trustee)	\$ 400	\$ 400
Stephen Johnson (Trustee)	519	-
Lynda Savoie (Trustee)	15	15
Michael Zakuta (President and Chief Executive Officer and Trustee)	684	300
Total	\$ 1,618	\$ 715

No other Trustee or key management personnel own mortgage bonds or debentures of the Trust at December 31, 2023 (December 31, 2022 - nil).

(b) Notes Payable to Related Parties

The following non-interest bearing notes existed at the time of acquisition of properties in September 2000. The notes are repayable on sale or refinancing of the related asset.

	December 31, 2023	December 31, 2022
Entities owned (directly or indirectly), controlled or significantly influenced by Michael Zakuta.	\$ 261	\$ 261

(c) Other Transactions with Related Parties

- (i) Plaza leases 9 parcels of land from an entity owned by the below-noted related parties at market rates. The land leases expire at various times from October 2043 to November 2047, subject to options to renew. All the land leases have options to purchase in favour of the Trust, of which one is at a fixed price with the remainder at fair market value.

	Land Rent Paid	
Related Parties:	December 31, 2023	December 31, 2022
A company beneficially owned by Earl Brewer and Michael Zakuta	\$ 1,200	\$ 1,200

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- (ii) The following related parties hold interests in common with the Trust's interest in the noted properties below:

Property	Ownership %	
	Earl Brewer	Michael Zakuta
Gateway Mall, Sussex, NB	25.00%	21.50%
Mountainview Plaza, Midland, ON and Park Street Plaza, Kenora, ON	4.33%	4.81%
Amherstview, Amherstview, ON and 1865 Scugog St, Port Perry, ON	4.87%	4.67%
KGH Plaza, Miramichi, NB, 681 Mountain Rd., Moncton, NB, 201 Main St., Sussex, NB, and Robie St Truro Plaza, Truro, NS ⁽¹⁾	2.62%	5.08%
Main St Alexandria, Alexandria, ON, Ottawa Street Plaza, Almonte, ON, and Hastings Street Plaza, Bancroft, ON	2.68%	5.19%
Quispamsis Town Centre, Quispamsis, NB	-	5.91%
Scott Street Plaza, St. Catharines, ON, St. Joseph's Boulevard, Orleans, ON, Dufferin and Wilson, Perth, ON, Ontario Street Port Hope, Port Hope, ON, Civic Centre Road, Petawawa, ON, and 615 King Street, Gananoque, ON	2.17%	2.17%
Boulevard Hebert Plaza and Victoria Street Plaza in Edmundston, NB, Grand Falls Shopping Centre and Madawaska Road Plaza, Grand Falls, NB, Connell Road Plaza, Woodstock, NB, Welton Street Plaza, Sydney, NS, and Pleasant Street Plaza and Starrs Road Plaza in Yarmouth, NS	0.69%	5.17%
5628 4th Street NW, Calgary, AB, 303 Main St., Antigonish, NS, 912 East River Rd., New Glasgow, NS, 1 Mont-Royal Ave E, and 8222 Maurice-Duplessis Blvd., Montreal, QC ⁽¹⁾	-	4.28%

⁽¹⁾ Barbara Trenholm was a related party with interests in some of the above properties until she ceased to be a Trustee in May 2023.

The related parties' resulting beneficial interest in accounts receivable owing to the Trust from the underlying properties, and in fees earned by a subsidiary of the Trust from the underlying properties are as follows:

Related Party:	Related parties' beneficial ownership of accounts receivable balance owing to the Trust from the underlying properties		Related parties' beneficial ownership of fees earned by a subsidiary of the Trust from the underlying properties	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Earl Brewer	\$ 402	\$ 410	\$ 53	\$ 39
Michael Zakuta	\$ 447	\$ 458	\$ 72	\$ 56

- (iii) The Montreal office of Plaza Group Management Limited, a wholly owned subsidiary of the Trust and Plaza's internalized property manager, shares office space with a company indirectly owned by Michael Zakuta in an office building owned by that related party. The Trust pays no rent for the space.

