QUARTERLY REPORT

MANAGEMENT DISCUSSION AND ANALYSIS
OF RESULTS OF
OPERATIONS AND FINANCIAL CONDITION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED, IN CANADIAN DOLLARS)

FOR THE THREE MONTHS ENDED
MARCH 31, 2014 AND 2013

DATED: MAY 8, 2014

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PART I

BASIS OF PRESENTATION

Financial information included in this Management Discussion and Analysis (“MD&A”) includes material information up to May 8, 2014. Financial information provided has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

This MD&A has been reviewed and approved by management of the Trust and the Audit Committee on behalf of the Board of Trustees.

FORWARD-LOOKING DISCLAIMER

The MD&A of Plaza Retail REIT (hereinafter referred to as “Plaza” or the “Trust”) for the three months ended March 31, 2014 should be read in conjunction with the Trust’s Condensed Interim Consolidated Financial Statements and the notes thereto for the three months ended March 31, 2014 and 2013, along with the MD&A of Plazacorp Retail Properties Ltd. for the year ended December 31, 2013, including the section on “Risks and Uncertainties”. Historical results, including trends which might appear, should not be taken as indicative of future operations or results.

Certain information contained in this MD&A contains forward-looking statements, based on the Trust’s estimates and assumptions, which are subject to risks and uncertainties. This may cause the actual results and performance of the Trust to differ materially from the forward-looking statements contained in this MD&A. Such factors include, but are not limited to, economic, capital market, and competitive real estate conditions. These forward-looking statements are made as of May 8, 2014 and Plaza assumes no obligation to update or revise them to reflect new events or circumstances, except for forward-looking information disclosed in a prior MD&A which, in light of intervening events, required further explanation to avoid being misleading.

EXPLANATION OF NON-GAAP MEASURES USED IN THIS DOCUMENT

Funds from Operations (FFO) is not an IFRS financial measure. FFO is an industry term and its calculation is prescribed in publications of the Real Property Association of Canada (REALpac). FFO as calculated by Plaza may not be comparable to similar titled measures reported by other entities. FFO is an industry standard widely used for measuring operating performance and is exclusive of unrealized changes in the fair value of investment properties, deferred income taxes and gains or losses on property dispositions (see reconciliation to profit for the period attributable to unitholders on page 8). Plaza considers FFO a meaningful additional measure as it adjusts for certain non-cash items that do not necessarily provide an appropriate picture of a Trust’s recurring performance. It more reliably shows the impact on operations of trends in occupancy levels, rental rates, net property operating income and interest costs compared to profit determined in accordance with IFRS. As well, FFO allows some comparability amongst different real estate entities that have adopted different accounting with respect to investment properties (some entities use the cost model and some entities use the fair value model to account for investment properties).

Adjusted Funds From Operations (AFFO) is an industry term used to help evaluate dividend or distribution capacity. AFFO as calculated by Plaza may not be comparable to similar titled measures reported by other entities. AFFO primarily adjusts FFO for other non-cash revenues and expenses and operating capital and leasing requirements that must be made merely to preserve the existing rental stream (see reconciliation to FFO on page 10). Most of these expenditures would normally be considered investing activities in the statement of cash flows. Capital expenditures which generate a new investment or revenue stream, such as the development of a new property or the construction of a new retail pad during property expansion or intensification would not be included in determining AFFO.

Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) is not an IFRS financial measure. EBITDA, as calculated by Plaza, may not be comparable to similarly titled measures reported by other entities. EBITDA is used in calculations that measure the Trust’s ability to service debt. Its calculation is profit before finance costs, income tax expense, gains/losses on property dispositions, unrealized changes from fair value adjustments, transaction costs expensed as a result of the purchase of a business or properties, and net revaluation of interest rate swaps (see reconciliation to profit for the period on page 9).

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

EXPLANATION OF ADDITIONAL GAAP MEASURES USED IN THIS DOCUMENT

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

REIT CONVERSION

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

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

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

SUMMARY OF SELECTED YEAR TO DATE INFORMATION

(000s, except square footage and as otherwise noted)	3 Months Ended March 31, 2014 (unaudited)	3 Months Ended March 31, 2013 (unaudited)
Property rental revenue	**$ 23,318**	$ 15,896
Total revenue	**$ 24,169**	$ 17,279
Net operating income	**$ 14,440**	$ 9,217
FFO	**$ 5,244**	$ 4,021
AFFO	**$ 5,268**	$ 3,775
Total assets	**$ 954,973**	$ 616,030
Total mortgages, mortgage bonds, notes payable and bank credit facilities	**$ 459,487**	$ 258,574
Total debentures	**$ 65,741**	$ 22,655
Weighted average units outstanding	**89,281**	64,029
Amounts on a Per Unit Basis		
FFO	**$ 0.059**	$ 0.063
FFO excluding one-time items	**$ 0.064**	$ 0.063
AFFO	**$ 0.059**	$ 0.059
AFFO excluding one-time items	**$ 0.065**	$ 0.059
Distributions	**$ 0.060**	$ 0.05625
Financial Ratios		
Weighted average effective interest rate – mortgages	**5.33%**	5.78%
Debt to gross assets (including converts)	**54.5%**	45.7%
Debt to gross assets (excluding converts)	**48.0%**	42.0%
Interest coverage ratio	**1.8x**	2.2x
Debt service coverage ratio	**1.3x**	1.7x
FFO payout ratio	**101.7%**	89.5%
FFO payout ratio excluding one-time items	**93.0%**	89.5%
AFFO payout ratio	**101.3%**	95.3%
AFFO payout ratio excluding one-time items	**92.6%**	95.3%
Leasing Information		
Square footage leased during the year	**278,000**	181,000
Occupancy – total portfolio	**95.7%**	94.7%
Revenue Breakdown by Type of Tenant		
National	**90.1%**	89.3%
Regional	**4.5%**	3.9%
Local	**4.1%**	6.3%
Non retail	**1.3%**	0.5%
Other		
Average term to maturity - mortgages	**5.5 years**	6.1 years
Average term to maturity - leases	**6.8 years**	6.6 years
IFRS capitalization rate	**7.07%**	6.87%
Property Type Breakdown (number of properties)		
Strip	**89**	74
Enclosed	**6**	6
Single Use – Quick Service Restaurant	**172**	1
Single Use - Retail	**65**	37
Total	**332**	118

OVERVIEW OF THE BUSINESS

Plaza is an unincorporated "open-ended" real estate investment trust established pursuant to its Declaration of Trust and governed by the laws of the Province of Ontario. It trades on the TSX under the symbol "PLZ.UN".

Headquartered in Fredericton, New Brunswick, Plaza acquires, develops and redevelops unenclosed and enclosed retail real estate throughout Canada, which are predominantly occupied by national tenants. The Trust's developments are generally focused in Eastern Canada. The Trust's portfolio at March 31, 2014 includes interests in 332 properties totaling 6.6 million square feet and additional lands held for development. These include properties indirectly held by Plaza through its subsidiaries and through joint arrangements.

Summary of Properties

	Number of Properties March 31, 2014(1)	**Gross Leasable Area (sq. ft.) March 31, 2014(1) (2)**	Number of Properties March 31, 2013(1)	Gross Leasable Area (sq. ft.) March 31, 2013(1) (2)
Alberta	**12**	**53,426**	-	-
British Columbia	**2**	**3,038**	-	-
Newfoundland and Labrador	**10**	**633,395**	10	621,726
New Brunswick	**48**	**1,700,609**	38	1,576,554
Nova Scotia	**38**	**1,154,280**	23	1,070,873
Manitoba	**8**	**34,524**	-	-
Ontario	**104**	**757,011**	14	259,908
Prince Edward Island	**9**	**493,053**	8	425,361
Quebec	**101**	**1,755,756**	25	1,212,167
Total	**332**	**6,585,092**	118	5,166,589

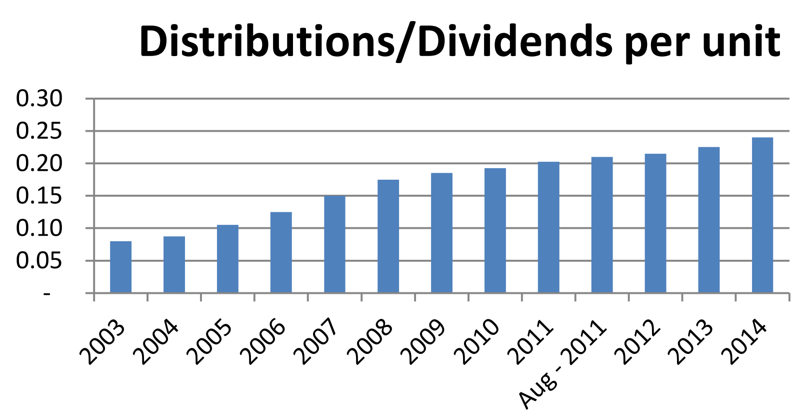
(1) Includes properties under development and non-consolidated investments.
(2) At 100%, regardless of the Trust's ownership interest in the properties

BUSINESS ENVIRONMENT

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

Yearly Distribution/Dividend Growth

Year	**Distribution/ Dividend per unit**	**Percentage increase**
2003	8.00¢	n/a
2004	8.75¢	9.4%
2005	10.50¢	20.0%
2006	12.50¢	19.0%
2007	15.00¢	20.0%
2008	17.50¢	16.7%
2009	18.50¢	5.7%
2010	19.25¢	4.1%
2011	20.25¢	5.2%
2011-Aug	21.00¢	3.7%
2012	21.50¢	2.4%
2013	22.50¢	4.7%
2014	24.00¢	6.7%



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

Long-term debt financing continues to be available at historically competitive fixed rates with long amortization periods and long terms. In terms of equity financing, the capital markets have been less favourable for real estate entities since the latter half of 2013, making raising equity more difficult.

STRATEGY

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

The Trust strives to:

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

The Trust invests in the following property types:

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

Management intends to achieve Plaza's goals by:

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

PART II

KEY PERFORMANCE DRIVERS AND INDICATORS

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

Management believes that the key internal performance drivers are:

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

Management believes that the key external performance drivers are:

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

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

- FFO;
- AFFO;
- FFO/AFFO payout ratios;
- debt service ratios;
- "same-asset" NOI;
- weighted average effective cost of debt; and
- occupancy levels.

