plaza REIT

CONSOLIDATED FINANCIAL STATEMENTS
(AUDITED; IN CANADIAN DOLLARS)

FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022

DATED: FEBRUARY 26, 2024

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Management's Statement of Responsibility for Financial Reporting

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

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

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

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

Michael Zakuta
President and CEO
February 26, 2024

Jim Drake
Chief Financial Officer
February 26, 2024

KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Unitholders of Plaza Retail REIT

Opinion

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

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

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

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

Basis for Opinion

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

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

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

Key Audit Matters

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

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

Evaluation of the Valuation of Income Producing Properties

Description of the matter:

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

Why the matter is a key audit matter:

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

How the matter was addressed in the audit:

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

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

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

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

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

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

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

Other Information

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

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

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

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

We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG LLP

Chartered Professional Accountants

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

Fredericton, Canada

February 26, 2024

Plaza Retail REIT

Consolidated Statements of Financial Position
(in thousands of Canadian dollars)

	December 31, 2023	December 31, 2022
Assets		
Non-Current Assets		
Investment properties (Note 4)	**$ 1,173,665**	$ 1,169,075
Investments (Note 5)	**54,562**	51,180
Tenant loans	**321**	235
Derivative assets (Note 12)	**1,725**	3,129
Deferred income tax asset (Note 17)	**285**	280
Total non-current assets	**1,230,558**	1,223,899
Current Assets		
Cash	**10,868**	7,262
Receivables (Note 6)	**5,041**	4,138
Investment properties held for sale (Note 4(g))	**1,140**	19,260
Prepaid expenses and deposits (Note 7)	**3,281**	3,433
Tenant loans	**62**	55
Notes and advances receivable (Note 8)	**12,466**	10,964
Total current assets	**32,858**	45,112
Total assets	**$ 1,263,416**	$ 1,269,011
Liabilities and Unitholders' Equity		
Non-Current Liabilities		
Debentures payable (Note 9)	**$ 14,756**	$ 15,394
Mortgage bonds payable (Note 10)	**-**	1,945
Mortgages payable and other loans (Note 11)	**424,317**	462,246
Class B exchangeable LP units (Note 22)	**4,255**	5,336
Right-of-use land lease liabilities (Note 14)	**63,585**	64,403
Deferred income tax liability (Note 17)	**8,834**	8,757
Total non-current liabilities	**515,747**	558,081
Current Liabilities		
Current portion of debentures payable (Note 9)	**9,234**	46,806
Current portion of mortgage bonds payable (Note 10)	**4,155**	2,832
Bank indebtedness (Note 13)	**49,344**	37,800
Current portion of mortgages payable and other loans (Note 11)	**105,066**	74,723
Accounts payable, accrued liabilities, tenant payables and tenant deposits (Note 15)	**28,938**	25,473
Current portion of right-of-use land lease liabilities (Note 14)	**818**	803
Notes payable (Note 16)	**1,190**	1,188
Total current liabilities	**198,745**	189,625
Total liabilities	**714,492**	747,706
Unitholders' equity	**546,487**	518,900
Non-controlling interests	**2,437**	2,405
Total unitholders' equity	**548,924**	521,305
Total liabilities and unitholders' equity	**$ 1,263,416**	$ 1,269,011

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

Doug McGregor, Trustee
Chair of the Board

Lynda Savoie, Trustee
Chair of the Audit Committee

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

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

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

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

Plaza Retail REIT
Consolidated Statements of Changes in Unitholders' Equity
(in thousands of Canadian dollars)