(d) Remuneration of Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any trustee of the entity. The remuneration of trustees and other key management personnel of the Trust during the years ended December 31, 2023 and 2022 was as follows:

	2023	2022
Salaries and benefits	\$ 2,267	\$ 1,780
Share-based payments – including DUs and RUs	541	434
Share-based payments – fair value impact of DUs and RUs	(351)	37
Total key management personnel compensation	\$ 2,457	\$ 2,251

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(e) Significant Subsidiaries

	Ownership Interest	
	December 31, 2023	December 31, 2022
Plaza Master Limited Partnership	100%	100%
LeMarchant Property Holdings Inc.	100%	100%
Plaza Retail Limited Partnership #1	100%	100%
Bedford Commons 2 Property Holdings Inc.	100%	100%
Plaza Group Management Limited	100%	100%
Stavanger Torbay Limited Partnership	90%	90%
Spring Park Plaza Inc.	100%	100%
Granville Street Properties Limited Partnership	90%	90%
Wildan Properties Limited Partnership	90%	90%
Exhibition Plaza Inc.	90%	90%
Scott's Real Estate Limited Partnership	100%	100%
Scott's Acquisition Inc.	100%	100%
Riverside Emerald (Timmins) Limited Partnership	80%	80%
Plaza Tacoma Limited Partnership	100%	100%
Plazacorp Shediak Limited Partnership	100%	100%
Northwest Plaza Commercial Trust	100%	100%

27. Interests in Joint Operations

As described in Note 3(a), the consolidated financial statements include the Trust's proportionate interest in its activities characterized as joint operations with other parties. The following amounts represent the total proportionate amounts consolidated for these joint operations:

	December 31, 2023	December 31, 2022
Cash	\$ 7,072	\$ 7,131
Current assets	\$ 2,204	\$ 2,104
Long term assets	\$ 357,177	\$ 349,936
Current liabilities	\$ 54,312	\$ 63,969
Long term liabilities	\$ 151,288	\$ 124,083
Revenues	\$ 36,943	\$ 33,594
Expenses	\$ (23,856)	\$ (20,236)
Fair value loss	\$ (9,059)	\$ (777)

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The chart below details the Trust's ownership interest of direct and indirect investments and co-ownerships in real estate assets.

	Ownership Interest	
	December 31, 2023	December 31, 2022
Accounting Method – Proportionate Consolidation		
5628 – 4 th St NW, Calgary, AB	50%	50%
Les Galeries Montmagny and Plaza Tache, QC	50%	50%
Bureau en Gros, QC	50%	50%
Plaza SP Magog, QC	50%	50%
Carrefour des Seigneurs, QC	25%	25%
Galeries des Cantons, QC	50%	50%
L'Axe, Chicoutimi, QC	37.5%	37.5%
Les Immeubles SBT Drummondville, QC	50%	50%
Plaza BDP Deux Montagnes, QC	37.5%	37.5%
Plaza Jean XXIII, QC	50%	50%
Plaza BBRF, QC	50%	50%
Plaza TS Magog, QC	50%	50%
Plaza De L'Ouest, QC	50%	50%
Plaza HDB, QC	33%	33%
SBT Chicoutimi, QC	50%	50%
4999 Queen Mary Road, QC	25%	25%
600 JP Perrault, QC	50%	50%
1 Mont-Royal Ave East, Montreal, QC	50%	50%
8222 Maurice-Duplessis Blvd, Montreal, QC	50%	50%
201 Chain Lake Drive Plaza, NS	50%	50%
209 Chain Lake Drive Plaza, NS	50%	50%
Tacoma Centre, NS	50%	50%
Tacoma Shoppers, NS	50%	50%
Robie Street Truro Plaza, NS	25%	25%
210 Wyse Road, NS	50%	50%
Pleasant Street Plaza, NS	50%	50%
Starrs Road Plaza, NS	50%	50%
Welton Street Plaza, NS	50%	50%
East River Plaza, New Glasgow, NS	50%	50%
303 Main St, Antigonish, NS	50%	50%
341 Mapleview Drive West, Barrie, ON	50%	50%
Scott Street Plaza, ON	50%	50%
St. Josephs Boulevard, ON	50%	50%
Civic Centre Road, ON	50%	50%
Ontario Street Port Hope, ON	50%	50%
Dufferin and Wilson, ON	50%	50%
615 King Street, ON	50%	50%
Park Street Plaza, ON	20%	20%
Mountainview Plaza, ON	20%	20%
Eastcourt, ON	50%	50%
Timiskaming, ON	50%	50%
6685 Century Ave, ON	50%	50%
1000 Islands Plaza (Brockville), ON	50%	50%
Tri-City Centre, ON	50%	50%
Northern Avenue Plaza, Sault Ste. Marie, ON	50%	50%
Rideau Plaza, Smith Falls, ON	75%	75%
Niagara Street Plaza, Welland, ON	50%	50%
Taunton Road, Oshawa, ON	50%	50%
University Ave., Charlottetown, PE	86%	86%
KGH Plaza, NB	25%	25%
681 Mountain Road, NB	25%	25%
201 Main Street - Sussex, NB	25%	25%
Boulevard Hebert Plaza, NB	50%	50%
Victoria Street Plaza, NB	50%	50%
Connell Road Plaza, NB	50%	50%
Madawaska Road Plaza, NB	50%	50%
Grand Falls Shopping Centre, NB	50%	50%
Northwest Centre, NB	50%	50%
Shediac West Plaza, NB	50%	50%
Quispamsis Town Centre, NB	50%	50%
The Village Shopping Centre, NL	50%	50%

