



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

**FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016**

DATED: FEBRUARY 22, 2018

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PRESIDENT'S MESSAGE

Fellow Unitholders:

We are pleased to report our results for the year ended December 31, 2017. Plaza Retail REIT continued to grow in 2017 through redevelopment and new development projects across our geography. Our Board of Trustees approved our 15th consecutive annual distribution increase for 2018. Plaza has grown its distribution by 250% over the last 15 years. Our initial distribution of 8 cents per unit in 2003 has grown to 28 cents per unit in 2018.

Plaza's very focused and unique business model has delivered and should continue to deliver cash flow and distribution growth for our unitholders. The retail industry continues to experience dramatic changes. E-commerce disruption continues to influence retailer strategies, but creates opportunities for development-oriented landlords like ourselves. Plaza's unit price has been significantly impacted by investors exiting retail REITs across North America. We believe that many of the reasons for this mass exit are not relevant to the Canadian retail REIT landscape or to Plaza. The Sears bankruptcy added additional selling pressure on retail REITs.

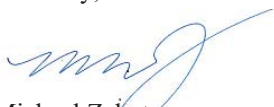
Plaza possesses strong leasing and development infrastructures and as a result can seize interesting growth opportunities. For example, we were able to quickly take advantage of the Sears store closures. We acquired a 50% interest in a Sears store in Saguenay, QC in December 2017. This store features an excellent location in the heart of the market's main commercial area and will be redeveloped into approximately 10 units leased to national retailers. In January 2018, we acquired the 1000 Islands Mall in Brockville, ON. The mall's main anchor was a Sears store and we are in the process of simplifying the enclosed mall into a strip centre and redeveloping the former Sears store into a number of retail units. This redevelopment will dramatically transform this property.

Plaza's development and redevelopment pipeline remains strong. We foresee continued growth and opportunity for both redevelopments and new development projects. We continue to pursue a number of joint venture initiatives with various types of partners, such as residential land developers with excess retail lands and institutions and property owners seeking a strong and capable development partner such as Plaza. Plaza will continue to re-cycle capital in order to fund its growth and will pursue structured deals with private and institutional investors.

Plaza's business model has always focused on developing or redeveloping new space for value, specialty and necessity-based retailers. Over the years, we have built a stable and geographically diversified portfolio to support our monthly distributions to unitholders. In today's investment environment, we offer investors a compelling yield combined with future growth.

I wish to thank everyone responsible for our success: our staff; our Board of Trustees; our customers; and our Stakeholders.

Sincerely,



Michael Zakuta

President and CEO

PART I

BASIS OF PRESENTATION

Financial information included in this Management's Discussion and Analysis ("MD&A") includes material information up to February 22, 2018. The financial statements to which this MD&A relates were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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

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

FORWARD-LOOKING DISCLAIMER

This MD&A should be read in conjunction with the Trust's Consolidated Financial Statements and the notes thereto for the year ended December 31, 2017 and 2016, along with the MD&A of the Trust for the year ended December 31, 2016, including the section on "Risks and Uncertainties". Historical results, including trends which might appear, should not be taken as indicative of future operations or results.

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

These forward-looking statements are made as of February 22, 2018 and Plaza assumes no obligation to update or revise them to reflect new events or circumstances, except for forward-looking information disclosed in a prior MD&A which, in light of intervening events, requires further explanation to avoid being misleading.

OVERVIEW OF THE BUSINESS

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

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

- Plaza has a 15 year history of accretive growth and value creation, since beginning to pay distributions in late 2002;
- Plaza's main business is driven by value-add opportunities to develop and redevelop, for its own account, unenclosed and enclosed retail real estate throughout Canada;
- Plaza has strong relationships with leading retailers;

Plaza Retail REIT

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

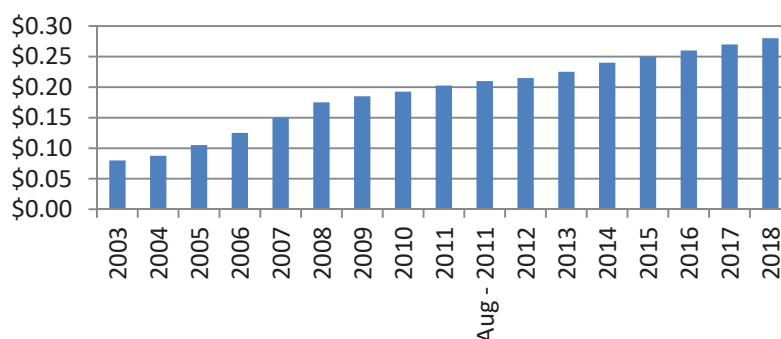
Plaza's growth is driven by value-add developments and redevelopments as well as organic growth from the existing portfolio as leases roll-over. Plaza's unique business strategy and focus on cash flow per unit has allowed it to increase its distribution every year since it began paying distributions in November 2002. Plaza's distribution compounded annual growth rate is approximately 9%.

Yearly Distribution/Dividend Growth

2003 ⁽¹⁾	8.00¢	n/a
2004	8.75¢	9.4%
2005	10.50¢	20.0%
2006	12.50¢	19.0%
2007	15.00¢	20.0%
2008	17.50¢	16.7%
2009	18.50¢	5.7%
2010	19.25¢	4.1%
2011	20.25¢	5.2%
2011-Aug	21.00¢	3.7%
2012	21.50¢	2.4%
2013	22.50¢	4.7%
2014	24.00¢	6.7%
2015	25.00¢	4.2%
2016	26.00¢	4.0%
2017	27.00¢	3.8%
2018	28.00¢	3.7%

⁽¹⁾ Plaza began paying distributions in November 2002. 2003 is the first full year of distribution payments.

Distributions/Dividends per unit



The Board of Trustees approved the 15th consecutive annual distribution increase to \$0.28 per unit for 2018, representing a 3.7% increase from 2017, and is effective for the regularly scheduled monthly distribution payment dates beginning with the January distribution, which was payable February 15, 2018.

Summary of Properties

The Trust's portfolio at December 31, 2017 includes interests in 298 properties totaling approximately 7.8 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, 2017 ⁽¹⁾	Gross Leasable Area (sq. ft.) December 31, 2017 ^{(1) (2)}	Number of Properties December 31, 2016 ⁽¹⁾	Gross Leasable Area (sq. ft.) December 31, 2016 ^{(1) (2)}
Alberta	10	52,513	10	52,348
Newfoundland and Labrador	12	679,544	12	679,926
New Brunswick	51	1,837,420	51	1,890,336
Nova Scotia	37	1,180,164	37	1,175,940
Manitoba	6	30,424	6	30,424
Ontario	71	1,262,229	73	1,265,621
Prince Edward Island	11	595,413	11	595,821
Quebec	100	2,196,332	98	2,078,534
Total	298	7,834,039	298	7,768,950

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

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

BUSINESS ENVIRONMENT AND OUTLOOK

Plaza's entrepreneurial culture and adaptability, combined with its strong fully internalized platform, has allowed, and will continue to allow, Plaza to grow and take advantage of opportunities in the market-place. Plaza has always had a focused strategy of growing the business through value-add developments and redevelopments and opportunistic acquisitions. Its properties are primarily leased to national retailers, with a focus on retailers in the consumer staples market segment – a segment that tends to withstand broader economic conditions or other retail trends, such as online sales. Plaza's execution of this strategy and its leasing efforts over the years have produced a portfolio that is dominated by national retailers, providing investors with a stable and growing cash flow. Barring unforeseen events, management believes it can continue to deliver growth and a solid performance in 2018.

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

Notwithstanding increases in Government of Canada bond rates as a result of Bank of Canada rate increases (and anticipated further ones in 2018), long-term debt financing continues to be readily available from lenders, not only at competitive and low fixed rates, but with long amortization periods and long terms as well.

DEVELOPMENT PIPELINE AND ACQUISITIONS/DISPOSITIONS

Development Pipeline

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

Plaza Retail REIT

Properties under development/redevelopment	Square Footage ⁽¹⁾	Ownership	Occupied or Committed at December 31, 2017 ⁽⁴⁾	Anticipated Completion Date
In Planning/In Development:				
Strip Plaza:				
Plaza de L'Ouest, Sherbrooke, QC – Phase III	30,000	50%	n/a	1-2 years
Fairville Boulevard, Saint John, NB – Phase III	10,000	100%	n/a	1-2 years
St. Jerome, St. Jerome (Montreal), QC -Phase III ⁽²⁾	100,000	20%	n/a	1-2 years
7550 Rue Beclard, Anjou, QC ⁽³⁾	40,030	100%	n/a	Q3 2018
100 Saint-Jude Nord, Granby, QC – Phase II ⁽²⁾	100,000	8%	n/a	2-3 years
90 Blvd. Tache Ouest, Montmagny, QC	3,500	50%	n/a	1-2 years
Lawrence Avenue Plaza, Scarborough (Toronto), ON ⁽³⁾	7,540	100%	100%	Q3 2018
1324 Blvd Talbot, Saguenay (Chicoutimi), QC	84,000	50%	n/a	2019
The Shoppes at Galway, St. John's, NL – Phase I ⁽²⁾	265,000	50%	n/a	1-2 years
The Shoppes at Galway, St. John's, NL – Phase II ⁽²⁾	335,000	50%	n/a	2-3 years
The Shoppes at Galway, St. John's, NL – Phase III ⁽²⁾	100,000	50%	n/a	2-3 years
Single Use:				
1675 Rue Notre Dame Ouest, Lachine, QC ⁽³⁾	2,989	100%	n/a	1-2 years
9205 Bd. Lacordaire, St. Leonard, QC ⁽³⁾	2,632	100%	n/a	Q3 2018
6685 Century Avenue, Mississauga, ON	70,000	50%	100%	Q2 2019
144 Denison, Granby, QC ⁽²⁾	10,000	25%	100%	Q4 2018
Queens Plaza Dr, Liverpool, NS	10,000	100%	100%	Q4 2018
Expansion:				
Bedford Commons Plaza, Bedford (Halifax), NS	3,500	100%	100%	Q3 2018
Pleasant Street, Yarmouth, NS	2,000	100%	n/a	1-2 years
In Construction:				
Enclosed Mall to Strip Plaza:				
Park Street Plaza, Kenora, ON	69,177	20%	97%	Q2 2018
Mountainview Plaza, Midland, ON	201,448	20%	99%	Q2 2018
Northumberland, Miramichi, NB	102,436	50%	96%	Q2 2018
Eastcourt, Cornwall, ON	144,075	50%	96%	Q1 2018
Timiskaming, New Liskeard, ON	93,284	50%	60%	Q3 2018
Strip Plaza:				
600 JP Perrault, Sherbrooke, QC	103,822	50%	74%	Q1 2018
Single Use:				
3000 Bd. St. Charles, Kirkland, QC ⁽³⁾	2,554	100%	100%	Q1 2018
1943 Baseline Road, Ottawa, ON	1,590	100%	100%	Q1 2018
Expansion:				
9025 Torbram Rd, Brampton, ON ⁽³⁾	34,272	100%	100%	Q3 2018
Main Place, Fredericton, NB	2,178	100%	100%	Q4 2018
Gateway Mall, Sussex, NB ⁽²⁾	3,000	25%	100%	Q3 2018
KGH Plaza, Miramichi, NB	3,000	25%	100%	Q3 2018
Lansdowne Plaza, Saint John, NB	3,000	100%	100%	Q3 2018
Total	1,940,027			

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

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

(3) This is an existing property being redeveloped.