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

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

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

	Year Ended December 31, 2023	Year Ended December 31, 2022
Cash obtained from (used for):		
Operating activities		
Profit and total comprehensive income for the period	**$ 20,312**	$ 54,221
Items not affecting cash:		
Finance costs - operations (Note 21)	**28,484**	28,393
Share of profit of associates	**(4,491)**	(3,739)
Net change in fair value of investment properties	**19,969**	(8,187)
Net change in fair value of convertible debentures	**(217)**	(693)
Net change in fair value of Class B exchangeable LP units	**(936)**	(286)
Net change in fair value of interest rate swaps (Note 12 and 29)	**1,404**	(4,264)
Net change in fair value of right-of-use land lease assets	**804**	780
Impairment of notes receivable	**1,336**	-
Current and deferred income taxes	**359**	175
Issuance of units under the RU and DU plan	**-**	70
Straight-line rent (Note 18)	**(60)**	31
Interest paid	**(25,340)**	(24,715)
Imputed interest paid on right-of-use land lease liabilities (Note 21)	**(2,500)**	(2,493)
Cash distributions paid to Class B exchangeable LP unitholders (Note 21)	**(326)**	(334)
Income taxes paid	**(132)**	(88)
Distributions from equity accounted investments (Note 5)	**1,969**	1,610
Leasing commissions paid (Note 25(c))	**(463)**	(356)
Change in non-cash working capital (Note 25(a))	**2,121**	(1,656)
	42,293	38,469
Financing activities		
Cash distributions paid to unitholders	**(30,299)**	(28,502)
Repurchase of units under normal course issuer bid (Note 22)	**(109)**	(80)
Net proceeds from bought deal	**37,863**	-
Gross mortgage proceeds	**62,617**	113,610
Fees incurred for placement of mortgages	**(398)**	(526)
Early mortgage discharge fees paid (Note 21)	**(50)**	(196)
Mortgages repaid	**(42,130)**	(65,709)
Mortgages repaid on disposal of investment properties and land (Note 4(e))	**(16,063)**	(3,769)
Periodic mortgage principal repayments	**(12,209)**	(12,709)
Right-of-use land lease principal repayments	**(804)**	(780)
Gross proceeds from mortgage bonds	**2,345**	2,080
Redemption of mortgage bonds	**(2,970)**	(3,485)
Gross proceeds from non-convertible debentures (Note 9)	**9,251**	1,300
Redemption of debentures (Note 9)	**(47,250)**	(3,763)
Fees incurred for placement of mortgage bonds and debentures	**(24)**	(69)
Increase (decrease) in notes payable	**2**	(24)
	(40,228)	(2,622)
Investing activities		
Investment properties – additions (Note 25(c))	**(53,119)**	(37,039)
Acquisition of investment properties and land (Note 25(c))	**-**	(13,221)
Proceeds from disposal of investment properties and land (Note 4(e))	**37,237**	12,348
Proceeds from assets previously held for sale (Note 4(e))	**9,719**	-
Advances to equity accounted investments for developments (Note 5)	**(860)**	(371)
Contributions to non-controlling interests, recorded in non-controlling interests and in liabilities	**(213)**	(173)
Decrease in deposits for acquisitions and financings (Note 7)	**166**	683
Increase in notes and advances receivable	**(2,838)**	(3,417)
Repayment of tenant loans	**64**	83
Issuance of tenant loans	**(159)**	(27)
	(10,003)	(41,134)
Net decrease in cash	**(7,938)**	(5,287)
Cash less bank indebtedness, beginning of the period	**(30,538)**	(25,251)
Cash less bank indebtedness, end of the period	**$ (38,476)**	$ (30,538)

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

1. Reporting Entity

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

2. Basis of Preparation

(a) Statement of Compliance

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

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

(b) Basis of Measurement

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

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

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

(c) Use of Estimates and Judgments

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

(i) Investment properties

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

3. Summary of Material Accounting Policies

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

(a) General and Consolidation

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

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

(b) Investment Properties

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

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

(c) Properties Under Development

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

(d) Capitalization of Costs

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

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

(e) Right-of-Use Assets and Liabilities

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

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

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

(f) Revenue Recognition

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

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

Lease termination revenue

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

Other Income

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

(g) Income Taxes

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

(h) Investments

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

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

(i) Financial Instruments

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

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

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

- the financial asset is held within a business model with the objective of collecting the contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the financial asset is held within a business model whose objective is to both hold assets to collect contractual cash flows and to sell assets prior to maturity; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