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28. Contingencies, Commitments, Guarantees and Indemnities, Litigation and Provisions

(a) Contingencies

The \$20.0 million development line of credit has \$1.5 million available for use in the form of letters-of-credit. At December 31, 2023, there were no letters-of-credit issued and outstanding (December 31, 2022 – nil).

The \$15.0 million development line of credit has \$500 thousand available for use in the form of letters-of-credit. At December 31, 2023, there were no letters-of-credit issued and outstanding (December 31, 2022 – nil).

The \$60.0 million operating line of credit has \$2.0 million available for use in the form of letters-of-credit. At December 31, 2023, letters-of-credit in the amount of \$508 thousand were issued and outstanding (December 31, 2022 - \$677 thousand).

(b) Commitments

The Trust's estimated commitments at December 31, 2023 in respect of certain projects under development and other long-term obligations are as follows:

	Year 1 2024	Year 2 2025	Year 3 2026	Year 4 2027	Year 5 2028	After 5 Years	Face Value Total
Mortgages – periodic payments	\$ 11,977	\$ 11,090	\$ 9,603	\$ 8,395	\$ 7,173	\$ 15,506	\$ 63,744
Mortgages – due at maturity	34,706	52,709	58,688	49,993	29,709	181,642	407,447
Development lines of credit	10,182	-	-	-	-	-	10,182
Construction loans	45,231	-	-	-	-	-	45,231
Unsecured interest-only loans	2,971	1,800	-	-	-	-	4,771
Bank indebtedness	49,344	-	-	-	-	-	49,344
Mortgage bonds payable	4,165	-	-	-	-	-	4,165
Debentures ⁽¹⁾	9,251	-	12,019	3,537	-	-	24,807
Right-of-use land leases ⁽²⁾	3,340	3,352	3,405	3,431	3,396	112,310	129,234
Development activities	19,372	-	-	-	-	-	19,372
Total contractual obligations	\$ 190,539	\$ 68,951	\$ 83,715	\$ 65,356	\$ 40,278	\$ 309,458	\$ 758,297

⁽¹⁾ Stated at face value.

⁽²⁾ Land leases expire on dates ranging from 2027 to 2084 (including automatic renewal periods) with non-automatic renewal options ranging from 5 to 70 years.

(c) Guarantees and Indemnities

The Trust continues to guarantee certain debt assumed by purchasers in connection with past dispositions of properties. These guarantees will remain until the debt is modified, refinanced or extinguished. These commitments are subject to indemnity agreements. At December 31, 2023 a \$5.2 million commitment (December 31, 2022 – \$5.3 million) relating to the mortgages on five assets in which the Trust sold a 50% interest in November 2017 is subject to such guarantees by the Trust. These mortgages have a weighted average remaining term of 2.5 years (December 31, 2022 – 3.5 years). The Trust also has contingent liabilities as original borrower on three mortgages partially assumed by the purchasers of the underlying properties, where a 50% interest in each was sold in August 2020. 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 December 31, 2023 totals \$7.0 million (December 31, 2022 - \$7.2 million) with a weighted average remaining term of 4.0 years (December 31, 2022 – 5.0 years).

The Trust guarantees a \$3.5 million commitment (December 31, 2022 - \$3.7 million) relating to the mortgage of an asset sold in 2018, with a weighted average remaining term of 0.6 years (December 31, 2022 – 1.6 years).