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

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

There is excess density at existing properties which would represent approximately 62 thousand additional square feet of gross leasable area.

At December 31, 2017, there are three land assemblies under purchase agreement and subject to due diligence or other conditions. These land purchases, if executed, will represent an additional 54 thousand square feet of retail space at completion.

The total estimated costs for the developments and redevelopments (noted in the chart on the previous page) are between \$100 million and \$110 million, of which approximately \$63 million has already been spent (at Plaza's ownership percentage). The unspent amount has not been fully or specifically budgeted or committed at this time. For the projects in construction, remaining costs to complete are between \$4 million and \$5 million. For the projects in planning or in development that are expected to be completed by the end of 2018, remaining costs to complete are between \$3 million and \$4 million.

Acquisitions/Dispositions

During the year ended December 31, 2017, the Trust purchased the following (all including closing costs): land adjacent to an existing property in Picton, ON for \$217 thousand; land in Fredericton, NB for \$287 thousand; land in Dunnville, ON for \$279 thousand; land in Gatineau, QC for \$1.1 million; a 50% interest in development lands in Mississauga, ON for \$6.1 million; a 50% interest in an existing property for redevelopment in Saguenay, QC for \$3.3 million; and development lands in Liverpool, NS for \$168 thousand.

In January 2018, the Trust increased its interest in the Northwest Centre, Moncton, NB and Shediac West Plaza, Shediac, NB, from 10% to 50%, with a Canadian pension fund buying the other 50% interest on a co-ownership basis. Both properties were previously co-owned with the Trust through two retail syndications. The Trust's incremental gross investment is approximately \$17.0 million, and its incremental net investment is approximately \$5.6 million. The previous syndications for these two properties, whose interests were bought out as a result of these transactions, included certain related parties of the Trust – namely; Earl Brewer, Michael Zakuta, Edouard Babineau and Denis Losier. A Special Committee of Independent Trustees of the Trust was formed to review and approve the related party transactions.

In January 2018, the Trust acquired a property for redevelopment in Brockville, ON for \$14.0 million. The Trust satisfied the purchase price through \$4.9 million in cash and a new \$9.1 million borrowing facility at a cost of prime plus 1.25%. Development/construction expenses will be financed through the expansion of this facility.

Subsequent to year end the Trust purchased lands in Oshawa, ON for \$2.5 million.

During the year ended December 31, 2017, the Trust disposed of surplus land in Kenora, ON for net proceeds of \$92 thousand which was recorded as investment properties held for sale at December 31, 2016. The Trust also disposed of land in Calgary, AB and in Miramichi, NB for net proceeds of \$78 thousand and \$272 thousand, respectively. The Trust disposed of properties in North Sydney, NS, for net proceeds of \$215 thousand, in Oshawa, ON for net proceeds of \$662 thousand, in Hamilton, ON for net proceeds of \$577 thousand and in Niagara Falls, ON for net proceeds of \$287 thousand. The Trust also disposed of a 50% non-managing interest in eight properties in Edmundston, NB, Woodstock, NB, Grand Falls, NB, Yarmouth, NS and Sydney, NS for net proceeds of \$17.3 million (\$7.3 million after assumption of 50% of the existing mortgages).

Subsequent to year end conditions were waived by the purchaser to buy land and building in Perth, ON and Ottawa, ON from the Trust for net proceeds of \$0.6 million. The sale by the Trust is set to close on February 28, 2018.

SUMMARY OF SELECTED YEAR TO DATE INFORMATION

	12 Months Ended December 31, 2017 (unaudited)	12 Months Ended December 31, 2016 (unaudited)	12 Months Ended December 31, 2015 (unaudited)
(000s, except as otherwise noted)			
Property rental revenue	\$ 102,887	\$ 100,215	\$ 96,050
Total revenue	\$ 105,963	\$ 108,029	\$ 101,854
NOI ⁽¹⁾	\$ 64,358	\$ 62,672	\$ 60,898
Same-asset NOI ⁽¹⁾	\$ 58,117	\$ 58,073	N/A ⁽³⁾
FFO ⁽¹⁾	\$ 35,888	\$ 32,650	\$ 31,314
AFFO ⁽¹⁾	\$ 33,288	\$ 29,259	\$ 27,250
EBITDA ⁽¹⁾	\$ 60,016	\$ 58,661	\$ 57,568
Profit and total comprehensive income	\$ 23,447	\$ 32,758	\$ 38,595
Total assets	\$ 1,031,335	\$ 1,029,892	\$ 1,023,887
Total non-current liabilities	\$ 450,020	\$ 484,587	\$ 483,824
Total mortgages, mortgage bonds, notes payable, bank credit facilities	\$ 490,305	\$ 488,344	\$ 514,466
Total debentures	\$ 49,773	\$ 60,172	\$ 64,490
Weighted average units outstanding ⁽²⁾	102,385	98,100	94,014
Amounts on a Per Unit Basis			
FFO ⁽¹⁾	\$ 0.351	\$ 0.333	\$ 0.333
AFFO ⁽¹⁾	\$ 0.325	\$ 0.298	\$ 0.290
Distributions	\$ 0.270	\$ 0.260	\$ 0.250
Financial Ratios			
Weighted average interest rate – fixed rate mortgages	4.39%	4.46%	4.59%
Debt to gross assets (excluding converts)	48.4%	47.7%	50.5%
Debt to gross assets (including converts)	52.2%	53.0%	56.4%
Interest coverage ratio ⁽¹⁾	2.36x	2.18x	2.08x
Debt coverage ratio ⁽¹⁾	1.68x	1.58x	1.55x
Distributions as a % of FFO	77.1%	78.5%	75.1%
Distributions as a % of AFFO	83.1%	87.6%	86.3%
Leasing Information			
Square footage leased during the period (total portfolio)	1,111,025	1,049,545	922,065
Committed occupancy ⁽⁴⁾	95.2%	96.1%	96.1%
Same-asset committed occupancy ⁽⁴⁾	95.1%	96.3%	N/A ⁽³⁾
Mix of Tenancy Based on Square Footage⁽⁴⁾			
National	90.4%	90.7%	90.5%
Regional	3.9%	4.0%	4.1%
Local	4.1%	4.2%	4.2%
Non retail	1.6%	1.1%	1.2%
Other			
Average term to maturity - mortgages	6.0 Years	6.4 years	6.5 years
Average term to maturity - leases ⁽⁴⁾	5.8 Years	6.2 years	6.5 years
IFRS capitalization rate	7.02%	7.03%	7.04%

Property Type Breakdown	Number of Properties December 31, 2017	Square Footage (000s)	Number of Properties December 31, 2016	Square Footage (000s)
Strip	106	5,403	103	5,332
Enclosed	5	971	5	1,036
Single Use – Quick Service Restaurant	125	434	128	377
Single Use – Retail	62	1,026	62	1,024
Total	298	7,834	298	7,769

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

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

⁽³⁾ Not applicable as the same-asset calculation relates to assets owned since January 1, 2016.

⁽⁴⁾ Excludes properties under development and non-consolidated investments.

PART II

STRATEGY

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

The Trust strives to:

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

The Trust invests in the following property types:

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

Management intends to achieve Plaza's goals by:

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

KEY PERFORMANCE DRIVERS AND INDICATORS

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

Management believes that the key internal performance drivers are:

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

Management believes that the key external performance drivers are:

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

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

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

The key performance indicators discussed throughout the MD&A are summarized in the table that follows. Management believes that its key performance indicators allow it to track progress towards the achievement of Plaza's primary goal of providing a steady and increasing cash flow to unitholders. The following chart discusses the key performance indicators for the twelve months ended December 31, 2017 compared to the twelve months ended December 31, 2016.

FFO ⁽¹⁾		YTD Q4 2017	YTD Q4 2016
	FFO	\$35,888	\$32,650
	FFO per unit	\$0.351	\$0.333
	Distributions as a % of FFO	77.1%	78.5%
	➤ The increase in FFO and FFO per unit was mainly due to growth in NOI from developments/redevelopments/acquisitions of \$2.0 million, an increase in non-recurring lease buyout revenues of \$1.4 million and a decrease in finance costs of \$1.7 million mainly due to lower debenture interest due to the redemption of Series B and Series C convertible debentures. ➤ Even excluding the impact of lease buyouts, FFO and FFO per unit would have increased by 3.5% and 7.0%, respectively.		
AFFO ⁽¹⁾		YTD Q4 2017	YTD Q4 2016
	AFFO	\$33,288	\$29,259
	AFFO per unit	\$0.325	\$0.298
	Distributions as a % of AFFO	83.1%	87.6%
	➤ The principal factors influencing AFFO are consistent with those impacting FFO.		
Debt Service Ratios ⁽¹⁾		YTD Q4 2017	YTD Q4 2016
	Interest coverage ratio	2.36x	2.18x
	Debt coverage ratio	1.68x	1.58x
	➤ The increase mainly reflects: (i) lower finance costs mainly due to lower debenture interest due to the redemption of Series B and Series C convertible debentures; and (ii) higher EBITDA due to higher NOI, mainly as a result of growth from developments/redevelopments as well as the lease buyout revenues.		
Debt to Gross Assets		Q4 2017	Q4 2016
	Debt to gross assets (excluding converts)	48.4%	47.7%
	Debt to gross assets (including converts)	52.2%	53.0%
	➤ The increase excluding converts is mainly due to the issuance of \$6.0 million in Series II unsecured non-convertible debentures in February 2017, as well as an increase in the operating line balance. Including convertible debentures, the current year ratio was also impacted by the redemption of the Series B and C convertible debentures.		
Same-Asset NOI ⁽¹⁾		YTD Q4 2017	YTD Q4 2016
	Same-asset NOI	\$58,117	\$58,073
	➤ Same-asset NOI increased 0.1% over the prior year. Rent steps in the portfolio more than offset vacancies and two significant lease buyouts concluded during 2017. ➤ The two lease buyouts decreased same-asset NOI by \$445 thousand.		
Weighted Average Interest Rate – Fixed Rate Mortgages		Q4 2017	Q4 2016
	Weighted average interest rate – fixed rate mortgages	4.39%	4.46%
	➤ The decrease was a result of continued financings at low rates.		
Occupancy Levels		Q4 2017	Q4 2016
	Committed occupancy	95.2%	96.1%
	Same-asset committed occupancy	95.1%	96.3%
	➤ The two lease buyouts negatively impacted occupancy by 0.6%.		

