

Fellow Unitholders:

In many ways, the second quarter of 2020 has been the most challenging quarter in our history. The pandemic created fear and uncertainty in consumers, businesses and governments, which materially affected (both positively and negatively) traffic to our properties and productivity of our tenants' businesses. Over time, people adapted to a "new-normal" and businesses that were mandated to close were slowly reopened across various regions.

During the last few weeks of the first quarter, our focus of managing the growth of our REIT quickly changed to ensuring that we were responsive to the fast-changing needs of our communities, tenants and employees. While the pandemic has had a negative impact on our second quarter results, we have confidence that our business plan is sound and our portfolio is sustainable.

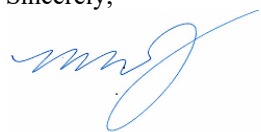
- Our portfolio is composed largely of essential needs retail, which has performed well since the start of the pandemic. 98% of our stores are now open for business.
- Our strategy of focusing on open air-centres has had obvious benefits to our ability to collect rent and maintain enviable occupancy rates. We have collected 92% of July rent to date.
- Largely working remotely, our employees have continued to execute on our operations even as their day-to-day focus has expanded to address the challenges of the pandemic.

We were early adopters of the federal Canada Emergency Commercial Rent Assistance (CECRA) program, which has provided rent relief to many of our smaller tenants. While this has come at a cost, we believed from the outset that it was the right thing to do for our tenants. This will also benefit us by helping to minimize business failures, which interrupts cash flow and incurs leasing-related costs.

In the midst of the pandemic and as a testament to our prudent capital management, we were able to execute on two interesting projects. The first is the upcoming purchase of a grocery-anchored strip located in a secondary market in Ontario, which presents a significant redevelopment opportunity, and demand for space is strong. Our capital partner has agreed to fund our portion of the equity requirement until after the pandemic, which helps our short-term cash position. The second is an Atlantic Superstore (Loblaw)-anchored development in a fast-growing suburb of Halifax, Nova Scotia. Construction on the grocery store has begun, and leasing activity for the remaining space has been positive. As a result of the pandemic, we have also been able to take back space from unproductive retailers that will be re-cycled to more productive and successful operators.

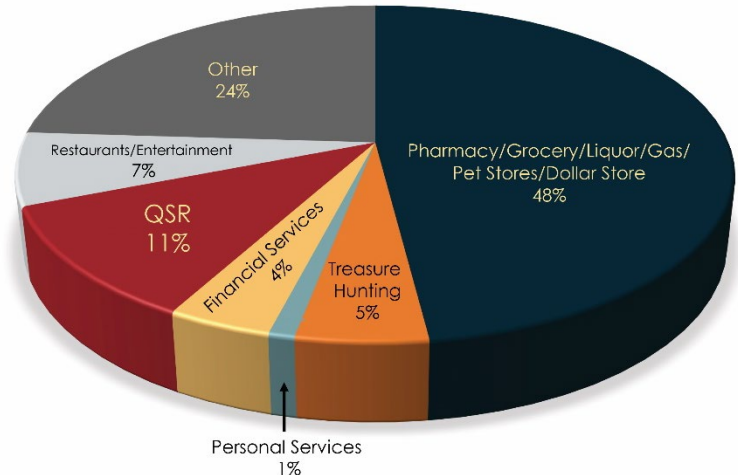
As we look forward, we remain confident in our future. Our portfolio and our business plan have remained relevant, and we believe that we have a solid foundation from which to build as Canada emerges from the pandemic.

Sincerely,

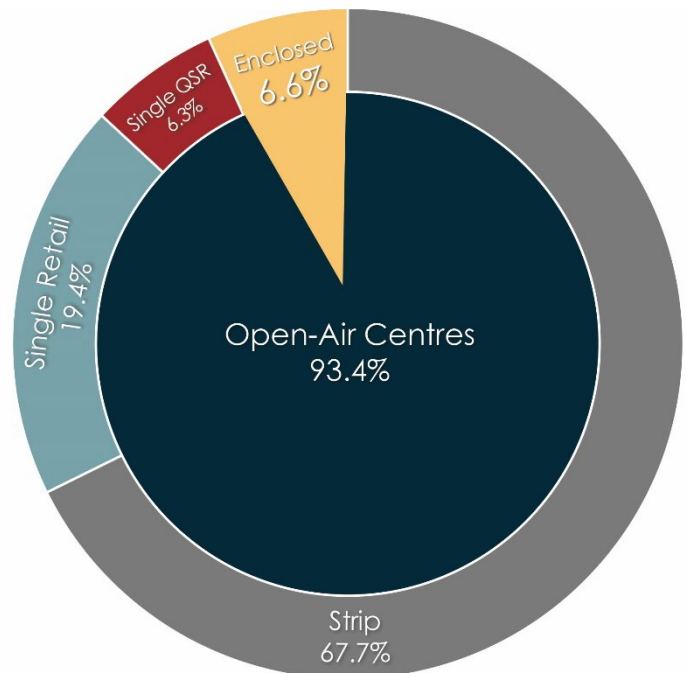


Michael Zakuta
President and CEO

REVENUE BY RETAIL CATEGORY (based on base rents)



MIX BY PROPERTY TYPE (based on base rents)





QUARTERLY REPORT

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

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

**FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2020 AND 2019**

DATED: AUGUST 6, 2020

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PART I

BASIS OF PRESENTATION

Financial information included in this Management's Discussion and Analysis ("MD&A") includes material information up to August 6, 2020. The financial statements to which this MD&A relates were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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

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

FORWARD-LOOKING DISCLAIMER

This MD&A should be read in conjunction with the Trust's Condensed Interim Consolidated Financial Statements and the notes thereto for the six months ended June 30, 2020 and 2019, along with the MD&A of the Trust for the year ended December 31, 2019. Historical results, including trends which might appear, should not be taken as indicative of future operations or results, especially given the uncertainties imposed by the current coronavirus pandemic (also referred to as "COVID-19").

Certain information in this MD&A contains forward-looking statements, based on the Trust's estimates and assumptions, which are subject to numerous known and unknown risks and uncertainties, including those described under the heading "Risks and Uncertainties" in Part V of this MD&A and under the heading "Risk Factors" in the Trust's Annual Information Form ("AIF") for the year ended December 31, 2019. This may cause the actual results, performance and achievements of the Trust to differ materially from future results, performance or achievements expressed or implied by such forward-looking statements. Without limiting the foregoing, the words "believe", "expect", "continue", "anticipate", "could", "may", "intend", "will", "estimate", "goal", "strive", "planning" or "planned" and variations of such words and similar expressions identify forward-looking statements. Forward-looking statements (which involve significant risks and uncertainties and should not be read as guarantees of future performance or results) include, but are not limited to, statements related to distributions, development activities, leasing expectations, financing and the availability of financing sources. Factors that could cause actual results, performance or achievements to differ from those expressed or implied by forward-looking statements include, but are not limited to: the duration and impact of the COVID-19 pandemic on the business, operations and financial condition of the Trust; economic, retail, capital market, debt market and competitive real estate conditions; Plaza's ability to lease or re-lease space at current or anticipated rents; changes in interest rates; changes in operating costs; the availability of development and redevelopment opportunities for growth; tenant insolvencies or bankruptcies; government regulations; and any unforeseen impacts from pandemic conditions. Management believes that the expectations reflected in forward-looking statements are based upon reasonable assumptions, however, management can give no assurance that actual results, performance or achievements will be consistent with these forward-looking statements.

These forward-looking statements are made as of August 6, 2020 and Plaza assumes no obligation to update or revise them to reflect new events or circumstances, except as required by applicable law.

OVERVIEW OF THE BUSINESS

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

Plaza Retail REIT

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

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

Summary of Properties

The Trust’s portfolio at June 30, 2020 includes interests in 272 properties totaling approximately 8.4 million square feet (which are predominantly occupied by national tenants) and additional lands held for development. These include properties indirectly held by Plaza through its subsidiaries and through joint arrangements.