The Trust is contingently liable for certain obligations of its co-venturers, under guarantees in excess of its ownership percentages for six strip plazas and four free-standing properties. The excess guarantees amount to \$13.8 million. Cross indemnities are in place for certain of these properties from co-venturers.

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(d) *Litigation*

The Trust is involved in litigation and claims in relation to the investment properties that arise from time to time in the normal course of business. Any liability that may arise from current or pending litigation would not have a significant adverse effect on these financial statements.

(e) *Provisions*

A provision is recognized if, as a result of a past event, the Trust has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. The Trust has no provisions recorded at December 31, 2023 (December 31, 2022 – nil).

29. Financial Instruments and Risk Management

In the normal course of its business, the Trust is exposed to a number of risks that can affect its operating performance. The Trust's Board of Trustees monitors the Trust's risk management practices through periodic reviews. These risks and the actions taken to manage them are as follows:

(a) *Interest Rate Risk*

The Trust adopts a policy of holding floating rate debt generally only for properties under development or redevelopment, and for those properties pledged to support the operating line of credit. Floating rate debt on properties under development or redevelopment is converted to fixed rate debt, when market conditions are favorable, as soon as practical after an asset attains income producing status.

A change in interest rates on Plaza's fixed rate instruments at the reporting date would not affect profit or loss. The Trust minimizes its exposure to fixed rate interest risk on its debt by staggering the 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. The Trust minimizes its exposure to short term interest rate risk by obtaining longer term financing as much as possible (generally 5-10 years or longer). The Trust matches as closely as possible the debt term on a particular asset with its average lease term remaining so that any interest rate increases could be offset by increases in rental rates.

The trust has entered into interest swap contracts with various Canadian chartered banks in order to convert the mortgages from variable rates to fixed rates. There is a risk that interest rates will fluctuate during the term of these mortgages. The fair value of the swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. The Trust intends to hold the mortgages to maturity and therefore would not realize the fair value fluctuations. The details of the interest swap contracts are as follows:

- Four interest rate swap contracts entered into during 2019 that mature between May and August 2029. The fair value of these contracts results in an asset of \$2.0 million at December 31, 2023 (December 31, 2022 - \$3.2 million). The total notional amounts under these interest rate swap contracts is \$35.7 million with the fixed interest rates ranging from 3.60% to 4.05%;
- Two interest rate swap contracts entered into during 2022 that mature in August 2027 and in August 2029. The fair value of these contracts results in a liability of \$219 thousand at December 31, 2023 (December 31, 2022 - \$30 thousand). The total notional amount under these interest rate swap contracts is \$28.7 million with interest rates of 5.05% and 5.12%;
- Interest rate swap contracts with mortgages obtained in 2010 that mature on July 26, 2025. As the swaps relate to debt of an equity-accounted investee, the interest rate swap contracts have been recorded at fair value in investments with changes in fair value reflected in share of profit of associates. The fair value of these contracts results in an increase to the liability, for the Trust's share, of \$52 thousand at December 31, 2023 (December 31, 2022 – \$170 thousand reduction to the liability);
- An interest rate swap in connection with a mortgage obtained during 2019 for a property held in an equity-accounted investee. The interest rate swap contract has been recorded at fair value in investments with changes in fair value reflected in share of profit of associates. The fair value of this contract results in an increase to the liability, for the Trust's share of \$38 thousand at December 31, 2023 (December 31, 2022 - \$158 thousand reduction to the liability).
- An interest rate swap in connection with a mortgage obtained during 2023 for a property held in an equity-accounted investee. The interest rate swap contract has been recorded at fair value in investments with changes in fair value reflected in share of profit of associates. The fair value of this contract results in a reduction to the liability, for the Trust's share of \$10 thousand at December 31, 2023.

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Trade receivables and payables (other than tenant deposits) are interest free and have settlement dates within one year.

An increase of 100 basis points in interest rates at December 31, 2023 if applied to all outstanding floating rate instruments would increase interest paid by \$1.1 million (for the year ended December 31, 2022 – \$866 thousand).