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

PROPERTY AND CORPORATE FINANCIAL PERFORMANCE 2017 AND 2016
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, 2017, compared to the three and twelve months ended December 31, 2016 is presented below:

	3 Months Ended December 31, 2017 (unaudited)	3 Months Ended December 31, 2016 (unaudited)	12 Months Ended December 31, 2017	12 Months Ended December 31, 2016
(000s – except per unit amounts and percentage data)				
Profit and total comprehensive income for the period attributable to unitholders	\$ 9,431	\$ 9,535	\$ 23,232	\$ 32,631
Add (deduct):				
Incremental leasing costs included in administrative expenses	382	321	1,727	1,502
Distributions on Class B exchangeable LP units included in finance costs	87	86	354	343
Deferred income taxes	207	179	(64)	1,252
Fair value adjustment to restricted share units	(5)	(2)	(17)	2
Fair value adjustment to investment properties	(2,124)	1,570	10,392	(1,648)
Fair value adjustment to investments	600	(1,233)	1,876	(2,916)
Fair value adjustment to Class B exchangeable LP units	(152)	(316)	(970)	396
Fair value adjustment to convertible debentures	94	(1,274)	(339)	1,256
Fair value adjustment to interest rate swap and bond forward	-	(137)	-	154
Equity accounting adjustment	(23)	(66)	(138)	(104)
Non-controlling interest adjustment	11	(44)	(165)	(218)
Basic FFO	\$ 8,508	\$ 8,619	\$ 35,888	\$ 32,650
Add (deduct):				
Non-cash revenue – straight-line rent	56	3	239	(412)
Leasing costs – existing properties ⁽¹⁾	(424)	(454)	(1,783)	(1,827)
Maintenance capital expenditures – existing properties ⁽¹⁾	(287)	(546)	(1,098)	(1,219)
Non-controlling interest adjustment	9	36	42	67
Basic AFFO	\$ 7,862	\$ 7,658	\$ 33,288	\$ 29,259
Basic weighted average units outstanding ⁽²⁾	102,685	99,515	102,385	98,100
Basic FFO per unit	\$ 0.083	\$ 0.087	\$ 0.351	\$ 0.333
Basic AFFO per unit	\$ 0.077	\$ 0.077	\$ 0.325	\$ 0.298
Gross distributions to unitholders ⁽³⁾	\$ 6,937	\$ 6,472	\$ 27,674	\$ 25,621
Distributions as a percentage of basic FFO	81.5%	75.1%	77.1%	78.5%
Distributions as a percentage of basic AFFO	88.2%	84.5%	83.1%	87.6%
Basic FFO	\$ 8,508	\$ 8,619	\$ 35,888	\$ 32,650
Interest on dilutive convertible debentures	489	569	2,258	2,120
Diluted FFO	\$ 8,997	\$ 9,188	\$ 38,146	\$ 34,770
Diluted weighted average units outstanding ⁽²⁾	108,598	106,338	109,209	104,509
Basic AFFO	\$ 7,862	\$ 7,658	\$ 33,288	\$ 29,259
Interest on dilutive convertible debentures	-	-	-	-
Diluted AFFO	\$ 7,862	\$ 7,658	\$ 33,288	\$ 29,259
Diluted weighted average units outstanding ⁽²⁾	102,685	99,515	102,385	98,100
Diluted FFO per unit	\$ 0.083	\$ 0.086	\$ 0.349	\$ 0.333
Diluted AFFO per unit	\$ 0.077	\$ 0.077	\$ 0.325	\$ 0.298

(1) Based on actuals.

(2) Includes Class B exchangeable LP units.

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

Basic FFO for the three months ended December 31, 2017 decreased by \$111 thousand, or 1.3% over the prior year. Basic FFO per unit for the three months ended December 31, 2017 decreased 4.6% over the prior year.

More specifically, impacting FFO was:

- (i) growth in NOI of \$330 thousand from developments/redevelopments/acquisitions;
- (ii) a decrease in same-asset NOI of \$196 thousand, impacted by the vacancies caused by two significant non-recurring lease buyouts concluded during 2017, accounting for \$180 thousand of the decrease;
- (iii) an increase in administrative expenses charged to NOI of \$214 thousand, mainly due to an increase in head count and salary increases;
- (iv) an increase in administrative expenses of \$233 thousand; and
- (v) a decrease in finance costs of \$221 thousand mainly due to lower debenture interest due to the redemption of Series C convertible debentures.

For the three months ended December 31, 2017, AFFO increased by \$204 thousand, or 2.7% over the prior year, and AFFO per unit was consistent with the prior year. The increase in AFFO was mainly due to the decrease in maintenance capital expenditures.

The per unit amounts for the quarter were impacted by a larger number of units outstanding due to the conversion of \$14.6 million in Series C convertible debentures into 2.8 million units in late 2016 and January 2017, upon the issuance of a redemption notice for the Series C convertible debentures in November 2016.

Basic FFO for the twelve months ended December 31, 2017 increased by \$3.2 million, or 9.9% over the prior year. Basic FFO per unit for the twelve months ended December 31, 2017 increased 5.4% over the prior year. The increase was mainly due to net development and redevelopment activity and lease buyout revenues received.

More specifically, impacting FFO was:

- (i) growth in NOI of \$2.0 million from developments/redevelopments/acquisitions;
- (ii) a decrease in NOI of \$485 thousand due to the sale of properties;
- (iii) a decrease in NOI of \$651 thousand from non-cash straight-line rent;
- (iv) an increase in administrative expenses charged to NOI of \$631 thousand, mainly due to an increase in head count and salary increases;
- (v) an increase in lease buyout revenues received of \$1.4 million, mainly from two significant lease buyouts concluded during 2017; and
- (vi) a decrease in finance costs of \$1.7 million mainly due to lower debenture interest due to the redemption of Series B and Series C convertible debentures.

For the twelve months ended December 31, 2017, AFFO increased by \$4.0 million, or 13.8% over the prior year, and AFFO per unit increased by 9.1% over the prior year. The increase in AFFO was mainly due to the same factors impacting FFO.

Even excluding the impact of lease buyouts, for the twelve months ended December 31, 2017 FFO and AFFO increased by 8.0% and 11.7%, respectively, and FFO and AFFO per unit increased by 3.5% and 7.0%, respectively.

The per unit amounts for the twelve months ended December 31, 2017 were impacted by the conversion of the Series C convertible debentures.

Profit and Total Comprehensive Income for the Period

The Trust recorded profit and total comprehensive income for the three months ended December 31, 2017 of \$9.5 million compared to \$9.6 million for the same period in the prior year. Profit was impacted by the same factors mentioned in the discussion of FFO above, as well as:

- (i) a decrease in share of profit of associates of \$1.8 million mainly relating to the non-cash fair value adjustment to the underlying investment properties;
- (ii) a net gain from the non-cash fair value adjustment to the Class B exchangeable LP units of \$152 thousand compared to a net gain of \$316 thousand in the prior year;
- (iii) a net loss from the non-cash fair value adjustment to the convertible debentures of \$94 thousand compared to a net gain of \$1.2 million in the prior year; and
- (iv) a net gain from non-cash fair value adjustments to investment properties of \$2.1 million compared to a net loss of \$1.6 million in the prior year.

Plaza Retail REIT

The Trust recorded profit and total comprehensive income for the twelve months ended December 31, 2017 of \$23.4 million compared to \$32.8 million for the same period in the prior year. Profit was impacted by the same factors mentioned in the discussion of FFO above, as well as:

- (i) a decrease in share of profit of associates of \$4.6 million mainly relating to the non-cash fair value adjustment to the underlying investment properties;
- (ii) a net gain from the non-cash fair value adjustment to convertible debentures of \$339 thousand compared to a net loss of \$1.3 million in the prior year;
- (iii) a net gain from the non-cash fair value adjustment to the Class B exchangeable LP units of \$970 thousand compared to a net loss of \$396 thousand in the prior year; and
- (iv) a net loss from non-cash fair value adjustments to investment properties of \$10.4 million compared to a net gain of \$1.6 million in the prior year.

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 twelve months ended December 31, 2017 and the entire year ended December 31, 2016 and excludes partial year results from certain assets due to timing of acquisition, development, redevelopment or disposition.

Significant portions of the Trust's leases have common cost recoveries from tenants linked to the consumer price index (CPI). At December 31, 2017, approximately 52.4% of the Trust's leased area is tied to a CPI cost recovery formula. As well, certain anchor tenant leases may restrict recovery of common costs. As a result, certain costs such as snow removal and utility costs may not be completely offset by cost recoveries in a period, or recovery revenues may exceed costs. Municipal taxes are generally net and fully recoverable from all tenants. Most tenants in strip plazas and single use properties are responsible for their own utilities, and changes to these costs do not materially impact NOI.

	3 Months Ended December 31, 2017 (unaudited)	3 Months Ended December 31, 2016 (unaudited)	12 Months Ended December 31, 2017 (unaudited)	12 Months Ended December 31, 2016 (unaudited)
(000s)				
Same-asset rental revenue	\$ 21,879	\$ 21,722	\$ 87,922	\$ 87,844
Same-asset operating expenses	(3,653)	(3,411)	(13,208)	(13,334)
Same-asset realty tax expense	(4,029)	(3,918)	(16,597)	(16,437)
Same-asset NOI	\$ 14,197	\$ 14,393	\$ 58,117	\$ 58,073

As noted in the chart above, the same-asset NOI for the three months ended December 31, 2017 decreased by \$196 thousand or 1.4% over the same period in the prior year, mainly due to vacancies from two significant lease buyouts concluded during the year, accounting for \$180 thousand of the decrease, as well as vacancies incurred in Q4 in the portfolio, mainly from the Village Shopping Centre, the Trust's enclosed mall in St. John's, NL, where a 40 thousand square foot second floor office tenant vacated. These were partly offset by rent steps in the portfolio.