	Number of Properties June 30, 2020⁽¹⁾	Gross Leasable Area (sq. ft.) June 30, 2020^{(1) (2)}	Number of Properties December 31, 2019⁽¹⁾	Gross Leasable Area (sq. ft.) December 31, 2019^{(1) (2)}
Alberta	2	34,238	2	34,238
Manitoba	1	17,018	1	17,018
Newfoundland and Labrador	12	798,699	12	793,854
New Brunswick	52	1,929,751	52	1,943,764
Nova Scotia	34	1,207,531	33	1,161,369
Ontario	66	1,704,642	68	1,690,869
Prince Edward Island	11	596,035	11	596,035
Quebec	94	2,155,503	95	2,146,617
Total	272	8,443,417	274	8,383,764

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

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

BUSINESS ENVIRONMENT AND OUTLOOK

Plaza’s entrepreneurial culture and adaptability, combined with its strong fully-internalized platform, has allowed Plaza to grow and take advantage of opportunities in the marketplace. Plaza has always been dedicated to growing the business through value-add developments and redevelopments and opportunistic acquisitions. Its properties are primarily leased to national retailers, with a focus on retailers in the essential needs market segment – a segment that generally tends to withstand broader economic conditions and is more e-commerce resilient. Plaza’s leasing efforts over the years have produced a portfolio that is dominated by national retailers, providing a more stable cash flow.

The COVID-19 pandemic has had and will continue to have a material impact on Plaza’s business and Plaza’s tenants, the full extent and duration of which is uncertain at this time. The Trust has withdrawn its outlook for 2020 contained in its Management Discussion and Analysis for the year ended December 31, 2019. Please see the discussion under Risks and Uncertainties in Part V and COVID-19 Impacts in Part VI of the MD&A for additional details, including Plaza’s efforts to mitigate the impacts of the COVID-19 pandemic on its business.

DEVELOPMENT PIPELINE AND ACQUISITIONS/DISPOSITIONS
Development Pipeline

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

Properties under development/redevelopment	Square Footage ⁽¹⁾	Ownership	Occupied or Committed at June 30, 2020 ⁽⁴⁾	Anticipated Completion Date ⁽⁵⁾
In Planning/In Development:				
Open-Air Centre:				
Taunton Rd., Oshawa, ON	40,000	50%	n/a	Q3 2021
Plaza de L'Ouest, Sherbrooke, QC – Phase III	20,000	50%	n/a	1-2 years
Fairville Boulevard, Saint John, NB – Phase III.2	8,000	100%	24%	1-2 years
St. Jerome, St. Jerome (Montreal), QC -Phase III.2 ⁽²⁾	70,000	20%	n/a	1-2 years
The Shoppes at Galway, St. John's, NL – Phase I.4 ⁽²⁾	97,500	50%	n/a	1-2 years
The Shoppes at Galway, St. John's, NL – Phase II ⁽²⁾	100,000	50%	n/a	2-3 years
The Shoppes at Galway, St. John's, NL – Phase III ⁽²⁾	85,000	50%	n/a	2-3 years
Hogan Court – Phase II, Bedford, NS	18,094	100%	n/a	1-2 years
100 Saint-Jude Nord, Granby, QC – Phase II ⁽²⁾	40,657	10%	n/a	2-3 years
Tri-City Center, Cambridge, ON	229,000	50%	90%	2-3 years
Single Use:				
Beaubien St., Montreal, QC	10,000	100%	n/a	Q3 2021
464 Dundas St., Belleville, ON ⁽³⁾	2,500	100%	100%	1-2 years
1726 Huron Church Rd, Windsor, ON ⁽³⁾	14,069	100%	n/a	1-2 years
Expansion:				
Champlain St. Plaza, Dieppe (Moncton), NB–Phase II.2	10,000	100%	n/a	1-2 years
Pleasant Street, Yarmouth, NS	1,000	50%	n/a	1-2 years
Queens Place Drive Plaza, Liverpool, NS	4,000	100%	n/a	1-2 years
Granite Drive, New Minas, NS	10,000	100%	n/a	1-2 years
In Construction:				
Enclosed Mall to Open-Air Centre:				
Timiskaming Plaza, New Liskeard, ON	91,179	50%	73%	1-2 years
Open-Air Centre:				
1324 Blvd Talbot, Saguenay (Chicoutimi), QC	104,786	50%	100%	Q3 2020
The Shoppes at Galway, St. John's, NL – Phase I.2 ⁽²⁾	35,341	50%	100%	Q3-Q4 2020
The Shoppes at Galway, St. John's, NL – Phase I.3 ⁽²⁾	32,500	50%	100%	Q4 2020
Hogan Court – Phase I, Bedford, NS	47,361	100%	91%	Q3 2021
Rideau Plaza, Smiths Falls, ON	18,640	75%	n/a	1-2 years
Single Use:				
140 Rue Pres. Kennedy, Levis, QC	3,200	100%	100%	Q3 2020
602 Boulevard Laure, Sept-Iles, QC	2,228	100%	100%	Q3 2020
Expansion:				
Silver Fox Plaza, New Minas, NS	12,560	100%	100%	Q4 2020
Fairville Boulevard, Saint John, NB – Phase III.1	2,380	100%	100%	Q4 2020
Mountainview Plaza, Midland, ON	3,600	20%	100%	Q4 2020
Powell Drive, Carbonear, NL	1,674	100%	n/a	Q4 2020
SP Magog, Magog, QC	1,740	50%	100%	Q2 2021
Total	1,117,009			

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

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

(3) This is an existing property being redeveloped.

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

(5) There is potential for COVID-19 to impact the anticipated completion dates as shown.

Plaza Retail REIT

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

There is excess density at existing properties which would represent approximately 26 thousand additional square feet of gross leasable area, at Plaza's ownership percentage.

At June 30, 2020, there are two land assemblies and two property acquisitions under purchase agreement and subject to due diligence or other conditions. These land purchases and property acquisitions, if executed, will represent an additional 245 thousand square feet of retail space at completion, at Plaza's ownership percentage. The due diligence dates may be extended as part of COVID-19 mitigation efforts.

At June 30, 2020, conditions have been met and due diligence has been completed on the purchase of a grocery-anchored strip plaza for redevelopment, located in a secondary market in Ontario; closing is scheduled for August 2020. Plaza will own a 50% interest in this property on closing, with a partner owning the remaining 50%. The equity required to close this acquisition will be funded with debt from Plaza's partner. The property will represent an additional 90 thousand square feet of retail space at completion, at Plaza's ownership percentage.

The total estimated costs for the developments and redevelopments (noted in the chart on the previous page) are between \$110 million and \$120 million, of which approximately \$61 million has already been spent (all figures represent Plaza's ownership percentage). The unspent amount has not been fully or specifically budgeted or committed at this time. For the projects in construction, remaining costs to complete are between \$13 million and \$14 million. The majority of unspent amounts for Plaza's development projects are funded by Plaza's existing development facilities or construction loans.

Acquisitions/Dispositions

During the six months ended June 30, 2020, the Trust disposed of the following properties:

	%	Net Proceeds
Properties Disposed	Disposed	Six Months Ending June 30, 2020
Total disposals - Quick Service Restaurants – Neufchatel, QC, Hamilton, ON and Windsor, ON	100%	\$ 1,572

In August 2020, the Trust anticipates closing on the sale of a 50% interest in five Shoppers Drug Mart properties, of which the Trust currently owns 100%, to a syndicate of retail investors. It is anticipated this transaction will provide \$4.5 million of net proceeds to Plaza.