(b) Lease Rollover and Occupancy Risk

The Trust is exposed to the risk of not being able to replace tenants as leases expire or in re-leasing space vacated by tenants. The hypothetical impact to net property operating income of a change in occupancy of 1% would be approximately \$600 thousand to \$1.1 million per annum. The Trust's principal management of occupancy risk involves the skewing of tenancies towards national tenants focused on essential needs, convenience and value offerings, the signing of longer-term leases and significant pre-leasing of development space. As well, the Trust attempts to stagger the lease expiry profile so that the Trust is not faced with a disproportionate amount of square footage of leases expiring in any one year. The Trust further mitigates this risk by maintaining a diversified portfolio mix by geographic location and maintaining a well-staffed and highly skilled leasing department to deal with all leasing issues.

(c) Credit Risk

Credit risk arises from the possibility that tenants may experience financial difficulty and will be unable to fulfill their lease commitments. The Trust mitigates the risk of credit loss by ensuring that its tenant mix is diversified and heavily weighted to national tenants. National and regional tenants comprise 94.2% of the in-place tenant base rent (December 31, 2022 – 94.0%). As well, the Trust maintains a portfolio that is diversified geographically so that exposure to local business is reduced and the Trust limits loans granted under lease arrangements to credit-worthy mainly national tenants.

Receivables include excise tax receivable of \$2.0 million at December 31, 2023 (\$1.1 million at December 31, 2022). These receivables have minimal to no collection risk.

The Trust generally provides financial guarantees and advances only to wholly-owned subsidiaries, non-consolidated investments and joint arrangement partners during the development periods, subject to reciprocal indemnities, by utilizing established development lines of credit. Repayment of the advances occurs upon placing permanent financing on the related property or through cash flows generated by the related property upon completion of the development. Where lenders of first mortgages on joint arrangement properties require financial guarantees from the Trust, reciprocal indemnities are generally obtained from the Trust's joint arrangement partners. See Note 28(c) for details of guarantees.

The Trust limits cash transactions to high quality financial institutions to minimize its credit risk from cash and cash equivalents.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Carrying Amount	December 31, 2023	December 31, 2022
Tenant loans, receivables, and notes and advances receivable	\$ 17,890	\$ 15,392
Cash	10,868	7,262
Total	\$ 28,758	\$ 22,654

Shoppers Drug Mart/Loblaw accounts for \$31 thousand of tenant loans at December 31, 2023 (December 31, 2022- \$56 thousand).

Shoppers Drug Mart/Loblaw represents 24.4% of monthly base rents in place at December 31, 2023, while Dollarama represents 6.4% of monthly base rents in place. The top 10 tenants collectively represent approximately 53.0% of monthly base rents in place.

Deposits refundable to tenants may be withheld by the Trust in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contract.

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(d) Liquidity and Debt Market Risk

Prudent liquidity risk management implies maintaining sufficient cash and an adequate amount of committed credit facilities to operate the business and pay obligations as they come due. The Trust manages its cash resources and committed credit facilities based on financial forecasts and anticipated cash flows. For debt and credit facilities, there is always risk that lenders may tighten their lending standards, which could make it challenging for the Trust to obtain financing on favourable terms or any terms at all. If this were to occur, it could adversely impact the Trust. The Trust works with numerous lenders to manage exposure to any single lender. The Trust staggers the maturities of its long-term mortgages to avoid excessive amounts of debt maturing in any one year, and by generally using small individual debt issuances to mitigate exposure on individual debt maturities. As well, the Trust obtains longer term financing as much as possible (generally 5-10 years or longer) in order to help mitigate debt market risk. Several mortgages and the development and operating lines contain material adverse change clauses which entitle the lenders to demand partial or full loan repayment when there are material adverse changes in the Trust's financial position. The Trust has determined that circumstances that could trigger action by a lender under these clauses are unlikely.