Same-asset NOI for the twelve months ended December 31, 2017 increased by \$44 thousand or 0.1% over the same period in the prior year. Rent steps in the portfolio more than offset vacancies and the vacancies caused by the two significant lease buyouts. The vacancies from the two lease buyouts decreased same-asset NOI by \$445 thousand for the twelve months ended December 31, 2017.

Plaza Retail REIT

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

	3 Months Ended December 31, 2017 (unaudited)	3 Months Ended December 31, 2016 (unaudited)	12 Months Ended December 31, 2017 (unaudited)	12 Months Ended December 31, 2016 (unaudited)
(000s except percentage data)				
New Brunswick	\$ 3,187	\$ 3,327	\$ 13,377	\$ 13,685
Nova Scotia	2,633	2,805	11,353	11,802
Quebec	3,330	3,260	13,110	12,777
Alberta	218	222	887	889
Manitoba	191	191	752	762
Ontario	2,108	2,145	8,486	8,468
Newfoundland and Labrador	1,143	1,249	4,989	4,840
Prince Edward Island	1,387	1,194	5,163	4,850
Same-asset NOI	\$ 14,197	\$ 14,393	\$ 58,117	\$ 58,073
Percentage increase (decrease) over prior period	(1.4%)		0.1%	

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, 2017 (unaudited)	3 Months Ended December 31, 2016 (unaudited)	12 Months Ended December 31, 2017	12 Months Ended December 31, 2016
(000s)				
Same-asset NOI	\$ 14,197	\$ 14,393	\$ 58,117	\$ 58,073
Developments and redevelopments transferred to income producing in 2016	787	669	3,107	1,978
Developments and redevelopments transferred to income producing in 2017 (\$2.2 million annualized NOI)	559	307	1,774	1,177
NOI from properties currently under redevelopment (\$5.0 million annualized NOI)	586	626	2,674	2,443
Straight-line rent	(56)	(4)	(239)	412
Administrative expenses charged to NOI	(837)	(623)	(2,984)	(2,353)
Lease buyout revenue	119	105	1,676	316
Property disposals	117	205	144	629
Other	17	(22)	89	(3)
Total NOI	\$15,489	\$ 15,656	\$ 64,358	\$ 62,672

Plaza concluded two significant lease buyout transactions during the year in order to bring on other, more stable tenants. The lease buyout revenues received more than offset the loss in NOI from the transactions. New tenants will not be in place until 2018.

Share of Profit of Associates

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

	Ownership Position	Preferred Return	Residual Return
Equity Accounted Investments⁽¹⁾			
Centennial Plaza Limited Partnership	10%	10%	20%
Trois Rivières Limited Partnership	15%	10%	30%
Plazacorp – Shediak Limited Partnership ⁽³⁾	10%	8%	50%
Plazacorp Ontario1 Limited Partnership	25%	4%	25%
Plazacorp Ontario2 Limited Partnership	50%	n/a	n/a
Plazacorp Ontario3 Limited Partnership	50%	n/a	n/a
Plazacorp Ontario4 Limited Partnership	50%	n/a	n/a
RBEG Limited Partnership	50%	n/a	n/a
CPRDL Limited Partnership	50%	n/a	n/a
Fundy Retail Ltd.	50%	n/a	n/a
VGH Limited Partnership ⁽²⁾	20%	8%	27%
Ste. Hyacinthe Limited Partnership	25%	n/a	n/a
144 Denison East Limited Partnership ⁽²⁾	25%	n/a	n/a
The Shoppes at Galway Limited Partnership ⁽²⁾	50%	n/a	n/a
Fair Value Accounted Investments⁽¹⁾			
Northwest Plaza Commercial Trust ⁽³⁾	10%	n/a	n/a

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

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

(3) See Part I of this MD&A under the heading "Development Pipeline and Acquisitions/Dispositions" for subsequent event on these assets.

Share of profit of associates for the three months ended December 31, 2017 includes Plaza's share of NOI of approximately \$844 thousand. Share of profit of associates decreased by \$1.8 million for the three months ended December 31, 2017 compared to the three months ended December 31, 2016. The decrease was mainly due to non-cash fair value adjustments.

Share of profit of associates for the twelve months ended December 31, 2017 includes Plaza's share of NOI of approximately \$3.8 million. Share of profit of associates decreased by \$4.6 million mainly due to non-cash fair value adjustments.

Overall committed occupancy for non-consolidated investments was 97.9% at December 31, 2017, compared to 97.6% at December 31, 2016.

Distributions received from associates for the three months ended December 31, 2017 were \$313 thousand compared to \$188 thousand for the three months ended December 31, 2016. Distributions received from associates for the twelve months ended December 31, 2017 were \$1.4 million compared to \$1.2 million for the twelve months ended December 31, 2016.

Finance Costs

Finance costs for the three months ended December 31, 2017 were \$6.4 million, compared to \$6.6 million for the same period in the prior year. Finance costs were impacted by:

- (i) lower debenture interest of \$296 thousand due to the redemption of Series C convertible debentures; and
- (ii) lower mortgage interest due to refinancings at lower interest rates and due to the sale of properties.

These were partly offset by:

- (i) higher debenture interest expense of \$75 thousand due to the Series II unsecured debentures issued in February 2017; and
- (ii) higher interest on the operating line of \$266 thousand due to a higher balance outstanding.

Finance costs for the twelve months ended December 31, 2017 were \$25.6 million, compared to \$27.4 million for the same period in the prior year. Finance costs were impacted by:

- (i) lower debenture interest of \$1.4 million due to the redemption of Series B and Series C convertible debentures;
- (ii) prior year early mortgage discharge fees incurred of \$462 thousand compared to \$56 thousand in the current year; and
- (iii) lower mortgage interest due to refinancings at lower interest rates and due to the sale of properties.

These were partly offset by:

- (i) higher debenture interest expense of \$389 thousand due to the Series VII debentures issued in June 2016 and the Series II unsecured debentures issued in February 2017; and
- (ii) higher interest on the operating line of \$542 thousand due to a higher balance outstanding.

Administrative Expenses

Administrative expenses for the three and twelve months ended December 31, 2017 increased by \$233 thousand and \$332 thousand, respectively, over the prior year. Both were impacted by higher salaries due to staffing increases, IT costs and various consulting fees.

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

Change in Fair Value of Investment Properties

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

The Trust recorded a fair value increase to investment properties of \$2.1 million for the three months ended December 31, 2017 compared to a fair value decrease of \$1.6 million for the three months ended December 31, 2016. The Trust recorded a fair value decrease to investment properties of \$10.4 million for the twelve months ended December 31, 2017 compared to a fair value increase of \$1.6 million for the twelve months ended December 31, 2016. The weighted average capitalization rate at December 31, 2017 was 7.02% which is one basis point lower than December 31, 2016. The fair value changes compared to the prior year were largely due to changes in NOI as well as cost overruns on current development projects (development projects are measured at fair value less costs to complete).

Plaza Retail REIT

Change in Fair Value of Convertible Debentures

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

The fair value adjustment to convertible debentures for the three and twelve months ended December 31, 2017 was a net loss of \$94 thousand and a net gain of \$339 thousand, respectively, compared to a net gain of \$1.3 million and a net loss of \$1.3 million, respectively, for the three and twelve months ended December 31, 2016.

Change in Fair Value of Class B Exchangeable LP Units

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

The fair value adjustment to Class B exchangeable LP units for the three and twelve months ended December 31, 2017 was a net gain of \$152 thousand and \$970 thousand, respectively, compared to a net gain of \$316 thousand and a net loss of \$396 thousand, respectively, in the prior year.

In November 2017, 53,000 Class B exchangeable LP units were exchanged for 53,000 Plaza units.

LEASING AND OCCUPANCY

The following table represents leases expiring for the next 5 years and thereafter for Plaza's property portfolio at December 31, 2017 (excluding developments, redevelopments and non-consolidated investments).

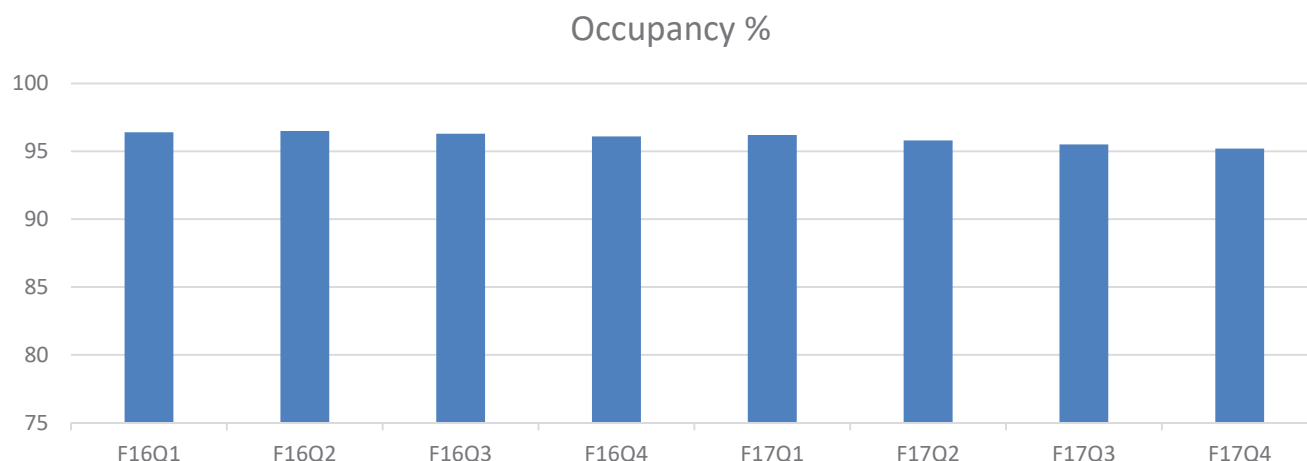
Year	Strip Plazas		Enclosed Malls		Single-User Retail		Single-User QSR ⁽²⁾		Total	
	Sq Ft ⁽¹⁾	%	Sq Ft ⁽¹⁾	%	Sq Ft ⁽¹⁾	%	Sq Ft ⁽¹⁾	%	Sq Ft ⁽¹⁾	%
2018	223,247	6.4	65,447	10.7	27,484	3.1	164,122	57.2	480,300	9.1
2019	251,101	7.2	65,567	10.7	19,504	2.2	8,764	3.1	344,936	6.6
2020	530,379	15.2	147,608	24.2	109,776	12.6	7,436	2.6	795,199	15.1
2021	489,529	14.0	37,522	6.1	38,537	4.4	5,000	1.7	570,588	10.8
2022	414,741	11.9	32,703	5.4	103,739	11.9	16,029	5.6	567,212	10.8
Thereafter	1,580,609	45.3	262,286	42.9	575,142	65.8	85,593	29.8	2,503,630	47.6
Subtotal	3,489,606	100.0	611,133	100.0	874,182	100.0	286,944	100.0	5,261,865	100.0
Vacant	184,774		101,222		-		-		285,996	
Total	3,674,380		712,355		874,182		286,944		5,547,861	
Weighted average lease term										
	6.1 years		3.4 years		7.4 years		3.9 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, 2017, overall committed occupancy for the portfolio (excluding properties under development, redevelopment and non-consolidated investments) was 95.2% compared to 96.1% at December 31, 2016. Same-asset committed occupancy was 95.1% at December 31, 2017, compared to 96.3% at December 31, 2016. The two significant lease buyouts completed in 2017 negatively impacted occupancy by 0.6%.