SUMMARY OF SELECTED YEAR TO DATE INFORMATION

(000s, except as otherwise noted)	6 Months Ended June 30, 2020 (unaudited)	6 Months Ended June 30, 2019 (unaudited)	6 Months Ended June 30, 2018 (unaudited)
Financial Amounts			
Property rental revenue	\$ 54,103	\$ 58,120	\$ 52,226
Total revenue	\$ 53,379	\$ 62,349	\$ 52,197
NOI ⁽¹⁾	\$ 32,982	\$ 37,927	\$ 31,485
Same-asset NOI ⁽¹⁾	\$ 32,297	\$ 33,208	N/A ⁽³⁾
FFO ⁽¹⁾	\$ 17,055	\$ 21,676	\$ 16,700
AFFO ⁽¹⁾	\$ 14,780	\$ 19,607	\$ 14,713
EBITDA ⁽¹⁾	\$ 31,303	\$ 36,435	\$ 29,524
Profit (loss) and total comprehensive income (loss)	\$ (33,397)	\$ 33,244	\$ 4,161
Total assets	\$ 1,135,219	\$ 1,165,205	\$ 1,061,956
Total non-current liabilities	\$ 540,487	\$ 595,541	\$ 499,068
Total mortgages, mortgage bonds, notes payable, bank credit facilities, and land lease liabilities	\$ 678,501	\$ 537,165	\$ 509,834
Total debentures	\$ 59,623	\$ 64,087	\$ 63,376
Weighted average units outstanding ⁽²⁾	103,127	103,919	103,237
Normal course issuer bid – units repurchased	389	341	-
Amounts on a Per Unit Basis			
FFO ⁽¹⁾	\$ 0.165	\$ 0.209	\$ 0.162
AFFO ⁽¹⁾	\$ 0.143	\$ 0.189	\$ 0.143
Distributions	\$ 0.140	\$ 0.140	\$ 0.140
Financial Ratios			
Weighted average interest rate – fixed rate mortgages	4.18%	4.36%	4.31%
Debt to gross assets (excluding convertible debentures) ⁽⁴⁾	55.0%	51.9%	48.8%
Debt to gross assets (including convertible debentures) ⁽⁴⁾	59.7%	56.4%	53.8%
Interest coverage ratio ⁽¹⁾	2.17x	2.48x	2.21x
Debt coverage ratio ⁽¹⁾	1.59x	1.78x	1.58x
Distributions as a % of FFO	84.6%	67.1%	86.5%
Distributions as a % of AFFO	97.6%	74.2%	98.2%
Leasing Information			
Square footage leased during the period (total portfolio)	449,198	777,161	755,828
Committed occupancy ⁽⁵⁾	95.9%	96.5%	95.4%
Same-asset committed occupancy ⁽⁵⁾	95.8%	96.4%	95.4%
Committed occupancy – including non-consolidated investments ⁽⁶⁾	96.2%	96.7%	95.7%
Mix of Tenancy Based on Base Rents⁽⁵⁾			
National	90.4%	90.7%	90.3%
Regional	3.8%	3.4%	4.0%
Local	3.9%	4.1%	4.3%
Non retail	1.9%	1.8%	1.4%
Other			
Average term to maturity - mortgages	5.7 Years	5.9 Years	5.9 Years
Average term to maturity - leases ⁽⁵⁾	6.0 Years	5.8 Years	5.9 Years
IFRS capitalization rate ⁽⁵⁾	7.35%	7.10%	7.03%

Property Type Breakdown	Number of Properties June 30, 2020	Square Footage (000s)	Number of Properties December 31, 2019	Square Footage (000s)
Open-Air Centres	115	6,331	114	6,266
Enclosed	3	713	3	713
Single Use – Quick Service Restaurant	85	231	88	237
Single Use – Retail	69	1,168	69	1,168
Total	272	8,443	274	8,384

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

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

⁽³⁾ Not applicable as the same-asset calculation relates to assets owned since January 1, 2019.

⁽⁴⁾ As of January 1, 2019, ratios include land lease liabilities and right-of-use land lease assets, prior year comparatives have not been restated.

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

⁽⁶⁾ Excludes properties under development.

PART II

STRATEGY

Plaza's principal goal is to deliver growth in per-unit NAV and FFO from a diversified portfolio of retail properties. To achieve this goal, the Board has set development criteria of a minimum unlevered cash 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:

- acquire or develop properties at a cost that is consistent with the Trust's targeted return on investment;
- maintain high occupancy rates on existing properties while sourcing tenants for properties under development and future acquisitions;
- maintain access to cost effective sources of debt and equity capital to finance acquisitions and new developments; 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 retailer clients or in response to demand;
- well located properties where Plaza can add value through efficiencies, density/development or redevelopment; and
- existing properties that will provide stable recurring cash flows with opportunity for growth.

Management intends to achieve Plaza's goals by:

- acquiring or developing high quality properties with the potential for increases in future cash flows;
- focusing on property leasing, operations and delivering superior services to tenants;
- managing properties to maintain high occupancies and staggering lease maturities appropriately;
- increasing rental rates when market conditions permit;
- achieving appropriate pre-leasing prior to 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;
- raising capital when required in the most cost-effective manner;
- properly integrating new properties acquired;
- using internal expertise to ensure that value is surfaced from all of the properties; and
- periodically reviewing the portfolio to determine if opportunities exist to re-deploy equity from slow growth or non-core properties into higher growth investments.

KEY PERFORMANCE DRIVERS AND INDICATORS

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

Management believes that the key internal performance drivers are:

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

Management believes that the key external performance drivers are:

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

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

- FFO;
- AFFO;
- debt service ratios;
- debt to gross assets;
- same-asset NOI;
- weighted average effective cost of debt;
- distributions as a percentage of FFO and AFFO; 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 growth in per-unit NAV and FFO. The following chart discusses the key performance indicators for the six months ended June 30, 2020 compared to the six months ended June 30, 2019.

FFO ⁽¹⁾		YTD Q2 2020	YTD Q2 2019	% Change
	FFO	\$17,055	\$21,676	(21.3%)
	FFO per unit	\$0.165	\$0.209	(21.1%)
	Distributions as a % of FFO	84.6%	67.1%	26.1%
	<ul style="list-style-type: none"> ➤ The decrease in FFO and FFO per unit was mainly due to the impact of lease buyout revenues recorded from two significant lease buyout transactions in the prior year, an increase in the bad debt expense in the current year, partially offset by lower operating expenses in the current year. ➤ Excluding the effect of the lease buyouts from the current and prior year, FFO would have been 2.0% higher, and on a per unit basis, FFO would have been 2.8% higher ➤ Excluding the effect of the lease buyouts from the current and prior year, impacts of the Canada Emergency Commercial Rent Assistance (“CECRA”) program and bad debt expense from the current year, FFO would have been 12.0% higher, and on a per unit basis, FFO would have been 12.8% higher. 			
AFFO ⁽¹⁾		YTD Q2 2020	YTD Q2 2019	% Change
	AFFO	\$14,780	\$19,607	(24.6%)
	AFFO per unit	\$0.143	\$0.189	(24.3%)
	Distributions as a % of AFFO	97.6%	74.2%	31.5%
	<ul style="list-style-type: none"> ➤ The principal factors influencing AFFO are consistent with those impacting FFO. ➤ Excluding the effect of the lease buyouts from the current and prior year, AFFO would have been 0.9% higher, and on a per unit basis AFFO would have been 1.7% higher. ➤ Excluding the effect of the lease buyouts from the current and prior year, CECRA impacts and bad debt expense from the current year, AFFO would have been 14.1% higher than the prior year and, on a per unit basis, AFFO would have been 15.0% higher than the prior year. 			
Debt Service Ratios ⁽¹⁾		YTD Q2 2020	YTD Q2 2019	% Change
	Interest coverage ratio	2.17x	2.48x	(12.5%)
	Debt coverage ratio	1.59x	1.78x	(10.7%)
	<ul style="list-style-type: none"> ➤ The interest and debt coverage ratios were lower than the prior year mainly due to lease buyout revenues in the prior year. The debt coverage and interest coverage ratios exceed the requirements under borrowing arrangements. 			
Debt to Gross Assets		Q2 2020	Q2 2019	% Change
	Debt to gross assets (excluding convertible debentures)	55.0%	51.9%	6.0%
	Debt to gross assets (including convertible debentures)	59.7%	56.4%	5.8%
	<ul style="list-style-type: none"> ➤ The increase in debt to gross assets over the prior year relates to a significant number of new financings completed in 2019, which Plaza was able to lock in at low interest rates. 			
Same-Asset NOI ⁽¹⁾		YTD Q2 2020	YTD Q2 2019	% Change
	Same-asset NOI	\$32,297	\$33,208	(2.7%)
	<ul style="list-style-type: none"> ➤ Same-asset NOI is lower than the prior year due to an increase in the bad debt expense in the current year, partially offset by lower operating expenses in the current year. ➤ Excluding the effect of the lease buyouts from the current and prior year, same-asset NOI would have been 2.6% lower than the prior year. ➤ Excluding the effect of the lease buyouts from the current and prior year, CECRA impacts and bad debt expense from the current year, same-asset NOI would have been 1.8% higher. 			
Weighted Average Interest Rate – Fixed Rate Mortgages		Q2 2020	Q2 2019	% Change
	Weighted average interest rate – fixed rate mortgages	4.18%	4.36%	(4.1%)
	<ul style="list-style-type: none"> ➤ Plaza continues to finance at low rates. 			
Occupancy Levels		Q2 2020	Q2 2019	% Change
	Committed occupancy ⁽²⁾	95.9%	96.5%	(0.6%)
	Same-asset committed occupancy ⁽²⁾	95.8%	96.4%	(0.6%)
	Committed occupancy – including non-consolidated investments ⁽³⁾	96.2%	96.7%	(0.5%)

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

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

(3) Excludes properties under development.