The key performance indicators discussed throughout the MD&A are summarized in the table that follows. Management believes that its key performance indicators allow it to track progress towards the achievement of Plaza's primary goal of providing a steady and increasing cash flow to unitholders. The following chart discusses the key performance indicators for the three months ended March 31, 2014 compared to the three months ended March 31, 2013.

Indicator		Q1 2014	Q1 2013
Funds from Operations[1]	FFO	**$5,244**	$4,021
	FFO per unit	**$0.059**	$0.063
	FFO (excluding one-time items)	**$5,738**	$4,021
	FFO per unit (excluding one-time items)	**$0.064**	$0.063
	The principal factors influencing FFO (excluding one-time items) were: ➢ Incremental NOI growth from new developments/acquisitions of approximately $697 thousand. ➢ Incremental FFO from the purchase of KEYreit of $3.4 million (NOI less mortgage interest expense). ➢ A decrease in same-asset NOI of $622 thousand. ➢ An increase in finance costs of $1.5 million mainly due to the bridge facility (obtained to purchase KEYreit) and higher overall leverage, including debentures assumed on the acquisition of KEYreit and new debentures issued. ➢ An increase in administrative expenses of $445 thousand.		
Adjusted Funds from Operations[1]	AFFO	**$5,268**	$3,775
	AFFO per unit	**$0.059**	$0.059
	AFFO (excluding one-time items)	**$5,762**	$3,775
	AFFO per unit (excluding one-time items)	**$0.065**	$0.059
	➢ The principal factor influencing AFFO (excluding one-time items) was the incremental FFO growth.		
FFO/AFFO Payout Ratios	FFO payout	**101.7%**	89.5%
	FFO payout (excluding one-time items)	**93.0%**	89.5%
	AFFO payout	**101.3%**	95.3%
	AFFO payout (excluding one-time items)	**92.6%**	95.3%
Debt Service Ratios[1]	Interest coverage ratio	**1.8x**	2.2x
	Debt service coverage ratio	**1.3x**	1.7x
	➢ Debt service ratios are lower than the prior year as a result of Plaza's higher leverage, which is at our target leverage.		
Same-Asset Net Property Operating Income[1]	Same-asset NOI	**$ 8,137**	$8,759
	➢ The decrease was due to an increase in non-recoverable operating costs due to the harsher than normal winter, a property tax settlement and prior year lease termination fees.		
Weighted Average Effective Cost of Debt	Weighted average effective cost of debt	**5.33%**	5.78%
	➢ The decrease was a result of continued historically low interest rates as well as the addition of the KEYreit portfolio at a lower weighted average rate (because the majority of KEYreit loans are shorter term loans).		
Occupancy Levels	Occupancy levels	**95.7%**	94.7%

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

PROPERTY AND CORPORATE PERFORMANCE 2014 AND 2013

Funds from Operations (FFO)

Plaza's summary of FFO for the three months ended March 31, 2014, compared to the three months ended March 31, 2013 is presented below:

(000s – except per unit amounts)	**3 Months Ended March 31, 2014 (unaudited)**	3 Months Ended March 31, 2013 (unaudited)
Profit for the period attributable to unitholders	**$ 65,377**	$ 8,287
Add (deduct):		
Deferred income taxes	**(59,699)**	3,177
Fair value adjustment to investment properties	**(1,353)**	(6,515)
Fair value adjustment to investments	**91**	(1,282)
Fair value adjustment to convertible debentures	**772**	(350)
Equity accounting adjustment	**59**	747
Non-controlling interest adjustment	**(3)**	(43)
Basic FFO	**$ 5,244**	$ 4,021
Interest on dilutive convertible debentures	**-**	-
Diluted FFO	**$ 5,244**	$ 4,021
Basic Weighted Average Units Outstanding	**89,281**	64,029
Diluted Weighted Average Units Outstanding	**89,281**	64,029
Basic and diluted FFO per unit	**$ 0.059**	$ 0.063

Basic FFO for the three months ended March 31, 2014 increased by 30.4% over the same period in the prior year. Basic FFO per unit for the three months ended March 31, 2014 decreased by 6.3% over the same period in the prior year. Positively impacting FFO was: (i) incremental NOI growth from new developments/acquisitions of approximately $697 thousand; and (ii) incremental NOI of $5.5 million from the purchase of KEYreit. Negatively impacting FFO was: (i) a decrease in same-asset NOI of $622 thousand partly due to a property tax settlement and higher non-recoverable operating costs due to the harsher than normal winter conditions; (ii) an increase in administrative expenses of $779 thousand, approximately $334 thousand of which are one-time in nature (relating to the REIT conversion and post-closing matters); (iii) an increase in finance costs of $3.5 million mainly due to the debt assumed on acquisition of KEYreit, higher amortization of finance charges due to the one-year bridge facility entered into on acquisition of KEYreit and higher overall leverage; and (iv) one-time taxes paid on behalf of unitholders under the plan of arrangement for the REIT conversion in the amount of $160 thousand. Excluding the one-time costs and taxes relating to the REIT conversion, FFO per unit would have been $0.064, or a 1.6% increase over the prior year. Excluding unusual same-asset NOI variances for the property tax settlement and severe winter conditions, FFO per unit would have been $0.067 or a 6.3% increase over the prior year.

FFO per unit was negatively impacted in the quarter by the number of units outstanding due to the timing of the conversion of the Series VI convertible debentures.

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

Plaza's summary of EBITDA and debt coverage ratios for the three months ended March 31, 2014, compared to the three months ended March 31, 2013 is presented below:

(000s – except debt coverage ratios)	**3 Months Ended March 31, 2014 (unaudited)**	3 Months Ended March 31, 2013 (unaudited)
Profit for the period	**$ 65,564**	$ 8,507
Add (deduct):		
Income taxes	**(59,503)**	3,424
Finance costs	**7,397**	3,899
Fair value adjustment to investment properties	**(1,353)**	(6,515)
Fair value adjustment to investments	**91**	(1,282)
Fair value adjustment to convertible debentures	**772**	(350)
Equity accounting adjustment	**59**	747
EBITDA	**$ 13,027**	$ 8,430
Finance costs	**$ 7,397**	$ 3,899
Periodic mortgage principal repayments	**2,414**	1,069
Total debt service	**$ 9,811**	$ 4,968
Debt coverage ratios		
Interest coverage ratio	**1.8 times**	2.2 times
Debt service coverage ratio	**1.3 times**	1.7 times

The interest and debt service coverage ratios decreased over the prior period mainly due to the acquisition of KEYreit and the resultant new debt (many of which have very short amortization periods), including the assumption of convertible debentures. Excluding one-time administrative costs incurred in the quarter relating to REIT conversion matters, the debt service coverage ratio would have increased to 1.4 times. The debt service coverage and interest coverage ratios exceed the requirements under borrowing arrangements and overall leverage is at the Trust's targeted leverage.

Adjusted Funds from Operations (AFFO)

Plaza's summary of AFFO for the three months ended March 31, 2014, compared to the three months ended March 31, 2013 is presented below:

(000s, except per unit amounts and percentage data)	**3 Months Ended March 31, 2014 (unaudited)**	3 Months Ended March 31, 2013 (unaudited)
Basic FFO[(1)]	**$ 5,244**	$ 4,021
Add: Amortization of finance charges included in interest expense	**934**	185
Amortization of mark-to-market on debt assumed from KEYreit	**(570)**	-
Principal repayment of tenant loans	**48**	92
Non-controlling interest adjustment	**3**	8
Less: Non-cash revenue – straight-line rent	**(30)**	(253)
Equity accounting adjustment	**(8)**	(44)
Maintenance capital expenditures – existing properties	**(146)**	(102)
Leasing costs – existing properties	**(180)**	(104)
Mortgage finance charges – existing properties	**(27)**	(28)
Basic and diluted AFFO	**$ 5,268**	$ 3,775
Basic and diluted AFFO per unit	**$ 0.059**	$ 0.059
Gross distributions to unitholders	**5,335**	3,599
AFFO after distributions	**$ (67)**	$ 176
Distributions as a percentage of basic AFFO	**101.3%**	95.3%
Distributions as a percentage of basic FFO	**101.7%**	89.5%

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

For the three months ended March 31, 2014, AFFO increased by $1.5 million, or 39.5% over the prior year, and AFFO per unit is consistent with the prior year. The dollar increase was mainly due to the changes in FFO described previously. Excluding the one-time costs and taxes relating to the REIT conversion (as mentioned previously in the discussion of FFO), AFFO per unit would have been $0.065, compared to $0.059 per unit for the three months ended March 31, 2013, or a 10.2% increase over the prior year. Excluding unusual same-asset NOI variances for the property tax settlement and severe winter conditions, AFFO per unit would have been $0.068 or a 15.3% increase over the prior year.

The FFO payout ratio for the three months ended March 31, 2014 was 101.7% compared to 89.5% for the three months ended March 31, 2013, while the AFFO payout ratio for the three months ended March 31, 2014 was 101.3% compared to 95.3% for the three months ended March 31, 2013. Excluding the one-time costs and taxes relating to the REIT conversion as mentioned above, the FFO and AFFO payout ratios would have been 93.0% and 92.6%, respectively, for the three months ended March 31, 2014. Excluding unusual same-asset NOI variances as mentioned above, the FFO and AFFO payout ratios would have been 88.7% and 88.3%, respectively, for the three months ended March 31, 2014.

Same-Asset Net Property Operating Income

Same-asset categorization refers to those properties which were owned and operated by Plaza for the three months ended March 31, 2014 and the entire year ended December 31, 2013 and excludes partial year results from certain assets due to timing of acquisition, redevelopment or disposition.

Significant portions of the Trust's leases have common cost recoveries from tenants linked to the consumer price index (CPI). At March 31, 2014, approximately 46% of the Trust's leased area is tied to a CPI cost recovery formula. As well, certain anchor tenant leases may restrict recovery of common costs. As a result, certain costs such as snow removal and utility costs may not be completely offset by cost recoveries in a period, or recovery revenues may exceed costs. Municipal taxes are generally net and fully recoverable from all tenants. Most tenants in strip plazas and single use properties are responsible for their own utilities, and changes to these costs do not materially impact NOI.