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



The weighted average contractual base rent per square foot on renewals/new leasing in 2017 versus expiries (excluding developments, redevelopments and non-consolidated investments) is outlined in the following table:

	Strip Plazas	Enclosed Malls	Single-User Retail	Single-User QSR
2017				
Leasing renewals (sq. ft.)	257,522	110,718	14,296	52,527
Weighted average rent (\$/sq. ft.)	\$16.12	\$14.96	\$28.00	\$31.62
Change in weighted average rent	6.1%	5.4%	4.7%	6.0%
Expiries that renewed (sq. ft.)	257,522	110,718	14,296	52,527
Weighted average rent (\$/sq. ft.)	\$15.19	\$14.19	\$26.75	\$29.82
New leasing (sq. ft.)	98,165	11,616	6,636	1,790
Weighted average rent (\$/sq. ft.)	\$16.89	\$17.59	\$29.68	\$25.00
Expiries not renewed (sq. ft.)	121,899	60,285	8,426	4,038
Weighted average rent (\$/sq. ft.)	\$14.64	\$12.92	\$28.05	\$25.06
2018				
Expiries (sq. ft.)	223,247	65,447	27,484	164,122
Weighted average rent (\$/sq. ft.)	\$13.43	\$15.89	\$12.72	\$26.03

In addition, for the twelve months ended December 31, 2017, the Trust completed 329 thousand square feet of new and renewal leasing deals on developments and redevelopments at market rates and 231 thousand square feet of new and renewal leasing deals at market rates at non-consolidated investments.

Subsequent to year end, the Trust finalized lease renewals on 150,000 square feet or 62 sites with its two primary KFC operators. Most of these leases were set to expire in 2018. Stand-alone KFC restaurants make up approximately 218,000 square feet. The two KFC operators have 81 sites and represent 90% of Plaza's total KFC square footage. The renewals have an average rental increase in the first year of approximately 5% and an average lease term of approximately 7 years. For the remaining 19 sites, Plaza is planning (i) the immediate redevelopment of seven of the sites representing approximately 17,000 square feet, one for another national restaurant chain and the rest as new KFC stores for the two KFC operators; (ii) the immediate sale of three sites representing approximately 6,000 square feet, all of which are currently firm and awaiting closing; and (iii) the future redevelopment of nine sites representing approximately 22,000 square feet.

Plaza Retail REIT

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

- Committed occupancy in the strip plazas was 95.6% at December 31, 2017, compared to 96.0% at December 31, 2016.
- Committed occupancy for enclosed malls was 85.8% at December 31, 2017, compared to 92.2% at December 31, 2016.
- Committed occupancy for single use assets was 100.0% at December 31, 2017, compared to 99.4% at December 31, 2016.
- Pre-leased space in active properties under development was 79.9% at December 31, 2017.

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, 2017 represent approximately 56.9% of total base rent revenues in place.

	% of Base Rent Revenue ⁽⁵⁾		% of Base Rent Revenue ⁽⁵⁾
1. Shoppers Drug Mart	25.7	6. Staples	3.0
2. KFC ⁽¹⁾	8.5	7. TJX Group ⁽⁴⁾	2.8
3. Dollarama	4.7	8. Rexall Pharma Plus	2.2
4. Sobeys Group ⁽²⁾	3.7	9. Bulk Barn	1.7
5. Canadian Tire Group ⁽³⁾	3.2	10. Tim Hortons	1.4

(1) The majority is represented by 3 tenants.

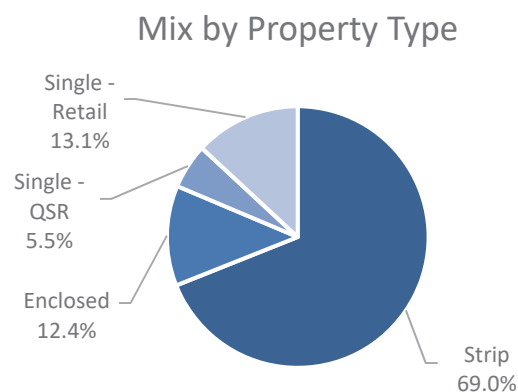
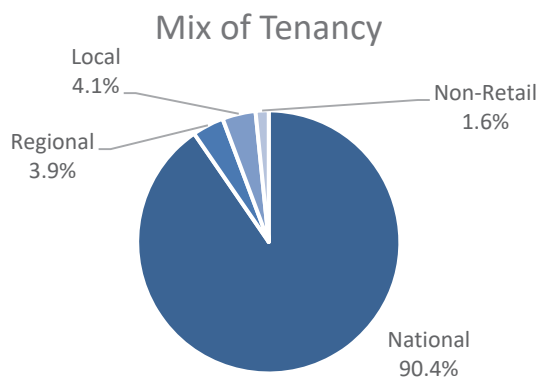
(2) Sobeys Group represents the following stores: Sobeys, IGA, Sobeys Fast Fuel and Lawtons.

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

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

(5) Excluding developments, redevelopments and non-consolidated investments

The Trust's mix of tenancies, based on square footage, 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 Retail REIT

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

For 2017, Plaza's annual distributions were \$0.27 per unit. For 2018, Plaza's distributions have been set at \$0.28 per unit.

	3 Months Ended December 31, 2017 (unaudited)	3 Months Ended December 31, 2016 (unaudited)	12 Months Ended December 31, 2017	12 Months Ended December 31, 2016
(000s)				
Total distributions ⁽¹⁾	\$ 6,937	\$ 6,472	\$ 27,674	\$ 25,621
Less: Distribution Reinvestment Plan proceeds ⁽²⁾	(1,148)	(378)	(2,607)	(1,358)
Cash distributions paid	\$ 5,789	\$ 6,094	\$ 25,067	\$ 24,263

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

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

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

	3 Months Ended December 31, 2017 (unaudited)	3 Months Ended December 31, 2016 (unaudited)	12 Months Ended December 31, 2017	12 Months Ended December 31, 2016
(000s)				
Cash provided by operating activities ⁽¹⁾	\$ 10,186	\$ 8,796	\$ 35,782	\$ 32,916
Total distributions ⁽²⁾	(6,937)	(6,472)	(27,674)	(25,621)
Excess of cash provided by operating activities over total distributions	\$ 3,249	\$ 2,324	\$ 8,108	\$ 7,295

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

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

Plaza believes its distributions are sustainable based on expected and historical results and cash flows.

CAPITAL RESOURCES, EQUITY AND DEBT ACTIVITIES
Operating and Development Facilities

(000s)	\$44.0 Million Operating	\$20.0 Million Development	\$15.0 Million Development
December 31, 2016 ⁽¹⁾	\$ 12,562	\$ 2,825	\$ 4,075
Net Change	16,976	(115)	517
December 31, 2017 ⁽¹⁾	\$ 29,538	\$ 2,710	\$ 4,592
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, 2018	July 31, 2018	July 31, 2018
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	\$750 thousand	-	-

⁽¹⁾ Excludes unamortized finance charges

Funding is secured by first mortgage charges on properties or development properties as applicable. The Trust must maintain certain financial ratios to comply with the facilities. As of December 31, 2017, all debt covenants in respect of the above facilities have been maintained.

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

Mortgage Bonds

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

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

In February 2016, the \$900 thousand 5.25% Series VI mortgage bonds matured and were repaid. In June 2016, the \$1.185 million Series V 8.0% mortgage bonds matured and were repaid. In August 2016, the \$3.86 million Series VII 6.0% mortgage bonds matured and were repaid. On July 8, 2016 and August 15, 2016, the Trust issued a total of \$6.0 million Series XI 5.0% floating mortgage bonds. In July 2017, the \$3.0 million 5.50% Series IX mortgage bonds matured and were repaid. On July 15, 2017, the

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Trust issued the \$3.0 million Series XII mortgage bonds. The Series XII mortgage bonds bear interest at 5.5% and mature July 15, 2022.

The Series X, XI and XII mortgage bonds can be deployed up to 90% of the cost of a property under a first or second charge on that property. If it is a second charge, the total debt, including mortgage bonds, cannot exceed 90%. These mortgage bonds can be reallocated to different properties from time to time as required. The Trust can redeem up to one-half of the Series X, XI and XII mortgage bonds at par on the third and fourth anniversaries for the Series X mortgage bonds and the first and second anniversaries for the Series XI and XII mortgage bonds, being: June 25, 2018 and June 25, 2019 for the Series X mortgage bonds; July 8, 2018 for the Series XI mortgage bonds; and July 15, 2018 and July 15, 2019 for the Series XII mortgage bonds.

Debentures

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

(000s)	Convertible Series D	Convertible Series VII	Non-convertible Series I	Non-convertible Series II
Interest rate	5.75%	5.50%	5.00%	5.00%
Conversion price	\$5.75	\$6.04	n/a	n/a
Par call date	December 31, 2017	June 30, 2020	n/a	n/a
Maturity date	December 31, 2018	June 30, 2021	2018 ⁽¹⁾	February 28, 2022
Face amount	\$34,000	\$5,500	\$4,000	\$6,000

(1) Tranche A - \$1.6 million - February 26, 2018; Tranche B - \$2.3 million - April 15, 2018; and Tranche C - \$100 thousand - May 2, 2018

On April 29, 2016, the Trust redeemed the \$9.2 million outstanding 8% Series B convertible debentures. The proceeds from the public offering of 5.0 million units completed on March 31, 2016 were partly used to redeem the Series B convertible debentures.

On June 15, 2016, \$5.5 million in Series VII convertible debentures were issued as part of the financing to acquire a 50.0% interest in three properties. These convertible debentures are at an interest rate of 5.5% and mature on June 30, 2021.