PROPERTY AND CORPORATE FINANCIAL PERFORMANCE 2020 AND 2019
Funds from Operations (FFO) and Adjusted Funds from Operations (AFFO)

Plaza's summary of FFO and AFFO for the three and six months ended June 30, 2020, compared to the three and six months ended June 30, 2019 is presented below:

	3 Months Ended June 30, 2020	3 Months Ended June 30, 2019	6 Months Ended June 30, 2020	6 Months Ended June 30, 2019
(000s – except per unit amounts and percentage data)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit (loss) and total comprehensive income (loss) for the period attributable to unitholders	\$ (31,265)	\$ 16,863	\$ (33,357)	\$ 33,114
Add (deduct):				
Incremental leasing costs included in administrative expenses	547	550	886	844
Amortization of debenture issuance costs	(102)	(102)	(205)	(205)
Distributions on Class B exchangeable LP units included in finance costs	84	84	167	167
Deferred income taxes	(86)	81	(20)	467
Principal repayments of land lease liabilities	(168)	(165)	(316)	(328)
Fair value adjustment to restricted units	36	3	(233)	15
Fair value adjustment to investment properties	28,639	(11,485)	48,511	(18,114)
Fair value adjustment to investments	4,569	(156)	3,364	(633)
Fair value adjustment to Class B exchangeable LP units	226	47	(1,561)	357
Fair value adjustment to convertible debentures	4,986	1,055	(4,589)	4,214
Fair value adjustment to interest rate swaps	403	1,493	4,153	1,533
Fair value adjustment to right-of-use land lease assets	168	165	316	328
Equity accounting adjustment	14	(8)	185	(7)
Non-controlling interest adjustment	(132)	(9)	(246)	(76)
Basic FFO	\$ 7,919	\$ 8,416	\$ 17,055	\$ 21,676
Add (deduct):				
Non-cash revenue – straight-line rent ⁽⁴⁾	(180)	2	(258)	210
Leasing costs – existing properties ^{(1) (4)}	(593)	(633)	(1,554)	(1,716)
Maintenance capital expenditures – existing properties ^{(1) (4)}	(113)	(326)	(480)	(623)
Non-controlling interest adjustment	13	14	17	60
Basic AFFO	\$ 7,046	\$ 7,473	\$ 14,780	\$ 19,607
Basic weighted average units outstanding ⁽²⁾	102,985	103,838	103,127	103,919
Basic FFO per unit	\$ 0.077	\$ 0.081	\$ 0.165	\$ 0.209
Basic AFFO per unit	\$ 0.068	\$ 0.072	\$ 0.143	\$ 0.189
Gross distributions to unitholders ⁽³⁾	\$ 7,208	\$ 7,263	\$ 14,431	\$ 14,540
Distributions as a percentage of basic FFO	91.0%	86.3%	84.6%	67.1%
Distributions as a percentage of basic AFFO	102.3%	97.2%	97.6%	74.2%
Basic FFO	\$ 7,919	\$ 8,416	\$ 17,055	\$ 21,676
Interest on dilutive convertible debentures	601	601	1,202	1,356
Diluted FFO	\$ 8,520	\$ 9,017	\$ 18,257	\$ 23,032
Diluted weighted average units outstanding ⁽²⁾	111,348	112,200	111,490	113,192
Basic AFFO	\$ 7,046	\$ 7,473	\$ 14,780	\$ 19,607
Interest on dilutive convertible debentures	-	-	-	1,356
Diluted AFFO	\$ 7,046	\$ 7,473	\$ 14,780	\$ 20,963
Diluted weighted average units outstanding ⁽²⁾	102,985	103,838	103,127	113,192
Diluted FFO per unit	\$ 0.077	\$ 0.080	\$ 0.164	\$ 0.203
Diluted AFFO per unit	\$ 0.068	\$ 0.072	\$ 0.143	\$ 0.185

(1) Based on actuals.

(2) Includes Class B exchangeable LP units.

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

(4) Includes proportionate share of expenditures at equity-accounted investments.

Basic FFO for the three months ended June 30, 2020 decreased by \$497 thousand or 5.9% over the prior year and basic FFO per unit for the three months ended June 30, 2020 was 4.9% lower compared to the prior year.

Items impacting FFO were:

- (i) a decrease in same-asset NOI due to an increase in bad debt expense, offset by lower operating expenses and revenue from new leasing, having a net decrease of \$997 thousand;
- (ii) a decrease in administrative costs of \$294 thousand, mainly due to lower professional fees in the current year;
- (iii) a decrease in finance costs of \$237 thousand, mainly due to lower development and operating line interest and lower mortgage bond interest;
- (iv) an increase in NOI of \$198 thousand from acquisitions and properties transferred to IPP in 2019 and 2020;
- (v) an increase in straight line rent of \$182 thousand, of which \$281 thousand relates to the landlord's write-off under the CECRA program; and
- (vi) a decrease of \$526 thousand in other income due to higher prior year development and leasing fees earned from co-owned properties.

For the three months ended June 30, 2020, AFFO decreased by \$427 thousand, or 5.7% over the prior year and AFFO per unit decreased 5.6% over the prior year. The decrease in AFFO was mainly due to the changes in FFO and FFO per unit described above.

Excluding the impact of the lease buyouts from the current and prior year, FFO and FFO per unit would have been 8.4% and 7.6% lower, respectively. AFFO and AFFO per unit adjusted for these same items would have been 8.5% and 7.8% lower, respectively.

Excluding the impact of the lease buyouts from the current and prior year, CECRA impacts and bad debt expense from the current year, FFO and FFO per unit would have been 10.9% and 11.8% higher, respectively. AFFO and AFFO per unit adjusted for these same items would have been 16.6% and 17.6% higher, respectively.

Basic FFO for the six months ended June 30, 2020 decreased by \$4.6 million or 21.3% over the prior year and basic FFO per unit for the six months ended June 30, 2020 was 21.1% lower compared to the prior year.

Items impacting FFO were:

- (i) lease buyout revenues recorded in the prior year of \$5.5 million;
- (ii) a decrease in same-asset NOI due to an increase in bad debt expense, offset by lower operating expenses and revenue from new leasing, having a net impact of \$911 thousand;
- (iii) a decrease in administrative costs of \$577 thousand, mainly due to lower salary expenses and lower professional fees in the current year;
- (iv) an increase in straight line rent of \$466 thousand, of which \$281 thousand relates to the landlord's write-off under the CECRA program; and
- (v) an increase in NOI of \$598 thousand from acquisitions and properties transferred to IPP in 2019 and 2020.

For the six months ended June 30, 2020, AFFO decreased by \$4.8 million, or 24.6% over the prior year and AFFO per unit decreased 24.3% over the prior year. The decrease in AFFO was mainly due to the changes in FFO and FFO per unit described above.

Excluding the impact of the lease buyouts from the current and prior year, FFO and FFO per unit would have been 2.0% and 2.8% higher, respectively. AFFO and AFFO per unit adjusted for these same items would have been 0.9% and 1.7% higher, respectively.

Excluding the impact of the lease buyouts from the current and prior year, CECRA impacts and bad debt expense from the current year, FFO and FFO per unit would have been 12.0% and 12.8% higher, respectively, than the prior year. AFFO and AFFO per unit adjusted for these same items would have been 14.1% and 15.0% higher, respectively, than the prior year.