(000s)	**3 Months Ended March 31, 2014 (unaudited)**	3 Months Ended March 31, 2013 (unaudited)
Same-asset rental revenue	**$ 14,775**	$ 14,829
Same-asset operating expenses	**3,568**	3,129
Same-asset realty tax expense	**3,070**	2,941
Same-asset net property operating income	**$ 8,137**	$ 8,759
Total net property operating income	**$ 14,440**	$ 9,217

As noted in the chart above, the NOI for the same-asset pool for the three months ended March 31, 2014, decreased by $622 thousand or 7.1%, over the same period in the prior year. Same-asset NOI was impacted by several key factors. The prior year had approximately $210 thousand in lease termination fees; there was a property tax settlement of $165 thousand; and there was an increase in overall non recoverable maintenance costs mainly due to the harsher than normal winter conditions.

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

(000s)	**3 Months Ended March 31, 2014 (unaudited)**	3 Months Ended March 31, 2013 (unaudited)
Plaza properties	**$ 8,981**	$ 9,217
KEYreit properties	**5,459**	-
Total net property operating income	**$ 14,440**	$ 9,217

Total NOI for the three months ended March 31, 2014 grew by $5.2 million, or 56.7% due to the overall growth in investment properties, including the purchase of KEYreit. More specifically, the increase in total NOI was mainly attributable to:

- the full period impact of eight properties either acquired or transferred to income producing status from properties under development in 2013, accounting for approximately $697 thousand of the increase;
- incremental NOI from the purchase of KEYreit of $5.5 million; and
- the same-asset pool decrease of $622 thousand, mentioned previously.

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

(000s, except percentage data)	**3 Months Ended March 31, 2014 (unaudited)**	3 Months Ended March 31, 2013 (unaudited)
New Brunswick	**$ 2,426**	$ 2,681
Quebec	**969**	1,078
Nova Scotia	**2,239**	2,516
Ontario	**299**	297
Newfoundland and Labrador	**1,178**	1,203
Prince Edward Island	**1,026**	984
Same-asset net property operating income	**$ 8,137**	$ 8,759
Percentage decrease over prior period	**(7.1)%**	

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

	Property Type	**Square Footage**	**Ownership**	**Income Producing/ Acquired or Redeveloped During**
Beauport, Quebec City, QC	Single Use	2,925	100%	Q2 13
4999 Queen Mary Road, Montreal, QC	Strip Plaza	13,041	25%	Q2 13
210 Wyse Road, Dartmouth (Halifax), NS	Single Use	60,979	50%	Q2 13
Lansdowne Plaza Phase 1, Saint John, NB	Strip Plaza	102,780	100%	Q3 13
Commercial Street 2, New Minas, NS	Strip Plaza	9,537	100%	Q3 13
Plaza HDB, Boisbriand, QC	Strip Plaza	6,951	33%	Q3 13
1086 Lariviere, Rouyn-Noranda, QC	Single Use	2,700	100%	Q3 13
Plaza De L'Ouest (Phase 1), Sherbrooke, QC	Strip Plaza	99,081	50%	Q3 13
Oromocto Mall, Oromocto, NB	Enclosed	85,750	100%	Q4 13
Grand Falls Shopping Centre, Grand Falls, NB	Enclosed	133,998	100%	Q4 13
Les Promenades St-Francois, Laval, QC	Strip Plaza	65,836	100%	Q4 13
KEYreit portfolio	Single Use/Strip	1,154,865	100%	Q2 13
Total		**1,738,443**		

Leasing and Occupancy

The following table represents leases expiring for the next 5 years and thereafter for Plaza's property portfolio at March 31, 2014 (excluding developments and non-consolidated investments).

	Strip Plazas		**Enclosed Malls**		**Single-User**		**Total**	
Year	**Sq Ft[(1)]**	**%**	**Sq Ft[(1)]**	**%**	**Sq Ft[(1)]**	**%**	**Sq Ft[(1)]**	**%**
Remainder of 2014	146,854	4.9	95,090	13.6	5,500	0.4	**247,444**	**5.0**
2015	334,588	11.2	90,181	12.9	25,695	2.1	**450,464**	**9.1**
2016	355,229	11.9	94,753	13.6	49,345	4.0	**499,327**	**10.1**
2017	198,748	6.6	118,996	17.1	91,923	7.4	**409,667**	**8.3**
2018	199,372	6.6	79,429	11.4	238,706	19.3	**517,507**	**10.5**
2019	224,830	7.5	41,626	6.0	19,504	1.6	**285,960**	**5.8**
Thereafter	1,539,133	51.3	177,695	25.4	804,063	65.2	**2,520,891**	**51.2**
Subtotal	2,998,754	100.0	697,770	100.0	1,234,736	100.0	**4,931,260**	**100.0**
Vacant	167,916		29,929		21,415		**219,260**	
Total	**3,166,670**		**727,699**		**1,256,151**		**5,150,520**	
Weighted average lease	**6.8 years**		**4.3 years**		**8.3 years**		**6.8 years**	

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

At March 31, 2014, overall committed occupancy for the portfolio (excluding properties under development and non-consolidated investments) increased to 95.7% from 94.7% at March 31, 2013. This increase was mainly due to the addition of the KEYreit portfolio at 96.2% occupancy at March 31, 2014. Same-asset occupancy was 95.5% at March 31, 2014, compared to 96.2% at March 31, 2013.

For the three months ended March 31, 2014, the Trust completed 278 thousand square feet of new and renewal leasing deals at market rates (including leasing at non-consolidated investments). The 278 thousand square feet of leasing was comprised of 93 thousand square feet on new developments, and 185 thousand square feet on existing properties. Excluding leasing at non-consolidated investments, the Trust completed 259 thousand square feet of new and renewal leasing deals at market rates. The 259 thousand square feet of leasing was comprised of 83 thousand square feet on new developments and 176 thousand square feet on existing properties.

On average, Plaza's embedded or contractual gross rents expiring in 2014 would be at or below current market rates. Plaza's financial exposure to vacancies and lease roll-overs differs among the different retail asset types, as gross rental rates differ dramatically by asset class.

- Occupancy in the strip plazas was 94.7% at March 31, 2014, compared to 94.9% at March 31, 2013.
- Average occupancy for enclosed malls was 95.9% at March 31, 2014, compared to 91.8% at March 31, 2013.
- Occupancy for single use assets was 98.3% at March 31, 2014, compared to 100.0% at March 31, 2013.
- Pre-leased space in properties in the development phase and in the construction phase is 78.2% at March 31, 2014.

Plaza has built a portfolio with a high quality revenue stream. Plaza's ten largest tenants based upon current monthly base rents at March 31, 2014 represent approximately 58.2% of total revenues in place.

	% of Gross Revenue		**% of Gross Revenue**
1. Shoppers Drug Mart	24.6	6. Mark's Work Wearhouse	1.9
2. KFC[(1)]	14.1	7. Pharma Plus	1.9
3. Dollarama	4.5	8. Best Buy/Future Shop	1.8
4. Staples	3.4	9. Reitmans Inc.	1.8
5. Sobeys	2.6	10. Bulk Barn	1.6

[(1)] Represented by 6 tenants.

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

	March 31, 2014	March 31, 2013
National	**90.1%**	89.3%
Regional	**4.5%**	3.9%
Local	**4.1%**	6.3%
Non-Retail	**1.3%**	0.5%

Profit and Total Comprehensive Income for the Period

The Trust recorded a profit and total comprehensive income for the three months ended March 31, 2014 of $65.6 million compared to $8.5 million for the same period in the prior year. The increase was impacted by: (i) the increase in NOI of $5.2 million, mainly due to the acquisition of KEYreit and properties acquired or developed and put into income producing status; and (ii) the recording of a deferred income tax recovery of $59.7 million, to reflect the flow-through tax status of Plaza as a REIT, whereby taxes are only recorded for taxable corporate subsidiaries. These were partly offset by: (i) a decrease in the share of profit of associates of $771 thousand, mainly due to a decrease in the fair value adjustment of the underlying investment properties; (ii) an increase in administrative expenses of $779 thousand, of which $334 thousand is one-time in nature; (iii) an increase of $3.5 million in finance costs mainly due to the acquisition of KEYreit and the increase in overall leverage; (iv) a decrease in the net gain from fair value adjustments to investment properties of $5.2 million, mainly as a result of an increase in capitalization rates compared to the prior year; and (v) a net loss from the fair value adjustment to convertible debentures of $772 thousand compared to a net gain of $350 thousand in the same period in the prior year.

Share of Profit of Associates

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

	Ownership Position	Preferred Return	Residual Return
Equity Accounted Investments(1)			
Centennial Plaza Limited Partnership	10%	10%	20%
Trois Rivieres Limited Partnership	15%	10%	30%
Plazacorp – Shediac Limited Partnership	10%	8%	50%
Plazacorp Ontario1 Limited Partnership	25%	4%	25%
Plazacorp Ontario2 Limited Partnership	50%	n/a	n/a
Plazacorp Ontario3 Limited Partnership	50%	n/a	n/a
Plazacorp Ontario4 Limited Partnership	50%	n/a	n/a
RBEG Limited Partnership	50%	n/a	n/a
CPRDL Limited Partnership	50%	n/a	n/a
Fundy Retail Limited	50%	n/a	n/a
VGH Limited Partnership(2)	20%	8%	27%
Ste. Hyacinthe Limited Partnership(2)	25%	n/a	n/a
Cost Accounted Investments(1)			
Northwest Plaza Commercial Trust	10%	n/a	n/a

(1) Equity and cost accounted investments consist of the following properties: 3550 Sources, Centennial Plaza, Place Du Marche and BPK Levis (Centennial Plaza Limited Partnership); Plaza des Recollets (Trois Rivieres Limited Partnership); Shediac West (Plazacorp – Shediac Limited Partnership); Ottawa Street Almonte, Hastings Street Bancroft and Main Street Alexandria (Plazacorp Ontario1 Limited Partnership); Amherstview and Scugog Street Port Perry (Plazacorp Ontario2 Limited Partnership); King & Mill (Plazacorp Ontario3 Limited Partnership); Manotick (Plazacorp Ontario4 Limited Partnership); Bureau en Gros (RBEG Limited Partnership); CPRDL (CPRDL Limited Partnership); Gateway Mall (Fundy Retail Limited); St. Jerome (VGH Limited Partnership); 5400 Laurier Ouest (Ste. Hyacinthe Limited Partnership); and the Northwest Centre (Northwest Plaza Commercial Trust).

(2) The land within this partnership is currently in the planning phases of development.