On November 30, 2016, the Trust issued a redemption notice for the 7.0% Series C convertible debentures to be redeemed on January 9, 2017. A total of \$1.75 million were converted in 2016 into 333 thousand units and \$198 thousand in cash, leaving a balance of \$15.2 million in face value of debentures. Between January 3rd and 6th, 2017, \$12.9 million were converted into 2.45 million units and \$1.5 million in cash. On January 9, 2017, the remaining \$2.3 million were redeemed and paid out.

On February 28, 2017, the Trust issued \$6.0 million in Series II unsecured debentures with an interest rate of 5.0% per annum maturing on February 28, 2022.

Subsequent to year end, on February 21, 2018, the Trust completed a public offering of \$45 million aggregate principal amount of 5.10% convertible unsecured subordinated debentures due March 31, 2023. The debentures are convertible at the option of the holder, into units of the Trust at \$5.65 per unit. In addition, the underwriters were granted an over-allotment option, exercisable in whole or in part up to 30 days after closing, to purchase up to an additional \$2.25 million debentures. The option was exercised on closing of the offering on February 21, 2018. Proceeds from the offering will be used to redeem the \$34 million 5.75% Series D convertible debentures, which had a par call date of December 31, 2017, with the remainder of the proceeds to repay amounts outstanding on the Trust's operating line of credit, to fund future and on-going development and redevelopment activities and for general trust purposes. The Trust gave notice to the Series D debenture holders on February 21, 2018 and redemption of those debentures is set to close on March 27, 2018.

Mortgages

During 2017 the Trust obtained new long-term financing in the amount of \$30.4 million (at Plaza's consolidated share) with a weighted average term of 8.6 years and a weighted average interest rate of 3.92%.

The Trust has a \$3.0 million variable rate secured construction loan/credit facility on one of its redevelopment projects. The loan bears interest at prime plus 1.25% or BAs plus 2.50% and has been renewed until May 26, 2018. At December 31, 2017, \$2.8 million has been drawn on the loan.

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The Trust also has a \$907 thousand variable rate secured construction loan/credit facility on another one of its redevelopment projects. The loan bears interest at prime plus 1.00% or BAs plus 2.50% and was extended until September 15, 2018. At December 31, 2017, \$712 thousand has been drawn on the loan.

In November 2017, the Trust obtained a \$6.6 million variable rate secured construction loan/credit facility in connection with the acquisition of a redevelopment project. The loan bears interest at prime plus 2.25% or BAs plus 3.75%, reducing to prime plus 1.25% or BAs plus 2.75% on the second draw (once construction commences), and matures on November 30, 2019. At December 31, 2017, \$1.95 million has been drawn on the loan.

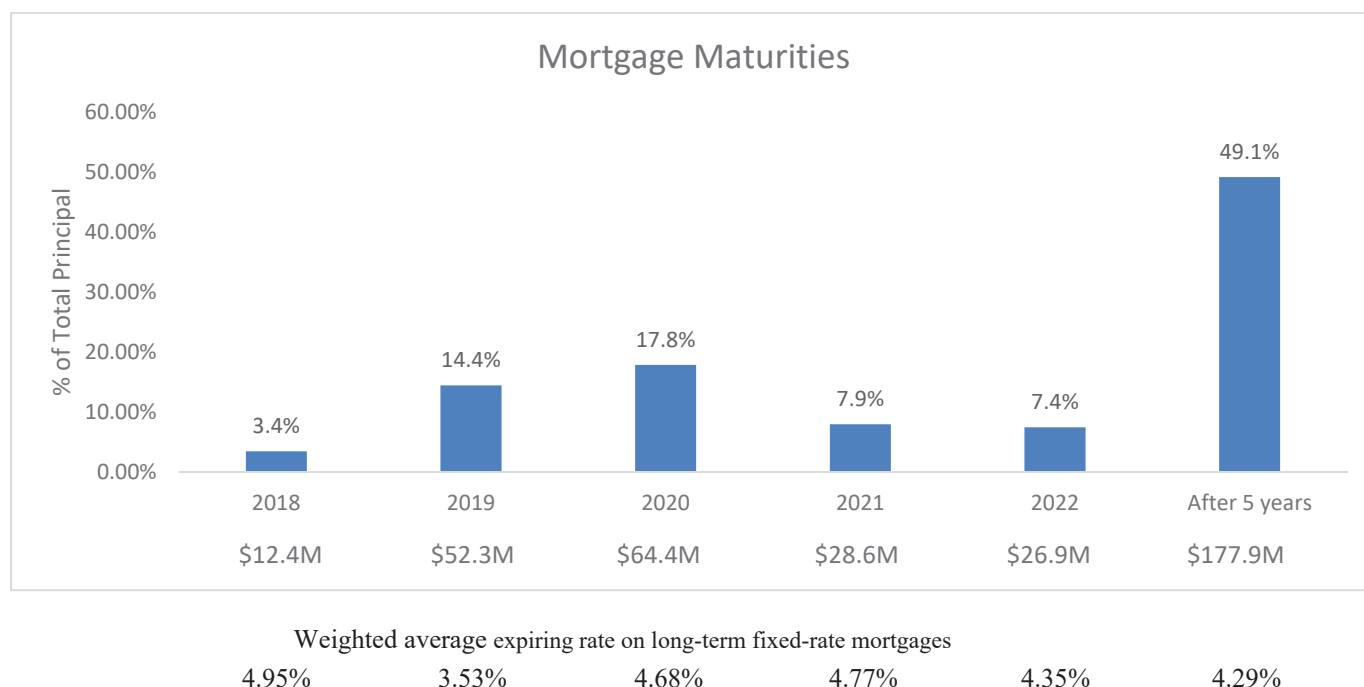
In January 2018, the Trust closed on a short-term bridge financing related to a property acquisition in the amount of \$3.0 million at 6.0% for 6 months.

Subsequent to year end, the Trust closed on a loan in the amount of \$5.6 million for 5 years at an interest-only rate of 5.0%.

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

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

The following is a maturity chart of mortgages by year:



The weighted average term to maturity for the long-term mortgages is 6.0 years. The average remaining repayment (amortization) period on long-term mortgage debt is 23.0 years.

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Debt Service Ratios

Plaza's summary of EBITDA and debt service ratios for the three and twelve months ended December 31, 2017, compared to the three and twelve months ended December 31, 2016 is presented below:

	3 Months Ended December 31, 2017 (unaudited)	3 Months Ended December 31, 2016 (unaudited)	12 Months Ended December 31, 2017	12 Months Ended December 31, 2016
(000s – except debt service ratios)				
Profit and total comprehensive income for the period	\$ 9,530	\$ 9,574	\$ 23,447	\$ 32,758
Add (deduct):				
Income taxes	295	227	119	1,384
Finance costs	6,405	6,626	25,646	27,379
Fair value adjustment to investment properties	(2,124)	1,570	10,392	(1,648)
Fair value adjustment to investments	600	(1,233)	1,876	(2,916)
Fair value adjustment to convertible debentures	94	(1,274)	(339)	1,256
Fair value adjustment to Class B exchangeable LP units	(152)	(316)	(970)	396
Fair value adjustment to restricted share units	(5)	(2)	(17)	2
Fair value adjustment to interest rate swap and bond forward	-	(137)	-	154
Equity accounting adjustment for interest rate swaps and bond forwards	(23)	(66)	(138)	(104)
EBITDA	\$ 14,620	\$ 14,969	\$ 60,016	\$ 58,661
Finance costs ⁽¹⁾	\$ 6,348	\$ 6,594	\$ 25,387	\$ 26,934
Periodic mortgage principal repayments	2,606	2,555	10,416	10,185
Total debt service	\$ 8,954	\$ 9,149	\$ 35,803	\$ 37,119
Debt service ratios				
Interest coverage ratio	2.30 times	2.27 times	2.36 times	2.18 times
Debt coverage ratio	1.63 times	1.64 times	1.68 times	1.58 times

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

For the three months ended December 31, 2017, the interest and debt coverage ratios were relatively consistent with the prior year. For the twelve months ended December 31, 2017, the interest and debt coverage ratios were improved over the prior year, mainly reflecting: (i) lower finance costs mainly due to lower debenture interest due to the redemption of both the Series B and Series C convertible debentures; and (ii) higher EBITDA due to higher NOI, mainly as a result of growth from developments/redevelopments as well as the lease buyout revenues received. The debt coverage and interest coverage ratios exceed the requirements under borrowing arrangements.

Debt to Gross Assets

Plaza's debt to gross assets is presented below:

	December 31, 2017	December 31, 2016
Debt to gross assets:		
Including convertible debentures ⁽¹⁾	52.2%	53.0%
Excluding convertible debentures	48.4%	47.7%

⁽¹⁾ Convertible debentures valued at cost.

The increase over the prior year excluding convertible debentures was mainly due to the issuance of \$6.0 million Series II unsecured non-convertible debentures and an increase in the operating line balance. Including convertible debentures, the current year ratio was also impacted by the redemption of the Series B and C convertible debentures. The Trust's general philosophy is

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to maintain its leverage at no more than approximately 50% excluding convertible debentures and approximately 55% including convertible debentures. By its Declaration of Trust, Plaza is limited to an overall indebtedness ratio of 60% excluding convertible debentures and 65% including convertible debentures.

Units

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

At February 22, 2018 (000s) (unaudited)	Units
Current outstanding units	101,849
Class B exchangeable LP units	1,266
Series D convertible debentures	5,913
Series VII convertible debentures	911
Series E convertible debentures	8,363
Total adjusted units outstanding	118,302

Land Leases

Return on invested cash or equity is a measure Plaza uses to evaluate development and strategic acquisitions. Investing in a project subject to a land lease reduces the cash equity required for an individual project and increases the number of projects which can be undertaken with available capital. This spreads risk and enhances overall unitholder return. In some instances use of a land lease will enhance project feasibility where a project might not otherwise be undertaken without use of a land lease. Currently Plaza has 26 long-term land leases (affecting 25 properties) with total annual rent of \$3.2 million. One of the land leases relates to shared parking facilities. The other properties under land lease represent approximately 9.1% of the Trust's fair value of investment properties and investments. During the year the Trust exercised an option to extend one lease that was expiring in August 2017 for an additional 5 year term. Land leases expire (excluding any non-automatic renewal periods) on dates ranging from 2022 to 2084 with an average life of 40 years, with some of the leases also containing non-automatic renewal options, extending the average life of the leases to 65 years including these non-automatic renewal options. Of the 26 land leases, 10 of the land leases have options to purchase, generally at fair market value.