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

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

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

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

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

(j) Trust Units

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

(k) Leasing Costs

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

(l) Finance Costs

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

(m) Future Changes in Accounting Policies

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

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

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

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

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

4. Investment Properties

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

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

Fair value disclosure

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

Income Producing Properties

(i) Internal approach – direct capitalization method

Income producing properties are valued using the direct capitalization method. Under this method, fair value is estimated by applying capitalization rates to future stabilized net operating income (property revenue less property operating expenses), with the resulting value reduced by any costs required to achieve stabilization. Future stabilized net operating income adjusts net operating income for items such as market property management fees, or in the case of development properties, to reflect full intended occupancy (less a normal vacancy allowance). The Trust utilizes quarterly capitalization rate matrices provided by an external appraiser. The capitalization rate matrices provide a range of rates for various geographic regions and for various types and qualities of properties within each region. The Trust generally utilizes capitalization rates within the range of rates provided. In addition, adjustments may be made to the internal valuations to reflect assumptions contained in external appraisals, discussed below, where the appraisal may better reflect the specific qualities of a property. To the extent that the externally provided capitalization rate ranges change from one reporting period to the next or should another rate within the provided ranges be more appropriate than the rate previously used, the fair value of the investment properties would increase or decrease accordingly.

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

(ii) External appraisals

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

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

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

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

[1] Excludes properties under development and non-consolidated trusts and partnerships.

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

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

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

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

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

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

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

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

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

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

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

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

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

Properties Under Development

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

(a) Straight-line Rent

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

(b) Surplus Land

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

(c) Borrowing Costs

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

(d) Acquisitions of Investment Properties and Land

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

(1) Including closing costs

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

(e) Disposals

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

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

Reconciliation of disposals with the Statements of Cash Flows	Net Proceeds Year Ended December 31, 2023	Net Proceeds Year Ended December 31, 2022
Total disposals	**$ 46,956**	$ 12,348
Mortgages repaid on disposal	**(16,063)**	(3,769)
Net proceeds - cash	**$ 30,893**	$ 8,579
Recorded on the Statement of Cash Flows in:		
Investing activities: Proceeds from disposal of investment properties and land	**$ 37,237**	$ 12,348
Financing activities: Mortgages repaid on disposal of investment properties and land	**(16,063)**	(3,769)
Investing activities: Proceeds from assets previously held for sale	**9,719**	-
Net proceeds - cash	**$ 30,893**	$ 8,579

(f) Right-of-use land lease assets

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

(g) Investment properties held for sale

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

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

5. Investments

Investments consist of the following:

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

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

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

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

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

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

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

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

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

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

6. Receivables

Receivables consist of the following:

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

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

7. Prepaid Expenses and Deposits

Prepaid expenses and deposits consist of the following:

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

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

8. Notes and Advances Receivable

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

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

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

9. Debentures Payable

Debentures payable consist of the following:

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

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

Convertible and non-convertible debentures are subordinate and unsecured.

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

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

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

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

Current convertible debenture terms are as follows:

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

10. Mortgage Bonds Payable

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

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

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

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

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

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

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

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

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

11. Mortgages Payable and Other Loans

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

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

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

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

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

12. Derivative Assets and Liabilities

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

13. Bank Indebtedness

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

14. Right-of-use Land Lease Liabilities

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

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

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

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

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

16. Notes Payable

Notes payable consist of the following:

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

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

17. Income Taxes

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

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

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

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

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

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

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

18. Revenues

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

19. Operating Expenses

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

20. Administrative Expenses

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

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

21. Finance Costs - Operations

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

22. Units of the REIT

(a) Authorized

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

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

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

(b) Issued and Outstanding

(i) Class B Exchangeable LP Units

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

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

(ii) Special Voting Units

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

(iii) Units

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

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

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

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

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

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

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

23. Omnibus Equity Incentive Plan

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

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

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

Restricted Units

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

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

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

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

Deferred Units

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

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

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

24. Distributions

Distributions are declared monthly at the discretion of the Board.