Profit (Loss) and Total Comprehensive Income (Loss) for the Period

The Trust recorded a loss for the three months ended June 30, 2020 of \$31.3 million compared to a profit of \$17.0 million for the same period in the prior year. The decrease was mainly due to a decrease in the fair value of investment properties of \$28.6 million as compared to a fair value increase of \$11.5 million in the prior year. The fair value decrease year over year was mainly due to an increase in capitalization rates in the current quarter, and more conservative assumptions for underwritten NOI and re-leasing costs. Profit was also impacted by the same factors mentioned in the discussion of FFO above, as well as:

- (i) a net loss of \$5.0 million compared to a net loss of \$1.1 million in the prior year, relating to the non-cash fair value adjustment to convertible debentures;
- (ii) a decrease in the share of profit of associates of \$4.7 million over the prior year, relating to the non-cash fair value adjustment relating to the underlying properties in the current quarter;
- (iii) a decrease in administrative expenses of \$261 thousand over the prior year, mainly due to lower professional fees in the current year; and
- (iv) a net loss of \$403 thousand compared to a net loss of \$1.5 million in the prior year, relating to the non-cash fair value adjustment relating to the interest rate swaps.

The Trust recorded a loss for the six months ended June 30, 2020 of \$33.4 million compared to a profit of \$33.2 million for the same period in the prior year. The decrease was mainly due to a decrease in the fair value of investment properties of \$48.5 million as compared to a fair value increase of \$18.1 million in the prior year. The fair value decrease year over year was mainly due to an increase in capitalization rates, and more conservative assumptions for underwritten NOI and re-leasing costs. Profit was also impacted by the same factors mentioned in the discussion of FFO above, as well as:

- (i) a net gain of \$4.6 million compared to a net loss of \$4.2 million in the prior year, relating to the non-cash fair value adjustment to convertible debentures;
- (ii) a net gain of \$1.6 million compared to a net loss of \$357 thousand in the prior year, relating to the non-cash fair value adjustment relating to the Class B exchangeable LP units;
- (iii) a net loss of \$4.2 million compared to a net loss of \$1.5 million in the prior year, relating to the non-cash fair value adjustment relating to the interest rate swaps;
- (iv) a decrease in the share of profit of associates of \$4.1 million over the prior year, relating to the non-cash fair value adjustment relating to the underlying properties in the current year; and
- (v) a decrease in administrative expenses of \$825 thousand over the prior year, mainly due to lower salary expenses and lower professional fees in the current year.

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

Same-asset categorization refers to those properties which were owned and operated by Plaza for the six months June 30, 2020 and the entire year ended December 31, 2019 and excludes partial year results from certain assets due to timing of acquisition, development, redevelopment or disposition.

Significant portions of the Trust's leases have common cost recoveries from tenants linked to the consumer price index ("CPI"). At June 30, 2020, approximately 47.3% 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 other operating 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 open-air centres and single use properties are responsible for their own utilities, and changes to these costs do not materially impact NOI.

	3 Months Ended June 30, 2020 (unaudited)	3 Months Ended June 30, 2019 (unaudited)	6 Months Ended June 30, 2020 (unaudited)	6 Months Ended June 30, 2019 (unaudited)
(000s)				
Same-asset rental revenue	\$ 24,882	\$ 25,178	\$ 50,336	\$ 50,344
Same-asset operating expenses	(3,898)	(3,274)	(7,789)	(7,084)
Same-asset realty tax expense	(5,127)	(5,050)	(10,250)	(10,052)
Same-asset NOI	\$ 15,857	\$ 16,854	\$ 32,297	\$ 33,208

Same-asset NOI for the three and six months ended June 30, 2020 was down 5.9% and 2.7%, respectively compared to the prior year mainly due to vacancies from lease buyouts during 2019, an increase in bad debt expense in the current year offset by new lease up and rent increases in the portfolio along with a decrease in operating expenses in the current year.

Excluding the effect of the lost NOI due to lease buyouts, same asset NOI for the three months ended June 30, 2020 would have been 6.5% lower and for the six months ended June 30, 2020 would have been 2.6% lower compared with the same periods in the prior year. Excluding the effect of lease buyouts, CECRA impacts and bad debt expense from the current year, same-asset NOI for the three months ended June 30, 2020 would have been 2.2% higher and for the six months ended June 30, 2020 would have been 1.8% higher compared with the same periods in the prior year.

Plaza Retail REIT

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

	3 Months Ended June 30, 2020 (unaudited)	3 Months Ended June 30, 2019 (unaudited)	6 Months Ended June 30, 2020 (unaudited)	6 Months Ended June 30, 2019 (unaudited)
(000s except percentage data)				
New Brunswick	\$ 4,103	\$ 4,554	\$ 8,540	\$ 8,932
Nova Scotia	2,834	2,717	5,678	5,439
Quebec	3,220	3,417	6,444	6,701
Alberta	197	179	398	379
Manitoba	94	88	182	176
Ontario	2,492	2,505	4,987	4,945
Newfoundland and Labrador	1,111	1,478	2,372	2,854
Prince Edward Island	1,806	1,916	3,696	3,782
Same-asset NOI	\$ 15,857	\$ 16,854	\$ 32,297	\$ 33,208
Percentage increase over prior period	(5.9%)		(2.7%)	

Net Property Operating Income (NOI)

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

	3 Months Ended June 30, 2020 (unaudited)	3 Months Ended June 30, 2019 (unaudited)	6 Months Ended June 30, 2020 (unaudited)	6 Months Ended June 30, 2019 (unaudited)
(000s)				
Same-asset NOI	\$ 15,857	\$ 16,854	\$ 32,297	\$ 33,208
Developments and redevelopments transferred to income producing in 2019 (\$2.2 million annualized NOI)	437	277	894	545
Developments and redevelopments transferred to income producing in 2020 (\$904 thousand annualized NOI)	80	77	196	174
Acquisitions (\$1.2 million annualized NOI)	121	224	380	239
NOI from properties currently under development and redevelopment (\$3.2 million annualized NOI)	186	4	211	124
Straight-line rent	180	(3)	258	(208)
Administrative expenses charged to NOI	(872)	(902)	(1,605)	(1,695)
Lease buyout revenue	-	-	87	5,502
Properties disposed	139	(11)	164	66
Other	(34)	(71)	100	(28)
Total NOI	\$ 16,094	\$ 16,449	\$ 32,982	\$ 37,927

Share of Profit of Associates

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

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

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

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

Share of profit of associates for the three months ended June 30, 2020 includes Plaza's share of NOI of approximately \$1.1 million compared to \$1.0 million for the three months ended June 30, 2019. Share of profit of associates decreased by \$4.7 million for the three months ended June 30, 2020 compared to the three months ended June 30, 2019. The decrease was mainly due to the non-cash fair value adjustment to the underlying investment properties.

Share of profit of associates for the six months ended June 30, 2020 includes Plaza's share of NOI of approximately \$2.3 million compared to \$2.0 million for the six months ended June 30, 2019. Share of profit of associates decreased by \$4.1 million for the six months ended June 30, 2020 compared to the six months ended June 30, 2019. The decrease was mainly due to the non-cash fair value adjustment to the underlying investment properties.

Overall committed occupancy for non-consolidated investments (excluding land under development) was 98.9% at June 30, 2020, compared to 98.3% at June 30, 2019.

Distributions received from associates for the three months ended June 30, 2020 were \$231 thousand compared to \$234 thousand for the three months ended June 30, 2019 for regular distributions. Distributions received from associates for the six months ended June 30, 2020 were consistent with the six months ended June 30, 2019 at \$1.1 million for regular distributions. In addition to the regular distribution there was a one-time distribution of \$444 thousand in the prior year as a result of proceeds from a re-financing at an underlying investment property.

Finance Costs

Finance costs for the three months ended June 30, 2020 were \$7.2 million, compared to \$7.4 million for the same period in the prior year. Finance costs were impacted by:

- (i) lower operating and development line of credit interest of \$176 thousand; and
- (ii) lower mortgage bond interest of \$75 thousand due to the maturing of Series XI mortgage bonds in July 2019.