Share of profit of associates for the three months ended March 31, 2014 includes Plaza's share of NOI of approximately $651 thousand. Share of profit of associates decreased by $771 thousand for the three months ended March 31, 2014 compared to the three months ended March 31, 2013. The decrease was mainly due to a decrease in the fair value adjustment of the underlying investment properties due to an increase in capitalization rates compared to the prior year.

Distributions received from associates for the three months ended March 31, 2014 were $235 thousand compared to $0.5 million for the three months ended March 31, 2013 (excluding the final distribution to the partners on the sale of Marché de L'Ouest).

Finance Costs

Finance costs for the three months ended March 31, 2014 were $7.4 million, compared to $3.9 million for the same period in the prior year. The increase in finance costs was mainly due to: interest on the bridge facility, accounting for approximately $409 thousand of the difference; interest on new debentures and assumed KEYreit debentures, accounting for approximately $846 thousand of the difference; interest on new mortgages and assumed KEYreit mortgages, accounting for $1.7 million of the difference; higher amortization of deferred financing charges, mainly due to the bridge facility, accounting for $750 thousand of the difference; interest on the new mortgage bonds, accounting for $131 thousand of the difference; and higher interest expense incurred on the Trust's lines of credit (as a result of higher outstanding balances), accounting for approximately $117 thousand of the difference. These were partly offset by the amortization of the mark-to-market on debt recorded on the acquisition of KEYreit of $570 thousand.

Change in Fair Value of Investment Properties

The Trust recorded a fair value increase to investment properties for the three months ended March 31, 2014 of $1.4 million, compared to $6.5 million for the three months ended March 31, 2013. The weighted average capitalization rate at March 31, 2014 was 7.07% which is 20 basis points higher than March 31, 2013 and consistent with the 7.08% used at December 31, 2013. At March 31, 2014 a decrease of 0.25% in the capitalization rates used to determine the fair value of investment properties would have resulted in an increase in investment properties of approximately $30.9 million. An increase of 0.25% in the capitalization rates used would have resulted in a decrease in investment properties of approximately $30.7 million.

Change in Fair Value of Convertible Debentures

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

The net loss from the fair value adjustment to convertible debentures for the three months ended March 31, 2014 was $772 thousand and for the three months ended March 31, 2013 was a net gain of $350 thousand.

Administrative Expenses

Administrative expenses increased by $779 thousand for the three months ended March 31, 2014, compared to the same period in the prior year, mainly due to: the salaries and office expenses related to the acquisition of KEYreit of approximately $165 thousand; an increase in head count and regular salary increases of $202 thousand and one-time costs of approximately $334 thousand incurred for the REIT conversion and post-closing matters.

Income Tax Expense

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

(000s)	**3 Months Ended March 31, 2014 (unaudited)**	3 Months Ended March 31, 2013 (unaudited)
Current income taxes	**$ 196**	$ 247
Deferred income taxes	**(59,699)**	3,177
Total income tax expense (recovery)	**$ (59,503)**	$ 3,424

Of the $196 thousand in current income tax expense recorded, $160 thousand relates to one-time taxes paid on behalf of unitholders, relating to the various steps in the plan of arrangement on the conversion to a REIT structure.

The Trust is a flow-through vehicle, therefore only deferred taxes of its corporate subsidiaries are recorded. The impact of the change in the tax status as a result of the conversion to a REIT has been recorded as a deferred tax recovery in the current period, except for the tax effect related to amounts recorded in equity, which are credited directly to equity.

Acquisitions/Dispositions

During the three months ended March 31, 2014, the Trust acquired land for future development in Timmins, ON for $944 thousand, of which the Trust owns an 80% interest. The Trust exercised its option under a land lease and purchased the lands at Main Street Plaza in Fredericton, NB for $2.8 million. The trust also acquired a 25% ownership interest in a 2,600 square foot single use property for redevelopment in St. Hyacinthe, QC for $250 thousand. This property will be accounted for using the equity method and is included in "investments" in the balance sheet.

During the three months ended March 31, 2014, the Trust disposed of surplus land in Sussex, NB for net proceeds of $150 thousand. The Trust sold non-core KEYreit income producing properties for net proceeds of $18.3 million in Okotoks and Lloydminister, AB, Liverpool, NS and Montreal, QC. This is approximately $1.7 million more than the Trust underwrote the properties for when it bought KEYreit.

OUTLOOK

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

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

Properties under development	Property Type	Status	Square Footage (1)	Ownership	Occupied or Committed at March 31, 2013	Income Producing
90 Blvd. Tache Ouest, Montmagny, QC	Strip Plaza	In Planning(2)	6,000	50%	n/a	Q2 2015
Plaza de L'Ouest, Sherbrooke, QC – Phase II	Strip Plaza	In Development(2)	20,000	50%	43%	Q1 2015
Plaza de L'Ouest, Sherbrooke, QC – Phase III	Strip Plaza	In Planning(2)	80,000	50%	n/a	2-3 years
Plaza SP Magog, Magog, QC – Phase II	Strip Plaza	In Construction	23,614	50%	80%	Q2 2014
Fairville Boulevard – 3, Saint John, NB	Strip Plaza	In Planning(2)	24,000	100%	n/a	1-2 years
Oromocto Mall, Oromocto, NB(3)	Enclosed	In Development(2)	86,025	100%	100%	Q4 2015
Grand Falls Shopping, Centre, Grand Falls, NB(3)	Enclosed	In Construction	133,998	100%	84%	Q4 2014
St. Jerome, St. Jerome (Montreal), QC - Phase I(4)	Strip Plaza	In Construction	26,000	20%	92%	Q4 2014
St. Jerome, St. Jerome (Montreal), QC -Phase II(4)	Strip Plaza	In Planning(2)	54,000	20%	n/a	Q4 2015
St. Jerome, St. Jerome (Montreal), QC -Phase III(4)	Strip Plaza	In Planning(2)	120,000	20%	n/a	2-3 years
Champlain Plaza II, Dieppe (Moncton), NB	Strip Plaza	In Planning(2)	60,000	100%	n/a	Q1 2015
Lansdowne Place Phase II, Saint John, NB	Strip Plaza	In Planning(2)	60,000	100%	n/a	2015
Plaza Chemin Chambly, Longueuil (Montreal), QC(5)	Strip Plaza	In Planning(2)	39,431	100%	100%	Q2 2015
5400 Laurier Ouest, St-Hyacinthe, QC(4)	Single Use	In Development(2)	10,000	25%	100%	Q3 2014
Riverside Drive Plaza, Timmins, ON	Strip Plaza	In Development(2)	35,167	80%	100%	Q1 2015
Total			778,235			

(1) Approximate square footage.
(2) All are appropriately zoned for the intended use.
(3) This is an existing mall that is in the planning phases of a de-malling redevelopment.
(4) This is owned in a limited partnership that is part of the Trust's non-consolidated trusts and partnerships.
(5) This is an existing strip being redeveloped.

There is excess density and expansions at existing properties that the Trust plans to develop in the short term which would represent approximately 40 thousand additional square feet at completion. The Trust is currently developing 4 thousand square feet of the 40 thousand additional square feet.

At March 31, 2014, there was one income producing property totaling 23 thousand square feet (at the Trust's proposed ownership percentage) under purchase agreement and subject to due diligence or other conditions.

The Trust also benefits from growth stemming from contractual rental rate increases from existing tenants' leases that generally grow at or above the expected rate of inflation.

PART III

SUMMARY OF SELECTED QUARTERLY INFORMATION

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

(000s except per unit and percentage data) (unaudited)	**Q1'14**	Q4'13	Q3'13	Q2'13	Q1'13	Q4'12	Q3'12	Q2'12
Total revenue [1]	**$24,169**	$ 24,406	$ 24,145	$ 20,363	$ 17,279	$ 19,218	$ 16,490	$ 18,700
Profit (loss) and total comprehensive income (loss)	**$ 65,564**	$(11,375)	$ 1,708	$(11,905)	$ 8,507	$ 2,092	$ 13,242	$ 17,023
Distributions per unit	**6.00¢**	5.625¢	5.625¢	5.625¢	5.625¢	5.38¢	5.38¢	5.38¢
Funds from operations per unit – basic and diluted[2]	**5.9¢**	5.7¢	7.2¢	6.9¢	6.3¢	6.4¢	6.9¢	6.7¢
Adjusted funds from operations per unit – basic and diluted [2]	**5.9¢**	5.5¢	6.8¢	6.7¢	5.9¢	6.1¢	6.7¢	6.1¢
Distributions as a percentage of basic FFO	**101.7%**	90.7%	78.3%	74.9%	89.5%	83.3%	76.6%	79.5%
Distributions as a percentage of basic AFFO	**101.3%**	94.2%	82.3%	77.0%	95.3%	88.6%	79.2%	88.5%
Gross Leasable Area (000s of sq. ft.) (at 100% and excluding non-consolidated investments and properties under development) [3]								
Total income producing properties	**5,151**	5,200	5,415	5,192	3,887	3,854	3,797	3,758
Occupancy % (at 100% and excluding non-consolidated investments and properties under development)								
Total income producing properties	**95.7%**	94.8%	94.9%	94.9%	94.7%	95.7%	96.4%	96.4%

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

During the last eight quarters occupancy has remained high which contributes to stability of cash flow. Significant fluctuations in profit and loss are mainly due to non-cash fair value adjustments on the Trust's investment properties and convertible debentures, as well as the 2013 KEYreit acquisition. Fair value adjustments are based on market parameters for which the Trust has no control or ability to predict. The current year was also significantly impacted by $59.7 million in a deferred income tax recovery recorded for the change in tax status to a REIT on January 1, 2014.

Some of Plaza's properties are leased on a base year or semi-gross basis or otherwise have caps on operating costs. At March 31, 2014, approximately 46% of the Trust's leased area is tied to a CPI cost recovery formula. As well, anchor tenant leases may restrict Common Area Maintenance (CAM) cost recoveries. As a result of both of these factors, seasonal fluctuations in NOI, FFO and AFFO occur primarily due to winter costs and yearly repair and maintenance activities which typically occur in spring and early summer which may create inconsistencies in quarterly recovery revenues compared with quarterly expenses.

PART IV

OPERATING LIQUIDITY AND WORKING CAPITAL

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

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

Plaza's cash distribution policy generally reflects repayment of recurring mortgage principal amortization from cash flow in determining cash available for distribution. New debt or equity capital raised is generally directed to acquisitions or continuing development activities, which are discretionary, based on the availability of such capital.