As of December 31, 2023, current liabilities of \$199 million (December 31, 2022 - \$190 million) exceeded current assets of \$34 million (December 31, 2022 - \$45 million), resulting in a net working capital deficit of \$165 million (December 31, 2022 - \$145 million). Current liabilities as of December 31, 2023 include \$105.1 million (December 31, 2022 - \$74.7 million) of mortgage financing which will be renewed or refinanced in due course, \$9.2 million (December 31, 2022 \$46.8 million) of debentures payable which will be either renewed or repaid and \$49.3 million (December 31, 2022 \$37.8 million) drawn on the Trust's revolving operating line which is anticipated to be renewed in due course. The REIT's immediate liquidity needs are met through cash-on-hand, cash flow from operations, refinancing of maturing mortgages and availability on its revolving operating line and other facilities. As of December 31, 2023, liquidity consists of cash of \$10.9 million (December 31, 2022 - \$7.3 million), \$10.1 million (December 31, 2022 - \$16.5 million) of available borrowing capacity under its revolving operating line, \$24.8 million (December 31, 2022 - \$33.0 million) of unused development facilities and \$4.9 million (December 31, 2022 - \$9.3 million) of unused construction facilities at consolidated properties, and unencumbered assets with a value of approximately \$9.1 million. Management believes that there is sufficient liquidity to meet the REIT's financial obligations for the foreseeable future.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Year 1	Year 2	Year 3	Year 4	Year 5	More than 5 years
Current liabilities ⁽¹⁾	\$ 28,938	\$ 28,938	\$ 28,938	\$ -	\$ -	\$ -	\$ -	\$ -
Debentures payable	23,990	27,249	10,416	892	12,375	3,566	-	-
Notes payable	1,190	1,190	1,190	-	-	-	-	-
Bank indebtedness	49,344	49,344	49,344	-	-	-	-	-
Mortgage bonds payable	4,155	4,245	4,245	-	-	-	-	-
Mortgages payable	529,383	616,592	122,208	80,625	80,844	70,594	57,068	205,253
Total contractual maturities	\$637,000	\$727,558	\$216,341	\$ 81,517	\$ 93,219	\$ 74,160	\$ 57,068	\$205,253

⁽¹⁾ Balance includes accounts payable, accrued liabilities, tenant payables and tenant deposits.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(e) Fair Value

Generally, trading values for the Trust's financial instruments are not available. In determining estimates of the fair values of the financial instruments, the Trust must make assumptions regarding current market rates, considering the term of the instrument and its risk. Current market rates are generally selected from a range of potentially acceptable rates and accordingly, other effective rates and fair values are possible. The rates used in determining the fair value of fixed rate mortgages are corresponding term Government of Canada bonds plus credit spreads of 1.85% to 2.80% (December 31, 2022 - 1.70% to 2.65%). The rate used to determine the fair value of mortgage bonds was 6.0% (December 31, 2022 - 6.0%). The rate used to determine the fair value of non-convertible debentures was 6.75% (December 31, 2022 - 6.50%). The fair value of the Class B exchangeable LP units is based on the trading price for the Trust's units.

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December 31, 2023

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The following chart shows the estimated fair value of the Trust's financial instruments.

	Book Value December 31, 2023	Fair Value December 31, 2023	Book Value December 31, 2022	Fair Value December 31, 2022
Cash	\$ 10,868	\$ 10,868	\$ 7,262	\$ 7,262
Receivables	5,041	5,041	4,138	4,138
Notes and advances receivable	12,466	12,466	10,964	10,964
Derivative assets	1,725	1,725	3,129	3,129
Tenant loans	383	383	290	290
Total Financial Assets	\$ 30,483	\$ 30,483	\$ 25,783	\$ 25,783
Bank indebtedness	\$ 49,344	\$ 49,344	\$ 37,800	\$ 37,800
Accounts payable, accrued liabilities, tenant payables and tenant deposits	28,938	28,938	25,473	25,473
Total net fixed rate mortgage loans ⁽¹⁾	472,861	453,977	488,259	462,893
Total net variable rate mortgage loans or credit facilities ⁽²⁾	56,522	56,522	48,710	48,710
Convertible debentures	11,244	11,244	58,712	58,712
Non-convertible debentures ⁽²⁾	12,746	12,551	3,488	3,275
Mortgage bonds payable	4,155	4,143	4,777	4,717
Class B exchangeable LP units	4,255	4,255	5,336	5,336
Notes payable	1,190	1,190	1,188	1,188
Total Financial Liabilities	\$ 641,255	\$ 622,164	\$ 673,743	\$ 648,104

⁽¹⁾ Balance includes revaluation of loans and unamortized finance charges.

⁽²⁾ Balance includes unamortized finance charges.

The fair value of the Trust's financial assets and liabilities that represent net working capital, including cash, receivables, notes and advances receivable, bank indebtedness, accounts payable, accrued liabilities, tenant payables and tenant deposits and notes payable approximate their recorded values due to their short-term nature. In accordance with IFRS, the Trust is required to classify its financial instruments carried at fair value in the financial statements using a fair value hierarchy that exhibits the significance of the inputs used in making the measurements.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data.