Finance costs for the six months ended June 30, 2020 were \$14.5 million, compared to \$14.8 million for the same period in the prior year. Finance costs were impacted by:

- (i) higher mortgage interest of \$333 thousand;
- (ii) lower operating and development line of credit interest of \$405 thousand; and
- (iii) lower mortgage bond interest of \$175 thousand due to the maturing of Series XI mortgage bonds in July 2019.

Administrative Expenses

Administrative expenses for the three months ended June 30, 2020 were \$261 thousand lower than the prior year mainly due to lower professional fees incurred in the current year.

Administrative expenses for the six months ended June 30, 2020 were \$825 thousand lower than the prior year due to lower salary expenses, a reduction in the fair value of restricted and deferred units in the current year, and lower professional fees.

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

Change in Fair Value of Investment Properties

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

The Trust recorded a fair value decrease to investment properties of \$28.6 million for the three months ended June 30, 2020 compared to a fair value increase of \$11.5 million for the three months ended June 30, 2019. The Trust recorded a fair value decrease to investment properties of \$48.5 million for the six months ended June 30, 2020 compared to a fair value increase of \$18.1 million for the six months ended June 30, 2019. The weighted average capitalization rate at June 30, 2020 was 7.35% compared to 7.07% at December 31, 2019 and 7.10% at June 30, 2019. The fair value decrease when comparing the three and six months ended June 30, 2020 to the three and six months ended June 30, 2019 was mainly due to an increase in capitalization rates, as well as more conservative assumptions for underwritten NOI and re-leasing costs.

Change in Fair Value of Convertible Debentures

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

The fair value adjustment to convertible debentures for the three months ended June 30, 2020 was a net loss of \$5.0 million compared to a net loss of \$1.1 million in the prior year. The fair value adjustment to convertible debentures for the six months ended June 30, 2020 was a net gain of \$4.6 million compared to a net loss of \$4.2 million in the prior year.

Change in Fair Value of Class B Exchangeable LP Units

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

The fair value adjustment to Class B exchangeable LP units for the three months ended June 30, 2020 was a net loss of \$226 thousand compared to a net loss of \$47 thousand in the prior year. The fair value adjustment to Class B exchangeable LP units for the six months ended June 30, 2020 was a net gain of \$1.6 million compared to a net loss of \$357 thousand in the prior year.

LEASING AND OCCUPANCY

The following table represents leases expiring for the next 5 years and thereafter for Plaza's property portfolio at June 30, 2020 (excluding developments, redevelopments and non-consolidated investments).

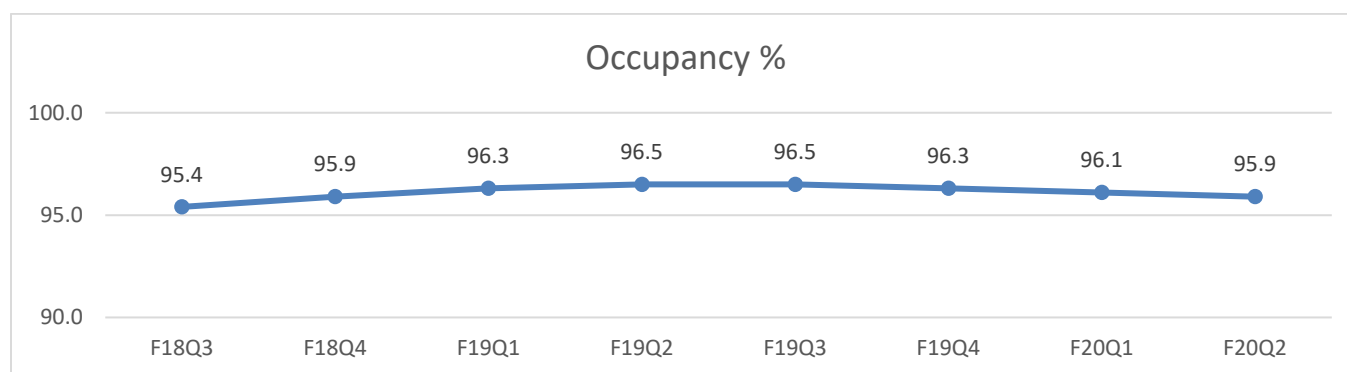
Year	Open-Air Centres		Enclosed Malls		Single-User Retail		Single-User QSR ⁽²⁾		Total	
	Sq Ft ⁽¹⁾	%	Sq Ft ⁽¹⁾	%	Sq Ft ⁽¹⁾	%	Sq Ft ⁽¹⁾	%	Sq Ft ⁽¹⁾	%
2020	187,121	3.9	26,671	4.4	14,580	1.6	9,962	5.4	238,334	3.7
2021	572,048	12.0	131,963	21.5	38,537	4.3	19,731	10.6	762,279	11.8
2022	442,743	9.3	59,462	9.7	103,739	11.6	35,702	19.2	641,646	9.9
2023	596,387	12.5	179,865	29.4	154,177	17.3	32,464	17.5	962,893	14.9
2024	500,114	10.5	81,442	13.3	50,262	5.6	-	-	631,818	9.8
2025	439,840	9.2	41,328	6.7	141,935	15.9	2,650	1.4	625,753	9.7
Thereafter	2,035,216	42.6	91,608	15.0	389,612	43.7	85,098	45.9	2,601,534	40.2
Subtotal	4,773,469	100.0	612,339	100.0	892,842	100.0	185,607	100.0	6,464,257	100.0
Vacant	160,762		100,724		-		18,218		279,704	
Total	4,934,231		713,063		892,842		203,825		6,743,961	
Weighted average lease term	6.3 years		3.4 years		6.0 years		6.1 years		6.0 years	

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

⁽²⁾ QSR refers to quick service restaurants.

At June 30, 2020, overall committed occupancy for the portfolio (excluding properties under development, redevelopment and non-consolidated investments) was 95.9% compared to 96.5% at June 30, 2019. Same-asset committed occupancy was 95.8% at June 30, 2020, compared to 96.4% at June 30, 2019. Committed occupancy including non-consolidated investments (excluding properties under development and redevelopment) was 96.2% compared to 96.7% at June 30 2019.

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



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The weighted average contractual base rent per square foot on renewals/new leasing in 2020 versus expiries (excluding developments, redevelopments and non-consolidated investments) is outlined in the following table:

	Open-Air Centres	Enclosed Malls	Single-User Retail	Single-User QSR
2020 – Q2 YTD				
Leasing renewals (sq. ft.)	227,810	57,293	1,438	4,452
Weighted average rent (\$/sq. ft.)	\$15.18	\$6.04	\$23.00	\$25.86
Change in weighted average rent	3.0%	(1.0)%	-	-
Expiries that renewed (sq. ft.)	227,810	57,293	1,438	4,452
Weighted average rent (\$/sq. ft.)	\$14.73	\$6.10	\$23.00	\$25.86
New leasing (sq. ft.)	50,083	3,934	2,370	-
Weighted average rent (\$/sq. ft.)	\$17.92	\$17.34	\$43.00	-
Expiries not renewed (sq. ft.)	56,485	18,875	1,590	8,010
Weighted average rent (\$/sq. ft.)	\$15.69	\$22.43	\$42.00	\$29.20
2020 – Remainder of Year				
Expiries (sq. ft.)	187,121	26,671	14,580	9,962
Weighted average rent (\$/sq. ft.)	\$13.64	\$14.46	\$7.54	\$30.09

In addition, for the six months ended June 30, 2020, the Trust completed 65 thousand square feet of new and renewal leasing deals on developments and redevelopments at market rates and 35 thousand square feet of new and renewal leasing deals at market rates at non-consolidated investments.

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

- Committed occupancy in the open-air centres was 96.7% at June 30, 2020, compared to 97.3% at June 30, 2019.
- Committed occupancy for enclosed malls was 85.9% at June 30, 2020, compared to 87.7% at June 30, 2019.
- Committed occupancy for single use assets was 98.4% at June 30, 2020, compared to 98.9% at June 30, 2019.
- Pre-leased space in active properties under development was 85.3% at June 30, 2020.