CAPITAL RESOURCES, EQUITY AND DEBT ACTIVITIES

Operating and Development Facilities

(000s)	$30.0 Million Operating	$20.0 Million Development	$15.0 Million Development
December 31, 2013[(1)]	$ -	$ 12,261	$ 7,007
Net Change	13,511	479	-
March 31 , 2014[(1)]	$ 13,511	$ 12,740	$ 7,007
Interest rate	Prime + 1.00% or BA + 2.25%	Prime + 1.00% or BA + 2.75%	Prime + 1.00% or BA + 2.25%
Maturity	July 31, 2015	July 31, 2014	July 31, 2015
Security	First charges on pledged properties	First charges on applicable pledged development property	First charges on applicable pledged development property
Other terms	Debt service, interest coverage, occupancy & equity maintenance covenants	Debt service, occupancy & leverage covenants	Debt service, interest coverage, occupancy & equity maintenance covenants
Line reservations available for letters-of-credit	$2.0 million	$1.5 million	$500 thousand
Issued and outstanding	$137 thousand	-	-

(1) Excludes unamortized finance charges

Funding is secured by first mortgage charges on properties or development properties as applicable. The Trust must maintain certain financial ratios to comply with the facilities. These covenants include loan-to-value, debt service coverage, interest coverage, occupancy and unitholder equity thresholds. As of March 31, 2014, all debt covenants in respect of the above facilities have been maintained.

Subsequent to quarter end, the operating line was increased to $30.0 million from $21.5 million. Based on security in place, the available limit is $28.9 million at the date of this MD&A. In conjunction with the operating line increase, both the operating line and the $15.0 million development line (both with the same lender) were early renewed until July 31, 2015.

Bridge Facility

At March 31, 2014, the Trust has a one-year secured bridge credit facility with a Canadian chartered bank expiring May 17, 2014. The bridge facility was originally entered into in order to fund the acquisition of KEYreit and related costs. At March 31, 2014, interest is payable at prime plus 4.00% or BAs plus 5.00%.

The Trust must maintain certain financial ratios to comply with the facility. These covenants include debt service, debt to gross assets, equity maintenance and distribution ratios. As of March 31, 2014 the Trust is in compliance with all applicable covenants.

At March 31, 2014, the Trust is paying interest on this facility at approximately 6.20%.

On May 7, 2014, the facility has been paid in full.

Debentures and Mortgage Bonds

Mortgage bonds are secured by either property or cash.

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

On January 7, 2014, the Trust redeemed all of the Series A convertible debentures for cash.

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

Mortgages

During 2014 the Trust obtained new long-term financing in the amount of $14.5 million (at Plaza's consolidated share) with a weighted average term of 6.9 years at a weighted average interest rate of 4.21%. The Trust also extended a mortgage of $689 thousand with the existing lender for the remaining term of 2.3 years at a weighted average interest rate of 6.00% replacing a weighted average interest rate of 7.00%.

The Trust also has $10.8 million of variable rate secured construction loans on one of its development projects that is being constructed in phases (of which the Trust's share is 50% as it has a 50% ownership interest in the development project securing the loan). The loans bear interest at prime plus 1.25% and mature in June and August 2014. At March 31, 2014, $1.6 million has been drawn on the loans (at the Trust's ownership percentage).

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

As a conservative interest rate risk management practice, the Trust's use of floating-rate debt is generally limited to its operating line (to fund ongoing operations and acquisitions) and its development lines. As a result of obtaining the bridge facility, at March 31, 2014, fixed-rate debt decreased to 87.8% of mortgages and lines of credit secured on investment properties. Now that the temporary bridge facility has been paid off, fixed-rate debt will increase to more normal levels of between 90 and 100%.

The following is a maturity chart by year:

(000s, except percentage data)	Remainder 2014	Year 1 2015	Year 2 2016	Year 3 2017	Year 4 2018	Year 5 2019	After 5 Years	Total
Long-term mortgages due at maturity	$15,831	$22,966	$60,911	$65,040	$19,988	$7,730	$140,827	$333,293
Principal repayments	6,611	8,743	8,254	6,803	5,289	4,856	17,893	58,449
Subtotal long-term mortgages	22,442	31,709	69,165	71,843	25,277	12,586	158,720	391,742
Bridge facility	19,435	-	-	-	-	-	-	19,435
Variable rate construction loans	1,583	-	-	-	-	-	-	1,583
Development lines of credit	12,740	7,007	-	-	-	-	-	19,747
Bank operating facility	-	13,511	-	-	-	-	-	13,511
Total	$56,200	$52,227	$69,165	$71,843	$25,277	$12,586	$158,720	$446,018
As a percentage	12.6%	11.7%	15.5%	16.1%	5.6%	2.8%	35.7%	100.0%
Weighted average expiring rate on long-term mortgages	6.58%	5.74%	5.08%	5.00%	5.97%	3.87%	4.98%	

At March 31, 2014 and December 31, 2013, the Trust's cost of mortgage debt was as follows:

(000s, except percentage data)	Balance Outstanding March 31, 2014	Effective Rates March 31, 2014	Effective Rates December 31, 2013
Fixed rate mortgage loans	**$ 391,742**	**5.33%**	5.36%
$30.0 million bank operating facility	**$ 13,511**	**Prime + 1.00% or BAs + 2.25%**	Prime + 1.00% or BAs + 2.25%
$20 million bank development facility	**$ 12,740**	**Prime + 1.00% or BAs + 2.75%**	Prime + 1.00% or BAs + 2.75%
$15 million bank development facility	**$ 7,007**	**Prime + 1.00% or BAs + 2.25%**	Prime + 1.00% or BAs + 2.50%
$10.8 million variable rate secured construction loans	**$ 1,583**	**Prime + 1.25%**	Prime + 1.25%
Bridge facility	**$ 19,435**	**Prime + 4.00% or BAs + 5.00%**	Prime + 3.625% or BAs + 4.625%

The weighted average term to maturity for the long-term mortgages is 5.5 years, down from December 31, 2013 of 5.7 years. The average remaining repayment (amortization) period on long-term mortgage debt is 23.0 years.

The ratio of debt to gross book assets at March 31, 2014 (excluding convertible debentures) is 48.0% compared to 48.2% at December 31, 2013. Including convertible debentures, Plaza's debt to gross assets at March 31, 2014 is 54.5% compared to 58.3% at December 31, 2013. The Trust's general philosophy is to maintain its leverage at no more than approximately 50% excluding convertible debentures and approximately 55% including convertible debentures.

Units Outstanding

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

At May 8, 2014 (000s)	Units
Current outstanding units	**92,170**
Series B convertible debentures	**1,547**
Series C convertible debentures	**3,215**
Series D convertible debentures	**5,913**
Total adjusted units outstanding	**102,845**

Land Leases

Return on invested cash or equity is a measure Plaza uses to evaluate development and strategic acquisitions. Investing in a project subject to a land lease reduces the cash equity required for an individual project and increases the number of projects which can be undertaken with available capital. This spreads risk and enhances overall unitholder return. In some instances use of a land lease will enhance project feasibility where a project might not otherwise be undertaken without use of a land lease. Currently Plaza has 27 long-term land leases (affecting 26 properties) with total annual rent of $3.4 million. One of the land leases relates to shared parking facilities. The other properties under land lease represent approximately 9.8% of the Trust's fair value of investment properties and investments. Land leases expire (excluding any non-automatic renewal periods) on dates ranging from 2017 to 2084 with an average life of 40 years, with some of the leases also containing non-automatic renewal options, extending the average life of the leases to 66 years including these non-automatic renewal options. Of the 27 land leases, 10 of the land leases have options to purchase, generally at fair market value.

Gross Capital Additions Including Leasing Fees:

(000s)	**3 Months Ended March 31, 2014 (unaudited)**	3 Months Ended March 31, 2013 (unaudited)
Leasing fees – existing properties	**$ 83**	$ 4
Leasing fees – redevelopment properties	**-**	-
Leasing fees – new developments	**-**	40
Total leasing fees	**83**	44
Capital additions – existing properties	**243**	202
Capital additions – redevelopment properties	**3,409**	-
Capital additions – new developments	**3,981**	969
Total capital additions	**7,633**	1,171
Total gross additions	**$ 7,716**	$ 1,215

COMMITMENTS AND CONTINGENT LIABILITIES

The Trust has $8.1 million in short-term commitments in respect of development activities. Management believes that Plaza has sufficient unused bank line availability, and/or mortgage bond deployment potential, to fund these commitments.

The Trust has contingent liabilities as original borrower on four mortgages partially assumed by the purchasers of properties where a 75% interest in each was sold in 2009. These commitments are subject to indemnity agreements. These sales did not relieve the Trust's obligations as original borrower in respect of these mortgages. The debt subject to such guarantees at March 31, 2014 totals $7.5 million with remaining terms ranging from 1.1 years to 8.8 years.

The Trust guarantees mortgage debt in excess of its pro-rata position in joint ventures and non-consolidated subsidiaries in the amount of $13.7 million.

PART V

RISKS AND UNCERTAINTIES

All property investments are subject to a degree of risk and uncertainty. Property investments are affected by various factors including general economic conditions and local market circumstances. Local business conditions such as oversupply of space or a reduction in demand for space particularly affect property investments. Management attempts to manage these risks through geographic and retail asset class diversification in the portfolio. At March 31, 2014, the Trust held interests in 332 properties spread geographically across Canada. Some of the more important risks are outlined below. See Financial Risk Management Note 26 to the December 31, 2013 Annual Consolidated Financial Statements of the Company for further details. Also see the Trust's Annual Information Form dated March 25, 2014 for a complete list of risks and uncertainties.