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Gross Capital Additions Including Leasing Fees:

	3 Months Ended December 31, 2017 (unaudited)	3 Months Ended December 31, 2016 (unaudited)	12 Months Ended December 31, 2017 (unaudited)	12 Months Ended December 31, 2016 (unaudited)
(000s)				
Existing properties				
Leasing commissions	\$ 39	\$ 152	\$ 157	\$ 354
Other leasing costs	157	169	605	630
	196	321	762	984
Maintenance capital expenditures	287	546	1,098	1,219
Total capital additions – existing properties	483	867	1,860	2,203
Development/redevelopment properties				
Leasing commissions	82	48	161	440
Other leasing costs	1,465	364	2,172	1,518
Capital additions	2,409	4,561	16,556	13,543
Total capital additions - developments/redevelopments	3,956	4,973	18,889	15,501
Total gross additions per statements of cash flows	\$ 4,439	\$ 5,840	\$ 20,749	\$ 17,704
Reconciliation of leasing costs for AFFO purposes				
Leasing costs – existing properties per above	\$ 196	\$ 321	\$ 762	\$ 984
Internal leasing salaries	228	133	1,021	843
Total leasing costs – existing properties for AFFO purposes	\$ 424	\$ 454	\$ 1,783	\$ 1,827

COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

The Trust has \$8.8 million in short-term commitments in respect of development activities. Management believes that Plaza has sufficient unused bank line availability, and/or mortgage bond deployment potential, to fund these commitments.

The Trust's estimated commitments at December 31, 2017 in respect of certain projects under development and other long-term obligations are as follows:

	Year 1 2018	Year 2 2019	Year 3 2020	Year 4 2021	Year 5 2022	After 5 Years	Face Value Total
Mortgages – periodic payments	\$10,483	\$9,853	\$9,158	\$7,661	\$7,374	\$26,848	\$71,377
Mortgages – due at maturity	12,435	52,348	64,419	28,646	26,847	177,923	362,618
Development lines of credit	7,302	-	-	-	-	-	7,302
Construction loans	3,480	1,950	-	-	-	-	5,430
Bank indebtedness	29,538	-	-	-	-	-	29,538
Mortgage bonds payable	-	6,000	6,000	-	3,000	-	15,000
Debentures ⁽¹⁾	38,000	-	-	5,500	6,000	-	49,500
Operating land leases	3,236	3,272	3,316	3,337	3,327	127,929	144,417
Development activities	8,762	-	-	-	-	-	8,762
Total contractual obligations	\$113,236	\$73,423	\$82,893	\$45,144	\$46,548	\$332,700	\$693,944

⁽¹⁾ Stated at face value.

Contingent Liabilities

The Trust has contingent liabilities as original borrower on three mortgages partially assumed by the purchasers of the underlying properties, where a 75% interest in each was sold in 2009. These commitments are subject to indemnity agreements. These sales did not relieve the Trust's obligations as original borrower in respect of these mortgages. The debt subject to such guarantees at December 31, 2017 totals \$5.3 million with a weighted average remaining term of 5.1 years. As well, the Trust has contingent liabilities as original borrower on eight mortgages partially assumed by the purchasers of the underlying properties, where a 50% interest in each was sold in November 2017. These commitments are subject to indemnity agreements. These sales did not relieve the Trust's obligations as original borrower in respect of these mortgages. The debt subject to such guaranties at December 31, 2017 totals \$10.0 million with a weighted average remaining term of 6.0 years.

The Trust guarantees mortgage debt in excess of its pro-rata position in joint ventures and non-consolidated subsidiaries in the amount of \$18.7 million. As well, the Trust has a guarantee in excess of its ownership percentage to the mortgagee on one property in the amount of \$540 thousand. This amount is subject to cross-guarantees by the other co-owners.

PART IV
SUMMARY OF SELECTED QUARTERLY INFORMATION

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

(000s except per unit and percentage data) (unaudited)	Q4'17	Q3'17	Q2'17	Q1'17	Q4'16	Q3'16	Q2'16	Q1'16
Total revenue ⁽¹⁾	\$26,461	\$26,817	\$27,839	\$24,846	\$27,845	\$28,453	\$25,858	\$25,873
Property rental revenue	\$25,679	\$25,113	\$26,755	\$25,340	\$25,241	\$25,585	\$24,923	\$24,466
Net property operating income	\$15,489	\$16,308	\$17,248	\$15,313	\$15,656	\$16,433	\$15,279	\$15,304
Profit and total comprehensive income	\$9,530	\$7,611	\$6,027	\$279	\$9,574	\$7,389	\$11,335	\$4,460
Distributions per unit	6.75¢	6.75¢	6.75¢	6.75¢	6.50¢	6.50¢	6.50¢	6.50¢
Funds from operations per unit – basic	8.3¢	9.0¢	9.6¢	8.2¢	8.7¢	9.2¢	7.5¢	8.0¢
Funds from operations per unit – diluted	8.3¢	9.0¢	9.5¢	8.2¢	8.6¢	9.1¢	7.5¢	8.0¢
Adjusted funds from operations per unit – basic	7.7¢	8.4¢	8.8¢	7.7¢	7.7¢	7.9¢	6.7¢	7.5¢
Adjusted funds from operations per unit – diluted	7.7¢	8.4¢	8.8¢	7.7¢	7.7¢	7.9¢	6.7¢	7.5¢
Distributions as a percentage of basic FFO	81.5%	74.8%	70.5%	82.9%	75.1%	70.8%	87.0%	83.2%
Distributions as a percentage of basic AFFO	88.2%	80.9%	76.7%	88.0%	84.5%	82.1%	96.4%	88.6%
Gross Leasable Area (000s of sq. ft.) (at 100% and excluding non-consolidated investments and properties under development/redevelopment)								
Total income producing properties	5,547	5,542	5,525	5,516	5,480	5,475	5,412	5,434
Occupancy % (at 100% and excluding non-consolidated investments and properties under development/redevelopment)								
Total income producing properties	95.2%	95.5%	95.8%	96.2%	96.1%	96.3%	96.5%	96.4%

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

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

Some of Plaza's leases have common cost recoveries from tenants linked to the consumer price index (CPI) or otherwise have caps on operating costs. At December 31, 2017, approximately 52.4% of the Trust's leased area is tied to a CPI cost recovery formula. As well, anchor tenant leases may restrict common area maintenance (CAM) cost recoveries. As a result of all of these

factors, seasonal fluctuations in NOI, FFO and AFFO occur primarily due to winter costs as well as yearly repair and maintenance activities which typically occur in spring and early summer which may create inconsistencies in quarterly recovery revenues compared with quarterly expenses.

PART V

RISKS AND UNCERTAINTIES

All property investments are subject to a degree of risk and uncertainty. Property investments are affected by various factors including general economic conditions and local market circumstances. Local business conditions such as oversupply of space or a reduction in demand for space particularly affect property investments. Management attempts to manage these risks through geographic and retail asset class diversification in the portfolio. At December 31, 2017, the Trust held interests in 298 properties spread geographically across Canada. Some of the more important risks are outlined below. See Financial Risk Management Note 27 to the December 31, 2017 Consolidated Financial Statements of the Trust for further details. Also see the Trust's Annual Information Form dated March 24, 2017 for a complete list of risks and uncertainties.

Interest Rate, Financing and Refinancing Risk

Management attempts to lock in cash returns on assets for the longest period possible, consistent with exposure to debt maturing and leases expiring in any given year.

The Trust mitigates interest rate risk by maintaining the majority of its debt at fixed rates. Floating rate debt is typically used on its operating line of credit and for development or redevelopment projects as interim financing, until the projects are completed and are then able to attract the appropriate long-term financing. The hypothetical impact of a 1% change in interest rates would be approximately \$423 thousand. The Trust mitigates its exposure to fixed-rate interest risk by staggering maturities in order to avoid excessive amounts of debt maturing in any one year. If market conditions warrant, the Trust may attempt to renegotiate its existing debt to take advantage of lower interest rates. At existing financing rates, the Trust is able to obtain positive returns from debt financing. The quality of the Trust's projects and properties makes management believe it can obtain suitable long-term financing for those projects on completion of development as well as those properties with maturing existing debt. The Trust has an ongoing requirement to access the debt markets and there is a risk that lenders will not refinance such maturing debt on terms and conditions acceptable to the Trust or on any terms at all. Management believes that all debts maturing in 2018 or properties needing long term financing in 2018 will be able to be financed or refinanced as they come due.

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

Credit Risk

Credit risk mainly arises from the possibility that tenants may be unable to fulfill their lease commitments. Management mitigates this risk by ensuring that Plaza's tenant mix is diversified and heavily weighted to national tenants. Plaza also maintains a portfolio that is diversified geographically so that exposure to local business is lessened.

Currently one tenant, Shoppers Drug Mart, represents 25.7% of current monthly base rents in place, while franchisees of KFC represent 8.5%. The top 10 tenants collectively represent approximately 56.9% of current monthly base rents in place. National and regional tenants represent 94.3% of the tenant base, based on square footage.

Lease Roll-Over and Occupancy Risk

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

Management attempts to stagger the lease expiry profile so that Plaza is not faced with a disproportionate amount of square footage of leases expiring in any one year. Management further mitigates this risk by maintaining a diversified portfolio mix both by retail asset type and geographic location and ensuring that the Trust maintains a well-staffed and highly skilled leasing department to deal with all leasing issues.

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

The hypothetical impact to NOI of a change in occupancy of 1% would be approximately \$600 thousand to \$1.0 million per annum. The analysis does not identify a particular cause of such changing occupancy and as a result, it does not reflect the actions management may take in relation to the changes. Plaza's principal management of occupancy risk is the skewing of tenancies towards national tenants, the signing of longer term leases and significant pre-leasing of development space.

Development and Acquisition Risk

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

Environmental Risk

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

Status of the REIT

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

PART VI

RELATED PARTY TRANSACTIONS

Notes Payable to Related Parties

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

(000s)	December 31, 2017	December 31, 2016
Non-interest bearing notes:		
Entities owned (directly or indirectly), controlled or significantly influenced by Michael Zakuta, President, Chief Executive Officer and trustee of the Trust	\$ 261	\$ 261

Bonds and Debentures Held

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

(000s)	December 31, 2017	December 31, 2016
Edouard Babineau	\$ 150	\$ 150
Earl Brewer	425	125
Stephen Johnson	300	100
Michael Zakuta	100	100
Total	\$ 975	\$ 475

Other key management personnel own \$20 thousand in mortgage bonds of the Trust at December 31, 2017.

Other Related Party Transactions

TC Land LP, an entity controlled by Michael Zakuta and Earl Brewer, leases nine parcels of land to Plaza at a total annual rent of \$1.1 million. The land leases expire at various times from October 2043 to November 2047, subject to options to renew. All of these land leases have options to purchase, of which one is at a fixed price and the others are at fair market value.