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

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

25. Additional Cash Flow Information

(a) Changes in Non-Cash Working Capital

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

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

(b) Changes in Liabilities Arising from Financing Activities

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

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

(c) Reconciliation for Additions to Investment Properties

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

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

26. Related Party Transactions

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

(a) Bonds and Debentures

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

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

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

(b) Notes Payable to Related Parties

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

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

(c) Other Transactions with Related Parties

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

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

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

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

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

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

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

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

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

(d) Remuneration of Key Management Personnel

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

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

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

(e) Significant Subsidiaries

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

27. Interests in Joint Operations

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

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

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

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

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

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

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

(a) Contingencies

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

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

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

(b) Commitments

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

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

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

(c) Guarantees and Indemnities

The Trust continues to guarantee certain debt assumed by purchasers in connection with past dispositions of properties. These guarantees will remain until the debt is modified, refinanced or extinguished. These commitments are subject to indemnity agreements. At December 31, 2023 a $5.2 million commitment (December 31, 2022 – $5.3 million) relating to the mortgages on five assets in which the Trust sold a 50% interest in November 2017 is subject to such guarantees by the Trust. These mortgages have a weighted average remaining term of 2.5 years (December 31, 2022 – 3.5 years). The Trust also has contingent liabilities as original borrower on three mortgages partially assumed by the purchasers of the underlying properties, where a 50% interest in each was sold in August 2020. These commitments are subject to indemnity agreements. These sales did not relieve the Trust's obligations as original borrower in respect of these mortgages. The debt subject to such guarantees at December 31, 2023 totals $7.0 million (December 31, 2022 - $7.2 million) with a weighted average remaining term of 4.0 years (December 31, 2022 – 5.0 years).

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

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

(d) Litigation

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

(e) Provisions

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

29. Financial Instruments and Risk Management

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

(a) Interest Rate Risk

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

A change in interest rates on Plaza's fixed rate instruments at the reporting date would not affect profit or loss. The Trust minimizes its exposure to fixed rate interest risk on its debt by staggering the maturities in order to avoid excessive amounts of debt maturing in any one year. If market conditions warrant, the Trust may attempt to renegotiate its existing debt to take advantage of lower interest rates. The Trust minimizes its exposure to short term interest rate risk by obtaining longer term financing as much as possible (generally 5-10 years or longer). The Trust matches as closely as possible the debt term on a particular asset with its average lease term remaining so that any interest rate increases could be offset by increases in rental rates.

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

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

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in share of profit of associates. The fair value of this contract results in a reduction to the liability, for the Trust's share of $10 thousand at December 31, 2023.

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

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

(b) Lease Rollover and Occupancy Risk

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

(c) Credit Risk

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

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

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

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

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

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

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

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

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

(d) Liquidity and Debt Market Risk

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

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

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

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

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

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

(e) Fair Value

Generally, trading values for the Trust's financial instruments are not available. In determining estimates of the fair values of the financial instruments, the Trust must make assumptions regarding current market rates, considering the term of the instrument and its risk. Current market rates are generally selected from a range of potentially acceptable rates and accordingly, other effective rates and fair values are possible. The rates used in determining the fair value of fixed rate mortgages are corresponding term Government of Canada bonds plus credit spreads of 1.85% to 2.80% (December 31, 2022 – 1.70% to

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2.65%). The rate used to determine the fair value of mortgage bonds was 6.0% (December 31, 2022 – 6.0%). The rate used to determine the fair value of non-convertible debentures was 6.75% (December 31, 2022 – 6.50%). The fair value of the Class B exchangeable LP units is based on the trading price for the Trust's units.

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

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

[1] Balance includes revaluation of loans and unamortized finance charges.
[2] Balance includes unamortized finance charges.

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

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

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

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

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

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

30. Capital Management

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

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

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

The calculation of the total capital is summarized as follows:

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

31. Subsequent Events

Unitholders' Equity

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

Investment Properties

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

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

Distributions

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

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

Financings

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

Mortgage bonds and Debentures

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

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

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