Interest Rate, Financing and Refinancing Risk

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

The Trust mitigates interest rate risk by maintaining the majority of its debt at fixed rates. Floating rate debt is typically used for development or redevelopment projects as interim financing, until the projects are completed and are then able to attract the appropriate long-term financing. As a result of obtaining the bridge facility, at March 31, 2014, fixed-rate debt decreased to 87.8% of mortgages and lines of credit secured on investment properties. Now that the temporary bridge facility is paid off, fixed-rate debt will increase to more normal levels of between 90% and 100%. The Trust mitigates its exposure to fixed-rate interest risk by staggering maturities in order to avoid excessive amounts of debt maturing in any one year. If market conditions warrant, the Trust may attempt to renegotiate its existing debt to take advantage of lower interest rates. At existing financing rates, the Trust is able to obtain positive returns from debt financing. The quality of the Trust's projects and properties makes management believe it can obtain suitable long-term financing for those projects on completion of development as well as those properties with maturing existing debt. The Trust has an ongoing requirement to access the debt markets and there is a risk that lenders will not refinance such maturing debt on terms and conditions acceptable to the Trust or on any terms at all. Management believes that all debts maturing in 2014 will be able to be financed or refinanced as they come due.

Credit Risk

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

Currently one tenant, Shoppers Drug Mart, represents 24.6% of current monthly gross rents in place. The top 10 tenants collectively represent approximately 58.2% of total revenues in place. National and regional tenants represent 94.6% of the in-place tenant base.

Lease Roll-Over and Occupancy Risk

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

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

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

The hypothetical impact to NOI of a change in occupancy of 1% would be approximately $609 thousand per annum. The analysis does not identify a particular cause of such changing occupancy and as a result, it does not reflect the actions management may take in relation to the changes. Plaza's principal management of occupancy risk is the skewing of tenancies towards national tenants, the signing of longer term leases and significant pre-leasing of development space.

Development and Acquisition Risk

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

Environmental Risk

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

Status of the REIT

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

PART VI

RELATED PARTY TRANSACTIONS

Notes Payable to Related Parties

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

(000s)	**Interest Rate**	**March 31, 2014**	December 31, 2013
Non-interest bearing notes:			
Entities owned (directly or indirectly), controlled or significantly influenced by Michael Zakuta, President, Chief Executive Officer and Trustee of the Trust	n/a	**$ 261**	$ 261

Bonds and Debentures Held

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

(000s)	**March 31, 2014**	December 31, 2013
Earl Brewer	**$ 219**	$ 219
Edouard Babineau	**150**	350
Michael Zakuta	**250**	670
Stephen Johnson	**-**	750
Total	**$ 619**	$ 1,989

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

Other Related Party Transactions

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

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

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

Plaza Group Management Limited (a wholly-owned subsidiary of Plaza) manages 527 Queen Street, Fredericton, NB a property owned indirectly by Michael Zakuta and Earl Brewer. For the three months ended March 31, 2014, property management fees of $5 thousand were earned by Plaza Group Management Limited from this property.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

The Trust's Chief Executive Officer and Chief Financial Officer evaluated, or caused an evaluation under their supervision of, the design of the Trust's DC&P and ICFR as at March 31, 2014 and have concluded that such DC&P and ICFR were appropriately designed.

During the three months ended March 31, 2014, there were no changes in the Trust's ICFR that occurred that have materially affected, or are reasonably likely to materially affect, the Trust's ICFR.

CRITICAL ACCOUNTING POLICIES

Critical Accounting Estimates

The preparation of the Trust's condensed interim consolidated financial statements requires management to make judgements, 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 judgements include the assessment of fair values, the discount rates used in the valuation of the Trust's assets and liabilities, capitalization rates, the relative credit worthiness of the Trust to its counterparties, the ability to use tax losses and other tax measurements, the determination of the accounting basis for investments and joint arrangements, the amount of borrowing costs to capitalize to properties under development and the selection of accounting policies.

(i) Investment properties

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

FUTURE ACCOUNTING POLICY CHANGES

A number of new standards, and amendments to standards and interpretations under IFRS, are not yet effective for the year ending December 31, 2014, and have not been applied in preparing the condensed interim consolidated financial statements. Please see Note 3 to the condensed interim consolidated financial statements for further details about future accounting policy changes.

ADDITIONAL INFORMATION

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

PROPERTIES OF THE TRUST

A chart listing the Trust's properties at March 31, 2014 can be accessed on the Plaza website www.plaza.ca.

Plaza Retail REIT
Condensed Interim Consolidated Statements of Financial Position

(unaudited)
(in thousands of Canadian dollars)

	March 31, 2014	December 31, 2013
Assets		
Non-Current Assets		
Investment properties (Note 4)	**$ 891,158**	$ 900,165
Investments	**29,917**	29,678
Tenant loans	**2,185**	2,351
Deferred income tax asset (Note 1)	**1,142**	1,492
	924,402	933,686
Current Assets		
Cash	**4,517**	25,280
Receivables	**5,492**	3,271
Prepaid expenses and deposits	**9,210**	4,449
Income taxes receivable	**957**	1,059
Notes receivable	**8,744**	8,096
Investment properties held for sale (Note 4)	**1,651**	-
	30,571	42,155
	$ 954,973	$ 975,841
Liabilities and Unitholders' Equity		
Non-Current Liabilities		
Debentures payable (Note 5)	**$ 65,741**	$ 82,432
Mortgage bonds payable (Note 6)	**2,070**	2,069
Mortgages payable (Note 7)	**350,877**	366,497
Deferred income tax liability (Note 1)	**3,210**	61,866
	421,898	512,864
Current Liabilities		
Bank indebtedness (Note 9)	**13,511**	-
Current portion of debentures payable (Note 5)	**-**	15,991
Current portion of mortgage bonds payable (Note 6)	**8,909**	8,852
Current portion of mortgages payable (Note 7)	**64,168**	52,703
Bridge facility (Note 8)	**19,103**	44,393
Accounts payable and accrued liabilities	**21,960**	12,478
Notes payable	**849**	919
	128,500	135,336
	550,398	648,200
Unitholders'/shareholders' equity	**393,038**	316,202
Non-controlling interests	**11,537**	11,439
	404,575	327,641
	$ 954,973	$ 975,841

Subsequent events – see Note 13.

Barbara Trenholm, Trustee

Earl Brewer, Trustee

The notes on pages 30 to 40 are an integral part of these condensed interim consolidated financial statements.

Plaza Retail REIT

Condensed Interim Consolidated Statements of Comprehensive Income (unaudited)

(in thousands of Canadian dollars)

	3 Months Ended March 31, 2014	3 Months Ended March 31, 2013
Revenues	**$ 23,318**	$ 15,896
Operating expenses	**(8,878)**	(6,679)
Net property operating income	**14,440**	9,217
Share of profit of associates	**224**	995
Administrative expenses	**(2,414)**	(1,635)
Investment income	**229**	36
Other income	**398**	352
Income before finance costs, fair value adjustments and income taxes	**12,877**	8,965
Finance costs	**(7,397)**	(3,899)
Finance costs - net gain (loss) from fair value adjustments to convertible debentures	**(772)**	350
Net gain from fair value adjustments to investment properties (Note 4)	**1,353**	6,515
Profit before income tax	**6,061**	11,931
Income tax recovery (expense)		
- Current	**(196)**	(247)
- Deferred (Note 1)	**59,699**	(3,177)
	59,503	(3,424)
Profit and total comprehensive income for the period	**$ 65,564**	$ 8,507
Profit and total comprehensive income for the period attributable to:		
- Unitholders/shareholders	**$ 65,377**	$ 8,287
- Non-controlling interests	**187**	220
	$ 65,564	$ 8,507

The notes on pages 30 to 40 are an integral part of these condensed interim consolidated financial statements.

Plaza Retail REIT
Condensed Interim Consolidated Statements of Changes in Equity
(unaudited)
(in thousands of Canadian dollars)

	Trust Units (Note 10)	Shares (Note 10)	Retained Earnings	Total Attributable to Shareholders/ Unitholders	Non-Controlling Interests	Total Equity
Balance as at December 31, 2012	$ -	$ 107,159	$ 130,411	$ 237,570	$ 13,641	$ 251,211
Profit and total comprehensive income for the period	-	-	8,287	8,287	220	8,507
Transactions with shareholders, recorded directly in equity:						
- Contributions by shareholders	-	597	-	597	-	597
- Distributions to shareholders	-	-	(3,599)	(3,599)	-	(3,599)
- Distributions to non-controlling interests and changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	-	(93)	(93)
Balance as at March 31, 2013	$ -	$ 107,756	$ 135,099	$ 242,855	$ 13,768	$ 256,623
Balance as at December 31, 2013	$ -	$ 213,400	$ 102,802	$ 316,202	$ 11,439	$ 327,641
REIT Conversion, January 1, 2014 (Note 1)	212,007	(213,400)	-	(1,393)	-	(1,393)
Profit and total comprehensive income for the period	-	-	65,377	65,377	187	65,564
Transactions with unitholders, recorded directly in equity:						
- Contributions by unitholders	18,187	-	-	18,187	-	18,187
- Distributions to unitholders	-	-	(5,335)	(5,335)	-	(5,335)
- Distributions to non-controlling interests and changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	-	(89)	(89)
Balance as at March 31, 2014	$ 230,194	$ -	$ 162,844	$ 393,038	$ 11,537	$ 404,575

The notes on pages 30 to 40 are an integral part of these condensed interim consolidated financial statements.

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

	3 Months Ended March 31, 2014	3 Months Ended March 31, 2013
Cash obtained from (used for):		
Operating activities		
Profit and total comprehensive income for the period	**$ 65,564**	$ 8,507
Interest expense	**7,033**	3,714
Items not affecting cash:		
Share of profit of associates	**(224)**	(995)
Amortization of finance charges included in interest expense	**934**	185
Net change in fair value of investment properties	**(1,353)**	(6,515)
Net change in fair value of convertible debentures	**772**	(350)
Amortization of loan revaluations included in interest expense	**(570)**	-
Current and deferred income taxes	**(59,503)**	3,424
Straight-line rent revenue	**(30)**	(253)
Interest paid	**(5,601)**	(3,603)
Income taxes paid	**(93)**	(1,058)
Leasing commissions	**(83)**	(44)
Change in non-cash working capital (Note 11)	**(786)**	1,960
	6,060	4,972
Financing activities		
Issue (repayment) of notes payable	**(70)**	313
Distributions paid to unitholders/shareholders	**(5,335)**	(3,599)
Distribution reinvestment proceeds (Note 10)	**690**	161
Cash received on change in ownership structure of joint arrangement	**-**	553
Gross proceeds of bonds and debentures	**-**	1,575
Redemption of debentures	**(15,991)**	-
Gross mortgage proceeds	**15,618**	3,879
Financing charges incurred from mortgage placement	**(281)**	(28)
Mortgages repaid	**(16,687)**	(3,524)
Bridge facility repayments	**(25,953)**	-
Periodic mortgage principal repayments	**(2,414)**	(1,069)
	(50,423)	(1,739)
Investing activities		
Acquisitions, developments and redevelopments	**(7,633)**	(1,171)
Proceeds from disposal of property and land (Note 4)	**18,427**	-
Equity accounted investments – (contributions to) and distributions from	**(15)**	5,128
Contributions paid by subsidiaries to non-controlling interests	**(89)**	(93)
Increase in deposits for acquisitions and financings	**(119)**	(955)
Increase in notes receivable	**(648)**	(324)
Repayment of tenant loans	**448**	92
Funding of tenant loans	**(282)**	(2,018)
	10,089	659
Net increase (decrease) in cash	**(34,274)**	3,892
Cash less bank indebtedness, beginning of the period	**25,280**	(747)
Cash less bank indebtedness, end of the period	**$ (8,994)**	$ 3,145

The notes on pages 30 to 40 are an integral part of these condensed interim consolidated financial statements.