Plaza has built a portfolio with a high quality revenue stream. Plaza's ten largest tenants based upon current monthly base rents at June 30, 2020 represent approximately 54.3% of total base rent revenues in place.

	% of Base Rent Revenue ⁽⁷⁾		% of Base Rent Revenue ⁽⁶⁾
1. Shoppers Drug Mart/Loblaw ⁽¹⁾	25.5	6. TJX Group ⁽⁵⁾	3.4
2. Dollarama	5.3	7. Staples	3.0
3. KFC ⁽²⁾	5.1	8. Bulk Barn	1.8
4. Canadian Tire Group ⁽³⁾	3.6	9. Tim Hortons/Burger King (RBI)	1.6
5. Sobeys Group ⁽⁴⁾	3.5	10. goeasy Ltd. ⁽⁶⁾	1.5
Total: 54.3%			

(1) Shoppers Drug Mart/Loblaw represents the following stores: Shoppers Drug Mart, No Frills, and Maxi.

(2) The majority is represented by 2 operators.

(3) Canadian Tire Group represents the following stores: Canadian Tire, Mark's/L'Équipeur, Party City and Sport Chek.

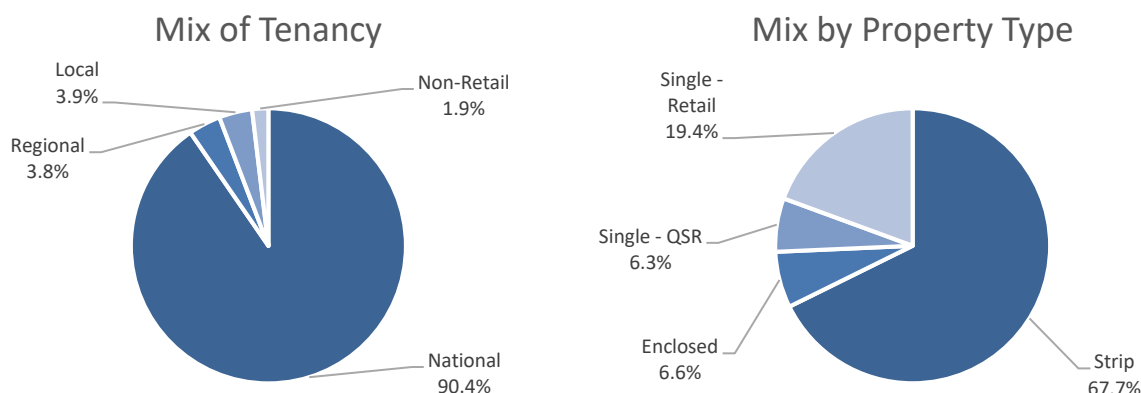
(4) Sobeys Group represents the following stores: Sobeys, IGA, Sobeys Fast Fuel and Lawtons.

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

(6) goeasy Ltd. represents the following stores: easyfinancial and easyhome.

(7) Excludes developments, redevelopments and non-consolidated investments.

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



PART III

OPERATING LIQUIDITY AND WORKING CAPITAL

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

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

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

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

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

Plaza's annual distributions are currently set at \$0.28 per unit.

Plaza Retail REIT

	3 Months Ended June 30, 2020 (unaudited)	3 Months Ended June 30, 2019 (unaudited)	6 Months Ended June 30, 2020 (unaudited)	6 Months Ended June 30, 2019 (unaudited)
(000s)				
Cash distributions paid ⁽¹⁾	\$ 7,208	\$ 7,263	\$ 14,431	\$ 14,540

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

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

	3 Months Ended June 30, 2020 (unaudited)	3 Months Ended June 30, 2019 (unaudited)	6 Months Ended June 30, 2020 (unaudited)	6 Months Ended June 30, 2019 (unaudited)
(000s)				
Cash provided by operating activities ⁽¹⁾	\$ (616)	\$ 6,730	\$ 9,721	\$ 19,504
Total distributions ⁽²⁾	(7,208)	(7,263)	(14,431)	(14,540)
Excess (shortfall) of cash provided by operating activities over total distributions	\$ (7,824)	\$ (533)	\$ (4,710)	\$ 4,964

⁽¹⁾ Cash provided by operating activities is presented net of interest paid, but excludes distributions paid on Class B exchangeable LP units classified as finance costs and excludes Series X mortgage bond receivable of \$3.1 million.

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

As a result of the timing of significant property tax payments, and decreased rent collections in Q2 due to COVID-19, distributions exceed cash provided by operating activities in the second quarter of both the current and prior year. Since the shortfall is due to timing and temporary impacts, Plaza does not believe that the distributions should be regarded as a return of capital for income tax purposes. In the interim, the excess distributions have been funded through Plaza's operating line of credit. This involves additional risk, as interest rates may rise, and Plaza's operating line may not have sufficient availability to fund distributions in the future. Plaza believes its current distributions are sustainable based on expected and historical results and cash flows. The Trust continuously assesses the sustainability of future cash distributions based on various factors, including Plaza's operations and others discussed above.

During Q2, Plaza collected 78% of monthly gross rent, before contributions from the federal government under the CECRA program. Including anticipated contributions from the federal government under the CECRA program, most of which has been received to date, the Q2 collection rate would have been 82%. Plaza anticipates this impact is temporary, as 98% of its portfolio is now open, and July rent collections to date have totaled 92%, including contributions from the federal government most of which has been received to date. To assist certain tenants impacted by COVID-19, Plaza has also deferred 7% of Q2 rent, with repayment of the deferred rent over time generally commencing in Q3 2020, and written-off 2% of gross rent representing the landlord's 25% contribution under the CECRA program.

CAPITAL RESOURCES, EQUITY AND DEBT ACTIVITIES
Operating and Development Facilities

(000s)	\$44.0 Million Operating	\$20.0 Million Development	\$15.0 Million Development
December 31, 2019 ⁽¹⁾	\$ 17,339	\$ -	\$ 8,924
Net change	23,289	-	(7,981)
June 30, 2020 ⁽¹⁾	\$ 40,628	\$ -	\$ 943
Interest rate	Prime + 0.75% or BA + 2.0% ⁽²⁾	Prime + 0.75% or BA + 2.25%	Prime + 0.75% or BA + 2.0% ⁽²⁾
Maturity	July 31, 2021	July 31, 2021	July 31, 2021
Security	First charges on pledged properties	First charges on applicable pledged development property	First charges on applicable pledged development property
Other terms	Debt service, maximum leverage, occupancy & equity maintenance covenants	Debt service & maximum leverage covenants	Debt service, maximum leverage, occupancy & equity maintenance covenants
Line reservations available for letters-of-credit	\$2.0 million	\$1.5 million	\$0.5 million
Issued and outstanding	\$0.5 million	-	-

⁽¹⁾ Excludes unamortized finance charges.

⁽²⁾ Subsequent to quarter end the operating line and \$15.0 million development lines were renewed with interest rates of Prime + 1.50% and BA + 2.75% effective July 31, 2020.

Funding is secured by first mortgage charges on properties or development properties as applicable. The Trust must maintain certain financial ratios to comply with the facilities. As of June 30, 2020, all debt covenants in respect of the above facilities have been maintained.

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

Plaza’s liquidity is comprised of \$7.5 million of cash, \$2.9 million available to be drawn on the operating line, \$34.1 million of unused development facilities, \$8.0 million of unused construction facilities, including non-consolidated investments, and unencumbered assets with a value of approximately \$26 million.

Mortgage Bonds

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

(000s)	Series X.1	Series X.2	Series XII
Interest rate	6.00%	6.15%	5.50%
Maturity date	March 25, 2021	June 25, 2022	July 15, 2022
Amount	\$2,005	\$3,195	\$3,000

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

On June 25, 2020, \$6.0 million of Series X mortgage bonds matured and \$5.2 million of these bonds were extended or issued. Of the \$5.2 million, \$2.0 million of these bonds were extended to March 25, 2021 at an interest rate of 6.0% and \$3.2 million of these bonds were extended to June 25, 2022 at an interest rate of 6.15%.