Earl Brewer and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 25% interest in the Gateway Mall, Sussex, NB. A subsidiary of the Trust manages the mall. There is a \$7 thousand accounts receivable balance owing to the Trust for property management fees. For the twelve months ended December 31, 2017, property management and leasing fees of \$96 thousand were earned by a subsidiary of the Trust from this property.

At December 31, 2017 Edouard Babineau, Earl Brewer and Michael Zakuta, directly or indirectly, held interests in common with the Trust's then 10% interest in Northwest Plaza Commercial Trust, the owner of Northwest Centre, Moncton, NB. A subsidiary of the Trust manages the centre. For the twelve months ended December 31, 2017, property management, development and leasing fees of \$126 thousand were earned by a subsidiary of the Trust from this property.

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

Edouard Babineau, Earl Brewer and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 20% interest in Mountainview Plaza, Midland, ON and Park Street Plaza, Kenora, ON. A subsidiary of the Trust manages the malls. At December 31, 2017 there is \$6.5 million owed by the properties to the Trust which is recorded in notes and advances receivable. As well, there is a \$64 thousand accounts receivable balance owing to the Trust for property management and development fees. For the twelve months ended December 31, 2017, property management, leasing and development fees of \$393 thousand were earned by a subsidiary of the Trust from these properties.

At December 31, 2017 Edouard Babineau, Earl Brewer, Denis Losier and Michael Zakuta, directly or indirectly, held interests in common with the Trust's then 10% interest in Shediak West Plaza, Shediak, NB. A subsidiary of the Trust manages the property. At December 31, 2017 there is a \$2 thousand accounts receivable balance owing to the Trust for property management fees. For the twelve months ended December 31, 2017, property management fees of \$34 thousand were earned by a subsidiary of the Trust from these properties. See Part I of this MD&A under the heading "Development Pipeline and Acquisitions/Dispositions" for subsequent event on these assets and the related parties.

Earl Brewer and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 50% interest in two single-use properties located in Amherstview and Port Perry, ON. A subsidiary of the Trust manages the properties. For the twelve months ended December 31, 2017, property management fees of \$5 thousand were earned by a subsidiary of the Trust from these properties.

Edouard Babineau, Earl Brewer, James Petrie, Barbara Trenholm and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 25% interest in KGH Plaza, Miramichi, NB, a single-use property located at 681 Mountain Road, Moncton, NB, a single-use property located at 201 Main Street, Sussex, NB and Robie Street Truro Plaza, Truro, NS. A subsidiary of the Trust manages the properties. At December 31, 2017 there is a \$5 thousand accounts receivable balance owing to the Trust

for property management fees. For the twelve months ended December 31, 2017, property management fees of \$65 thousand were earned by a subsidiary of the Trust from these properties.

Edouard Babineau, Earl Brewer and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 50% interest in Scott Street Plaza, St. Catharines, ON, and five single-use properties located at St. Joseph's Boulevard, Orleans, ON, Dufferin and Wilson, Perth, ON, Ontario Street Port Hope, Port Hope, ON, Civic Centre Road, Petawawa, ON and 615 King Street, Gananoque, ON. A subsidiary of the Trust manages the properties. For the twelve months ended December 31, 2017, property management fees of \$29 thousand were earned by a subsidiary of the Trust from these properties.

Effective December 1, 2017, Edouard Babineau, Earl Brewer, and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 50% interest in the following eight properties: Boulevard Hebert Plaza and Victoria Street Plaza in Edmundston, NB; Grand Falls Shopping Center and Madawaska Road Plaza in Grand Falls, NB; Connell Road Plaza, Woodstock, NB; Welton Street Plaza, Sydney, NS; and Pleasant Street Plaza and Starrs Road Plaza in Yarmouth, NS. A subsidiary of the Trust manages the properties. At December 31, 2017 there is a \$34 thousand accounts receivable balance owing to the Trust for property management fees. For the twelve months ended December 31, 2017, property management fees of \$13 thousand were earned by a subsidiary of the Trust from these properties.

PART VII

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

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

The Trust's Chief Executive Officer and Chief Financial Officer evaluated, or under their supervision caused to be evaluated, the design and operating effectiveness of the Trust's DC&P and ICFR at December 31, 2017. Based on that evaluation they determined that the Trust's DC&P and ICFR were appropriately designed and were operating effectively based on the criteria established in the *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

During the twelve months ended December 31, 2017, there were no changes in the Trust's ICFR that occurred that have materially affected, or are reasonably likely to materially affect, the Trust's ICFR.

CRITICAL ACCOUNTING POLICIES

Critical Accounting Estimates

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

(i) Investment properties

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

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

(a) External appraisals

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

(b) Internal approach – direct capitalization income approach

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

At December 31, 2017 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 \$35.1 million. An increase of 0.25% in the capitalization rates used would have resulted in a decrease in investment properties of approximately \$32.6 million.

FUTURE ACCOUNTING POLICY CHANGES

The following standards, and amendments to standards and interpretations under IFRS, are not yet effective for the year ending December 31, 2017, and have not been applied in preparing the Consolidated Financial Statements. Please also refer to Note 3 to the Consolidated Financial Statements for the year ended December 31, 2017 for additional details about future accounting policy changes.

(i) Revenue from Contracts with Customers (“IFRS 15”)

IFRS 15, *Revenue from Contracts with Customers* is effective for annual periods beginning on or after January 1, 2018, and will replace: IAS 11, *Construction Contracts*; IAS 18, *Revenue*; International Financial Reporting Interpretations Committee (“IFRIC”) 13, *Customer Loyalty Programmes*; IFRIC 15, *Agreements for the Construction of Real Estate*; IFRIC 18, *Transfer of Assets from Customers*; and SIC 31, *Revenue – Barter Transactions Involving Advertising Services*.

IFRS 15 contains a single, control-based model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. IFRS 15 also includes additional disclosure requirements for revenue accounted for under the standard.

The implementation of IFRS 15 will be applied on January 1, 2018 and is not expected to have a significant impact on the Trust. However, additional disclosure requirements may result in separate disclosure of revenue for service components that are part of a lease (i.e. a non-lease component).

(ii) Financial Instruments (“IFRS 9”)

The Trust will adopt IFRS 9, *Financial Instruments: Classification and Measurement*, which replaces IAS 39 *Financial Instruments: Recognition and Measurement*, in its financial statements for the annual period beginning on January 1, 2018, the mandatory effective date.

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost; fair value through other comprehensive income (“FVOCI”); and fair value through profit or loss (“FVTPL”), and eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 replaces the ‘incurred loss’ impairment model in IAS 39 with a forward-looking ‘expected credit loss’ model. The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments, and to contract assets.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as FVTPL are recognized in profit or loss, whereas under IFRS 9 the amount of change in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income, and the remaining amount of change in fair value is presented in profit or loss.

IFRS 9 also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. The Trust does not currently apply hedge accounting in its financial statements.

The initial adoption of IFRS 9 is not expected to have a significant impact on the Trust.

(iii) Leases (“IFRS 16”)

In January 2016, the IASB issued IFRS 16, *Leases*. The new standard will replace existing lease guidance in IFRS and related interpretations, and requires lessees to bring most leases on-balance sheet. Lessor accounting remains similar to the current standard. The Trust is evaluating the identification of leases and non-lease components in accordance with the new requirements. IFRS 16 is only applicable to lease components and therefore other standards, such as IFRS 15, will apply to non-lease components of contracts. IFRS 15 requires allocation of transaction prices to relative standalone selling prices. The Trust is evaluating whether this will have a measurement impact. The new standard is effective for years beginning on January 1, 2019. The extent of the impact of adoption of the standard has not yet been determined.

(iv) Classification and Measurement of Share-based Payment Transactions (Amendments to “IFRS 2”)

The amendments provide requirements on the accounting for: the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payments transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The Trust intends to adopt the amendments to IFRS 2 in its financial statements for the annual period beginning on January 1, 2018 prospectively. The Trust does not expect the amendments to have a material impact on the financial statements.

EXPLANATION OF NON-IFRS MEASURES USED IN THIS DOCUMENT

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

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

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

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

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

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

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

Same-Asset Net Property Operating Income (Same-asset NOI) is not an IFRS financial measure. Same-asset NOI, as calculated by Plaza, may not be comparable to similarly titled measures reported by other entities. Same-asset NOI is used by Plaza to evaluate the period over period performance of those properties owned by Plaza since January 1, 2016, and excludes partial year results from certain assets due to timing of acquisition, development, redevelopment or disposition. Its calculation is revenues less operating expenses for the same-asset pool of properties. The revenues or operating expenses exclude the impact of non-cash straight-line rent, administrative expenses charged to NOI, property tax settlements and lease buyout revenue. Excluding these items enables the users to better understand the period over period performance for a consistent pool of assets from contractual rental rate changes embedded in lease agreements, and the impact of leasing and occupancy on the same-asset portfolio. See the reconciliation of same-asset NOI to NOI in Part II of this MD&A under the heading "Property and Corporate Financial Performance".

EXPLANATION OF ADDITIONAL IFRS MEASURES USED IN THIS DOCUMENT

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

consolidated statements of comprehensive income (property revenues less total property operating costs, including operating ground rents).

ADDITIONAL INFORMATION

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

PROPERTIES OF THE TRUST

A chart listing the Trust's properties at December 31, 2017 can be accessed on Plaza's website at www.plaza.ca.

APPENDIX A**FOURTH QUARTER 2017 INCOME RESULTS****Consolidated Statements of Comprehensive Income**

(000s) (unaudited)	3 Months Ended December 31, 2017	3 Months Ended December 31, 2016
Revenues	\$ 25,679	\$ 25,241
Operating expenses	(10,190)	(9,585)
Net property operating income	15,489	15,656
Share of profit of associates	17	1,861
Administrative expenses	(2,223)	(1,990)
Investment income	163	215
Other income	602	528
Income before finance costs, fair value adjustments and income taxes	14,048	16,270
Finance costs	(6,405)	(6,626)
Finance costs – net change in fair value of convertible debentures	(94)	1,274
Finance costs – net change in fair value of Class B exchangeable LP units	152	316
Finance costs – net change in fair value of interest rate swap and bond forward	-	137
Net change in fair value of investment properties	2,124	(1,570)
Profit before income tax	9,825	9,801
Income tax expense		
- Current	(88)	(48)
- Deferred	(207)	(179)
	(295)	(227)
Profit and total comprehensive income for the period	\$ 9,530	\$ 9,574
Profit and total comprehensive income for the period attributable to:		
- Unitholders	\$ 9,431	\$ 9,535
- Non-controlling interests	99	39
	\$ 9,530	\$ 9,574