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

1. Reporting Entity

Plaza Retail REIT (the "Trust") is an unincorporated "open-ended" real estate investment trust established pursuant to its Declaration of Trust and governed by the laws of the Province of Ontario. The address of the Trust's registered office is 98 Main Street, Fredericton, New Brunswick. The Trust operates a retail real estate ownership and development business in Canada.

REIT Conversion

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

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

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

Recovery from derecognition on conversion	$ 59,743
Expense for current period results	(44)
Net deferred tax recovery for the current period	$ 59,699

The reconciliation of the net deferred income tax liability as at March 31, 2014 is as follows:

Net deferred income tax liability as at December 31, 2013	$ 60,374
Adjustment to equity on derecognition	1,393
Adjustment to income on derecognition	(59,743)
Expense for current period results	44
Net deferred tax liability as at March 31, 2014	$ 2,068

2. Basis of Preparation

(a) Statement of Compliance

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

The condensed interim consolidated financial statements do not include all the information required for full annual financial statements. The condensed interim consolidated financial statements should be read in conjunction with the 2013 annual financial statements of the Company.

The condensed interim consolidated financial statements were authorized for issue by the Audit Committee on behalf of the Board of Trustees of the Trust on May 8, 2014.

(b) Basis of Measurement

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

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

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

(c) Use of Estimates and Judgements

The preparation of the Trust's condensed interim consolidated financial statements requires management to make judgements, 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 judgements include the assessment of fair values, the discount rates used in the valuation of the Trust's assets and liabilities, capitalization rates, the relative credit worthiness of the Trust to its counterparties, the ability to use tax losses and other tax measurements, the determination of the accounting basis for investments and joint arrangements, the amount of borrowing costs to capitalize to properties under development and the selection of accounting policies.

(i) Investment property

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

3. Summary of Significant Accounting Policies

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

(a) General and Consolidation

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

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

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

(b) Changes in Accounting Policies

(i) Offsetting financial assets and liabilities

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

(ii) Recoverable amount disclosures for non-financial assets

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

(iii) Levies

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

(c) Future Changes in Accounting Policies

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

4. Investment Properties

	March 31, 2014	December 31, 2013
Balance, beginning of period:	**$ 900,165**	$ 531,764
Additions (deductions):		
Additions to investment properties	**5,980**	21,778
Additions – acquisitions of investment properties or land	**3,708**	14,966
Additions – the Village Shopping Centre	**-**	28,933
Additions – KEYreit	**-**	343,868
Disposals	**(18,427)**	(18,118)
Investment properties held for sale (Note 4*(g)*)	**(1,651)**	-
Straight line rent receivable change	**30**	963
Fair value adjustment	**1,353**	(23,989)
Balance, end of period:	**$ 891,158**	$ 900,165

The majority of the Trust's investment properties have been pledged as security under various mortgages, mortgage bond agreements and the bridge facility.

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

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

(i) External appraisals

Independent appraisals are obtained in the normal course of business as refinancing activities require them. Where available, the fair value of various investment properties are based on these external appraisals. Of the total fair value in the chart above, $37.2 million of investment properties were based on such external appraisals (December 31, 2013 - $11.9 million).

(ii) Internal approach - direct capitalization income approach

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

As at March 31, 2014 the Trust has utilized the following range of capitalization rates:

	Number of Properties(1)	Weighted average capitalization rates	Primary Market	Secondary Market
Freestanding	42	6.43%	5.50% - 8.50%	6.00% - 9.00%
Quick Service Restaurant	171	6.72%	5.00% - 9.00%	6.00% - 11.00%
Mini Box	21	6.63%	6.00% - 7.25%	6.50% - 9.00%
Anchored Strip – Class A	16	6.97%	6.00% - 8.25%	6.00% - 9.00%
Anchored Strip – Class B	21	7.11%	6.25% - 8.50%	6.50% - 9.50%
Unanchored Strip	32	8.00%	6.25% - 9.00%	6.50% - 10.00%
Enclosed Malls – Community	5	8.07%	7.50% - 9.50%	8.00% - 11.00%
	308	7.07%		

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

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

Quick Service Restaurant – defined as freestanding retail space for food. May include nominal additional GLA.

Mini Box – defined as a freestanding retail, non-restaurant use, such as a pharmacy or bank, with less than 15,000 square feet.

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

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

Unanchored Strip - defined as an unanchored retail strip less than 75,000 square feet.

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

At March 31, 2014 a decrease of 0.25% in the capitalization rates used to determine the fair value of investment properties would have resulted in an increase in investment properties of approximately $30.9 million. An increase of 0.25% in the capitalization rates used would have resulted in a decrease in investment properties of approximately $30.7 million.

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

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

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

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

(a) Straight-line Rent

Included in investment properties as at March 31, 2014 is $12.0 million (December 31, 2013 - $11.9 million) of straight line rents receivable arising from the recognition of rental revenue on a straight line basis over the lease terms in accordance with IAS 17, "Leases".

(b) Surplus Land

Included in investment properties as at March 31, 2014 is $1.0 million of surplus lands at fair value (December 31, 2013 - $1.2 million).

(c) Properties Under Development

Included in investment properties as at March 31, 2014 is $49.6 million of properties under development (December 31, 2013 - $44.8 million), of which $11.1 million are recorded at cost as fair value was not determinable (December 31, 2013 - $10.0 million).

(d) Borrowing Costs

The total amount of borrowing costs capitalized for the three months ended March 31, 2014 is $102 thousand (for the three months ended March 31, 2013 - $184 thousand).

(e) Acquisitions

During the three months ended March 31, 2014, the Trust acquired land for future development in Timmins, ON for $944 thousand, of which the Trust owns an 80% interest and land in Fredericton, NB for $2.8 million, which had been leased previously under a land lease agreement.

(f) Disposals

During the three months ended March 31, 2014, the Trust disposed of surplus land in Sussex, NB for net proceeds of $150 thousand. The Trust sold income producing properties for net proceeds of $18.3 million in Okotoks, AB, Lloydminister, AB, Liverpool, NS and Montreal, QC.

(g) Investment Properties Held For Sale

The Trust has segregated investment properties held for sale for two properties located in Sudbury and Toronto, ON which were sold in April 2014, for gross proceeds of $1.7 million (see also note 13).

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

5. Debentures Payable

Debentures payable consist of the following:

	Maturity Date	**Interest Rate**	**March 31, 2014**	December 31, 2013
Convertible[1]				
Series A	December 31, 2014	7.75%	**$ -**	$ 15,991
Series B	December 31, 2016	8.00%	**9,476**	9,681
Series C	December 31, 2017	7.00%	**17,471**	17,429
Series D	December 31, 2018	5.75%	**34,850**	33,915
Series VI	March 31, 2015	7.50%	**-**	17,497
Total convertible debentures			**61,797**	94,513
Non-convertible[2] [3]	Various (see below)	5.00%	**3,944**	3,910
Total debentures			**65,741**	98,423
Less: debentures – current portion			**-**	(15,991)
Total debentures – long-term portion			**$ 65,741**	$ 82,432

[1] Recorded at fair value
[2] Recorded at amortized cost
[3] Net of unamortized finance charges of $56 thousand

Convertible and non-convertible debentures are subordinate and unsecured.

Convertible debenture terms are as follows:

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

Non convertible debenture maturities are as follows:

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

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

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

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

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

6. Mortgage Bonds Payable

Mortgage bonds payable are secured by the following properties:

	Series V	Series VI	Series VII	Series VIII	**March 31, 2014** Total	December 31, 2013 Total
Boulevard Hebert Plaza, Edmundston, NB, 1st mortgage	$ 1,185	$ -	$ -	$ -	**$ 1,185**	$ 1,185
Fairville Boulevard (ANBL), Saint John, NB, 1st mortgage	-	900	-	-	**900**	900
Lansdowne redevelopment lands, Saint John, NB 1st mortgage			4,000	-	**4,000**	4,000
Nashwaaksis Plaza, Fredericton, NB 1st mortgage			-	5,000	**5,000**	5,000
Gross mortgage bonds payable	1,185	900	4,000	5,000	**11,085**	11,085
Less: unamortized finance charges					**(106)**	(164)
Less: current portion of mortgage bonds payable					**(8,909)**	(8,852)
Net mortgage bonds payable – long-term portion					**$ 2,070**	$ 2,069

	Series V	Series VI	Series VII	Series VIII
Interest Rate	8.0%	5.25%	6.00%	6.00%
Maturity Date	June 4, 2016	February 24, 2016	August 15, 2014	August 30, 2014
Amount	$1,185	$900	$4,000	$5,000

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

7. Mortgages Payable

	Rate Range	Weighted Average	Maturity Dates	**March 31, 2014**	December 31, 2013
Fixed rate loans:	3.83% - 7.29%	5.33%	Up to December 2033	**$ 391,742**	$ 392,818
Revaluation of loans upon acquisition of KEYreit, net of amortization of $1,419				**4,615**	5,185
Less: unamortized finance charges				**(2,597)**	(2,456)
Total net fixed rate loans				**393,760**	395,547
Variable rate loans:					
- $20 million development facility	Prime plus 1.00% or BA plus 2.75%		July 31, 2014	**12,740**	12,261
- $15 million development facility	Prime plus 1.00% or BA plus 2.25%		July 31, 2015	**7,007**	7,007
- $7.0 million secured construction loan	Prime plus 1.25%		June 22, 2014	**1,583**	2,574
- $1.645 million secured construction loan	Prime plus 1.25%		August 1, 2014	**-**	823
- $1.25 million secured construction loan	Prime plus 1.25%		August 1, 2014	**-**	625
- $0.9 million secured construction loan	Prime plus 1.25%		August 1, 2014	**-**	447
Less: unamortized finance charges				**(45)**	(84)
Total net variable rate loans				**21,285**	23,653
Net mortgages payable				**415,045**	419,200
Less: mortgages payable – current portion				**(64,168)**	(52,703)
Total mortgages payable – long-term portion				**$ 350,877**	$ 366,497

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

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

To fund development activities the Trust has two 365-day revolving development facilities with Canadian chartered banks available upon pledging of specific assets. One is a $20 million facility that bears interest at prime plus 1.00% or BAs plus 2.75%, and the other is a $15 million facility that bears interest at prime plus 1.00% or BAs plus 2.25%. The $15 million facility was early renewed and extended to July 31, 2015. At March 31, 2014 there is $15.3 million available on these development facilities (December 31, 2013 - $15.7 million). Funding is secured by first mortgage charges on development properties. The Trust must maintain certain financial ratios to comply with the facilities. These covenants include loan-to-value, debt service, interest coverage and occupancy covenants, as well as unitholder equity tests. As of March 31, 2014 the Trust is in compliance with all covenants.