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

	December 31, 2023			December 31, 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivative assets	\$ -	\$ -	\$ 1,725	\$ -	\$ -	\$ 3,129
	\$ -	\$ -	\$ 1,725	\$ -	\$ -	\$ 3,129
Class B exchangeable LP units	\$ 4,255	\$ -	\$ -	\$ 5,336	\$ -	\$ -
Series E convertible debentures	-	-	-	46,806	-	-
Series VIII convertible debentures	-	-	11,244	-	-	11,906
	\$ 4,255	\$ -	\$ 11,244	\$ 52,142	\$ -	\$ 11,906

The fair value of the Derivative assets are based on market data including interest rates, as well as terms and cash flows of the underlying mortgages. The Class B exchangeable LP units are valued using the trading price of the Trust's units at the end of the reporting period. Series E and Series VIII convertible debentures are valued as described in Note 8.

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30. Capital Management

The primary objective of the Trust's capital management is to ensure that it maintains adequate capital resources in order to support its business and maximize unitholder value. The Trust manages its capital structure with the primary goal of minimizing risk and ensuring the stability of cash flow from properties. Other goals include maintaining debt service and interest coverage ratios in compliance with bank and debenture covenants. The Trust has defined its capital to include bank indebtedness, mortgages payable, debentures payable, mortgage bonds payable, notes payable and unitholders' equity.

Bank operating and development lines require maintenance of at least \$150 million of unitholders' equity; maximum leverage of 70% including convertible debentures and 65% excluding convertible debentures; maintenance of debt coverage ratios in excess of 1.5 times with the debt coverage ratios calculated exclusive of interest charged on subordinate debt and convertible debentures. The bank operating line also requires on pledged assets: 90% occupancy and generally 65% loan to value. In addition, under a development line, the Trust must maintain a ratio of mortgages plus bank indebtedness to the book value of its gross assets excluding fair value adjustments of not more than 70%. The Trust is in compliance with all financial debt covenants at December 31, 2023.

There were no changes to the Trust's approach to capital management for the year ended December 31, 2023.

The calculation of the total capital is summarized as follows:

	December 31, 2023	December 31, 2022
Total net fixed rate mortgage loans	\$ 472,861	\$ 488,259
Total net variable rate mortgage loans or credit facilities	56,522	48,710
Mortgage bonds payable	4,155	4,777
Debentures payable	23,990	62,200
Right-of-use land lease liabilities	64,403	65,206
Bank indebtedness	49,344	37,800
Class B exchangeable units	4,255	5,336
Notes payable	1,190	1,188
	676,720	713,476
Unitholders' equity	548,924	521,305
Total	\$ 1,225,644	\$ 1,234,781

31. Subsequent Events

Unitholders' Equity

Between January 1st and February 23rd, 2024, an additional 4,620 units have been repurchased under the normal course issuer bid at an average unit price of \$3.7296.

Investment Properties

In February 2024, the Trust sold a property located in Granby, QC for \$1.1 million. This property was segregated as investment property held for sale.

In January 2024, the Trust sold a property located in Riverview, NB for \$600 thousand.

Distributions

The Trust paid a cash distribution of \$0.02333 per unit for a total of \$2.6 million on January 15, 2024.

The Trust paid a cash distribution of \$0.02333 per unit for a total of \$2.6 million on February 15, 2024.

Financings

The \$1.2 million unsecured interest-only facility was repaid on maturity in January 2024.

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Mortgage bonds and Debentures

In January 2024, \$1.75 million Series IV non-convertible debentures – Tranche B were issued with a maturity of December 16, 2024 and an interest rate of 6.75%.

In January 2024, the \$250 thousand Series X.2 mortgage bonds and the \$1.16 million Series XII mortgage bonds matured. Of the total matured, \$150 thousand was repaid and the remaining \$1.26 million participated in the issuance of Series IV non-convertible debentures.

In February 2024, the Series III Tranche A non-convertible debentures matured. Of the \$1.51 million maturing, \$1.3 million was renewed to a maturity date of March 31, 2025 at a rate of 6.75%, and \$175 thousand was repaid.

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