8. Bridge Facility

The Trust has a one-year secured bridge credit facility with a Canadian chartered bank expiring May 17, 2014. The bridge facility was originally entered into in order to fund the acquisition of KEYreit and related costs. The balance currently outstanding is extendible for 2 additional 6-month periods at the Trust's request and with the lender's consent. Prepayment of the facility may be made in whole or in part at any time without penalty. Interest is currently payable at prime plus 4.00% or BAs plus 5.00%.

The Trust must maintain certain financial ratios to comply with the facility. These covenants include debt service, interest coverage and distribution ratios, as well as a unitholders' equity test. As of March 31, 2014 the Trust is in compliance with all applicable covenants.

	Rate at March 31, 2014	**Maturity Date**	**March 31, 2014**	December 31, 2013
$122.5 million bridge facility	Prime plus 4.0% or BA plus 5.0%	May 17, 2014	**$ 19,435**	$ 45,388
Less: unamortized finance charges			**(332)**	(995)
Total bridge facility			**$ 19,103**	$ 44,393

9. Bank Indebtedness

The Trust has a $30.0 million (December 31, 2013 - $21.5 million) operating line of credit facility with a Canadian chartered bank at the rate of prime plus 1.00% or BAs plus 2.25%, maturing July 31, 2015. The $30.0 million facility was increased from $21.5 million and early renewed and extended to July 31, 2015. The amount available to be drawn fluctuates depending on the specific assets pledged as security. Based on the assets pledged at March 31, 2014, the available limit was $20.8 million. At March 31, 2014, $13.5 (December 31, 2013 – nil) was drawn on the facility and therefore the maximum amount available to be drawn on the facility was $7.2 million (December 31, 2013 – $20.7 million), net of letters of credit outstanding of $137 thousand (December 31, 2013 - $137 thousand). As security, at March 31, 2014, the Trust has provided a $25 million demand debenture secured by a first mortgage over nine properties.

10. Unitholders' Equity

(a) Authorized

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

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

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

(b) Issued and Outstanding

	March 31, 2014			December 31, 2013	
	Trust Units (000s)	**Shares (000s)**	**Amount**	Shares (000s)	Amount
Shares outstanding, beginning of the period	**-**	**87,928**	**$ 213,400**	63,980	$ 107,159
Issuance of units:					
REIT conversion, January 1, 2014 (see Note 1)	**87,928**	**(87,928)**	**(1,393)**	-	-
Shares issued for the acquisition of KEYreit	**-**	**-**	**-**	12,893	59,747
Shares issued to terminate KEYreit's asset and property management agreements	**-**	**-**	**-**	825	4,000
Shares issued through bought deal equity raise, net of issuance costs	**-**	**-**	**-**	9,400	38,898
Units/shares issued through distribution reinvestment plan	**175**	**-**	**690**	411	1,707
Units/shares issued through RSU plan	**1**	**-**	**-**	29	-
Units/shares issued through debt conversions (Note 5)					
- face value debentures	**4,004**	**-**	**15,214**	390	1,481
- impact of fair value of convertible debentures	**-**	**-**	**2,283**	-	408
Units/shares outstanding, end of the period	**92,108**	**-**	**$ 230,194**	87,928	$ 213,400

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

Unitholders have the right to redeem their units at the lesser of (i) 90% of the Market Price of the unit (Market Price is defined as the weighted average trading price of the previous 10 trading days) and (ii) the most recent Closing Market Price (Closing Market Price is defined as the weighted average trading price on the specified date) at the time of the redemption. The redemption price will be satisfied by cash, up to a limit of $50 thousand for all redemptions in a calendar month, or a note payable. For the three months ended March 31, 2014 no unitholder had redeemed units.

The Trust has a Distribution Reinvestment Plan to enable Canadian resident unitholders to acquire additional units of the Trust through the reinvestment of distributions on their units. Units issued in connection with the Distribution Reinvestment Plan are issued directly from the treasury of the Trust at a price based on the weighted average closing price of the units for the 5 trading days immediately preceding the relevant distribution date. Participants also receive "bonus units" in an amount equal to 3% of the distribution amount reinvested. Pursuant to the Trust's Distribution Reinvestment Plan, during the three months ended March 31, 2014, unitholders were issued 175 thousand units at a weighted average price of $3.94 per unit (for the year ended December 31, 2013 – 411 thousand shares at a weighted average price of $4.16 per share).

11. Change in Non-Cash Working Capital

	3 Months Ended March 31, 2014	3 Months Ended March 31, 2013
Receivables	**$ (2,221)**	$ (1,188)
Prepaid expenses and mortgage deposits	**(4,642)**	(3,627)
Accounts payable and accrued liabilities	**6,077**	6,766
Income taxes payable	**-**	9
Total cash from change in non-cash working capital	**$ (786)**	$ 1,960

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

12. Financial Instruments and Risk Management

In accordance with IFRS, the Trust is required to classify its financial instruments carried at fair value in the financial statements using a fair value hierarchy that exhibits the significance of the inputs used in making the measurements.

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

The following table shows the fair values and fair value hierarchies for financial assets and financial liabilities and other balance sheet items recorded at fair value and disclosed in the notes to financial statements.

	March 31, 2014			December 31, 2013		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Investment properties	**$ -**	**$ -**	**$ 891,158**	$ -	$ -	$ 900,165
Investment properties held for sale	**-**	**-**	**1,651**	-	-	-
Cash	**-**	**4,517**	**-**	-	25,280	-
Receivables	**-**	**5,492**	**-**	-	3,271	-
Notes receivable	**-**	**8,744**	**-**	-	8,096	-
Tenant loans	**-**	**2,185**	**-**	-	2,351	-
	-	**$ 20,938**	**$ 892,809**	$ -	$ 38,998	$ 900,165
Bank indebtedness	**$ -**	**$ 13,511**	**$ -**	$ -	$ -	$ -
Accounts payable and accrued liabilities	**-**	**21,960**	**-**	-	12,478	-
Total net fixed rate mortgage loans	**-**	**402,870**	**-**	-	399,567	-
Total net variable rate mortgage loans	**-**	**21,285**	**-**	-	23,653	-
Non-convertible debentures	**-**	**3,944**	**-**	-	3,910	-
Mortgage bonds payable	**-**	**11,209**	**-**	-	11,241	-
Notes payable	**-**	**849**	**-**	-	919	-
Bridge facility	**-**	**19,103**	**-**	-	44,393	-
Series A, B, C & D convertible debentures	**61,797**	**-**	**-**	77,016	-	-
Series VI convertible debentures	**-**	**-**	**-**	-	17,497	-
	$ 61,797	**$ 494,731**	**$ -**	$ 77,016	$ 513,658	$ -

The fair value of investment properties is based on a combination of external appraisals and internal valuations based on a capitalization matrix provided by independent appraisers.

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

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

There were no changes to the Trust’s approach to capital management for the three months ended March 31, 2014.

13. Subsequent Events

Distribution and Distribution Reinvestment Plan

The Trust paid a cash distribution of $0.02 per unit for a total of $1.6 million on April 15, 2014 and 61 thousand units were issued at a purchase price of $3.91 per unit for a total of $240 thousand under the distribution reinvestment plan.

Investment Properties

In April 2014, the Trust sold properties in Sudbury, ON and Toronto, ON for gross proceeds of $1.7 million. Net proceeds of $1.7 million were used to partially repay the bridge facility.

Financings

In April, 2014, the Trust increased its operating line to $30.0 million from $21.5 million. In conjunction with this line increase, both the operating line and the $15.0 million development line (both with the same lender) were early renewed until July 31, 2015. Also in conjunction with this line increase, $3.3 million was applied to partially repay the bridge facility.

On April 30, 2014, the Trust obtained long term mortgage financing on SP Magog, Magog, QC in the amount of $11.7 million with a 20 year term and an interest rate of 5.0%. The Trust owns 50% of this property. The Trust's share of the net proceeds (after repayment of drawn lines of credit) of $2.7 million, was applied to partially repay the bridge facility.

On April 30, 2014, the Trust obtained long term financing on Spencer Drive, Charlottetown, PE in the amount of $10.9 million with a 20 year term and an interest rate of 5.15%. The net proceeds (after repayment of drawn lines of credit) of $2.8 million, were applied to partially repay the bridge facility.

On May 1, 2014, the Trust refinanced the mortgage on Tacoma Centre, Dartmouth, NS and refinanced and defeased the mortgage on Tacoma Shoppers, Dartmouth, NS. The new mortgage is in the amount of $13.0 million with a 15 year term and an interest rate of 4.64%. The Trust owns 50% of these properties. The Trust's share of the net proceeds of $2.2 million was applied to partially repay the bridge facility.

On May 7, 2014, the Trust obtained long term mortgage financing on a portfolio of 14 quick service restaurants in Quebec in the amount of $6.4 million with a 5 year term and an interest rate of 3.842%. Part of the net proceeds were used to repay the bridge facility.

On May 7, 2014, the bridge facility has been repaid in full.

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