Debentures

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

(000s)	Convertible Series E	Convertible Series VII	Non-convertible Series I	Non-convertible Series II
Interest rate	5.10%	5.50%	5.00%	5.00%
Conversion price	\$5.65	\$6.04	n/a	n/a
Par call date	April 1, 2022	June 30, 2020	n/a	n/a
Maturity date	March 31, 2023	June 30, 2021	May 2, 2021	February 28, 2022
Face amount	\$47,250	\$5,500	\$3,860	\$6,000

Mortgages

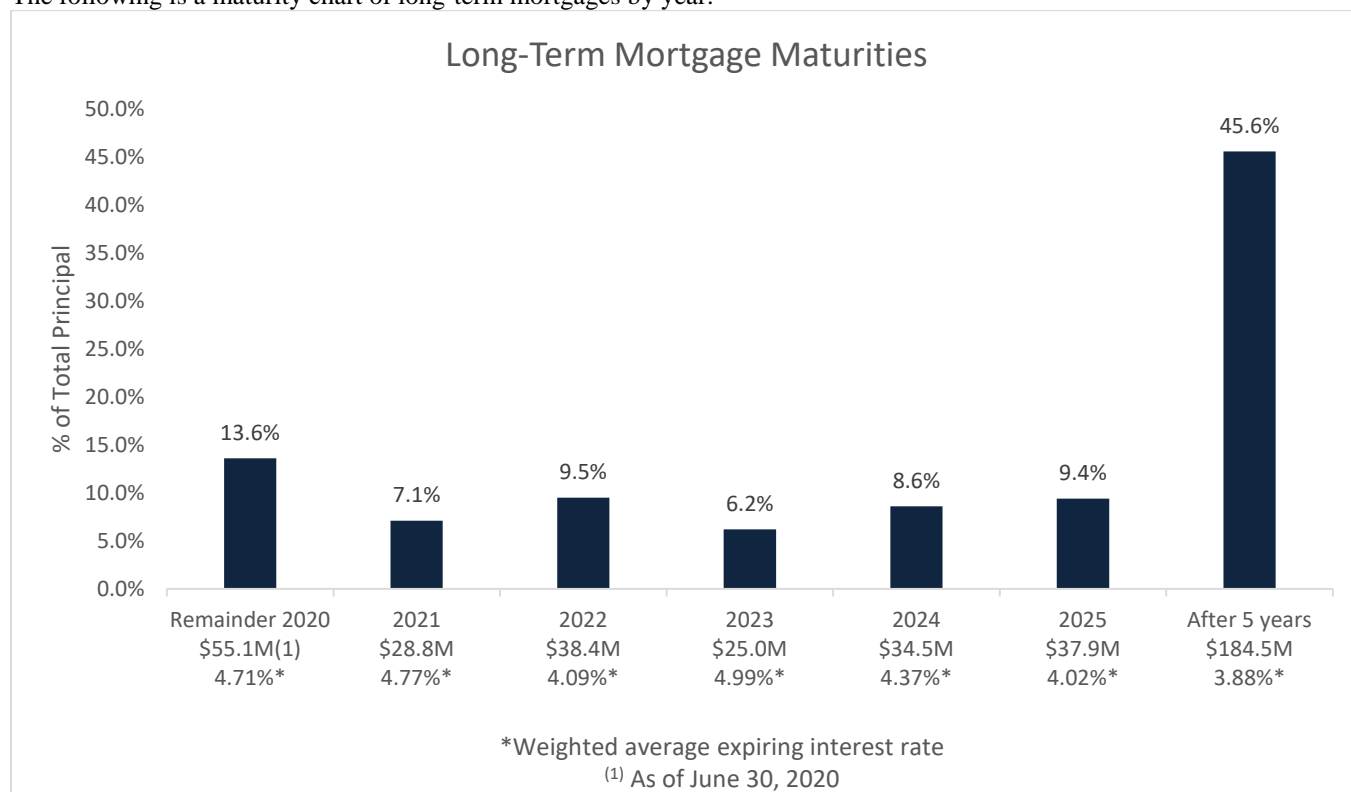
During 2020, the Trust obtained new long-term financing for a property located in Mississauga, ON in the amount of \$5.75 million with a term of 10 years and an interest rate of 3.75%, at the Trust's consolidated percentage ownership of 50%.

During 2020, the Trust obtained new long-term financing for a property located in Brampton, ON in the amount of \$9.4 million with a term of 10 years and an interest rate of 2.29% and a mortgage was refinanced for a property located in St. Thomas, ON in the amount of \$6.0 million with a term of 10 years and an interest rate of 2.68%.

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

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

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



The weighted average term to maturity for the long-term mortgages is 5.7 years. The average remaining repayment (amortization) period on long-term mortgage debt is 21.8 years.

Plaza Retail REIT

Debt Service Ratios

Plaza's summary of EBITDA and debt service ratios for the three and six months ended June 30, 2020, compared to the three and six months ended June 30, 2019 is presented below:

	3 Months Ended June 30, 2020 (unaudited)	3 Months Ended June 30, 2019 (unaudited)	6 Months Ended June 30, 2020 (unaudited)	6 Months Ended June 30, 2019 (unaudited)
(000s – except debt service ratios)				
Profit (loss) and total comprehensive income (loss) for the period	\$ (31,299)	\$ 16,954	\$ (33,397)	\$ 33,244
Add (deduct):				
Income taxes	(52)	76	46	657
Finance costs	7,201	7,438	14,508	14,841
Fair value adjustment to investment properties	28,639	(11,485)	48,511	(18,114)
Fair value adjustment to investments	4,569	(156)	3,364	(633)
Fair value adjustment to convertible debentures	4,986	1,055	(4,589)	4,214
Fair value adjustment to Class B exchangeable LP units	226	47	(1,561)	357
Fair value adjustment to restricted and deferred units	36	3	(233)	15
Fair value adjustment to interest rate swaps	403	1,493	4,153	1,533
Fair value adjustment to right-of-use land lease assets	168	165	316	328
Equity accounting adjustment for interest rate swaps	14	(8)	185	(7)
EBITDA	\$ 14,891	\$ 15,582	\$ 31,303	\$ 36,435
Finance costs ⁽¹⁾	\$ 7,158	\$ 7,323	\$ 14,423	\$ 14,691
Periodic mortgage principal repayments ⁽²⁾	2,219	2,842	5,212	5,736
Total debt service	\$ 9,377	\$ 10,165	\$ 19,635	\$ 20,427
Debt service ratios				
Interest coverage ratio	2.08 times	2.13 times	2.17 times	2.48 times
Debt coverage ratio	1.59 times	1.53 times	1.59 times	1.78 times

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

(2) Includes land lease principal repayments.

For the six months ended June 30, 2020, the interest and debt coverage ratios were lower than the prior year mainly due to \$5.5 million in lease buyout revenues recorded in the prior year.

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

Debt to Gross Assets

Plaza's debt to gross assets is presented below:

	June 30, 2020	December 31, 2019	June 30, 2019
Debt to gross assets:			
Including convertible debentures ⁽¹⁾	59.7%	56.3%	56.4%
Excluding convertible debentures	55.0%	51.8%	51.9%

(1) Convertible debentures valued at cost.

The increase in debt to gross assets over the prior year relates to a significant number of new financings completed in 2019 at low interest rates. On January 1, 2019, the new accounting standard on leases was implemented requiring Plaza to record land lease liabilities and right-of-use land lease assets on its books. Excluding land leases and excluding convertible debentures, the debt to gross assets ratio is 52.5%; excluding land leases and including convertible debentures, the ratio is 57.4%. By its Declaration of Trust, Plaza is limited to an overall indebtedness ratio of 60% excluding convertible debentures and 65% including convertible debentures.

Units

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

At August 6, 2020 (000s) (unaudited)	Units
Current outstanding units	101,780
Class B exchangeable LP units	1,191
Series VII convertible debentures	911
Series E convertible debentures	8,363
Total adjusted units outstanding	112,245

On September 26, 2019, the Trust announced that it had received approval from the TSX for the renewal of its normal course issuer bid (“NCIB”) for a further year. The period of the renewed NCIB commenced on September 28, 2019, with purchases able to be made as at the open of markets on September 30, 2019, and will conclude on the earlier of the date on which purchases under the bid have been completed and September 27, 2020. Under the terms of the renewed NCIB, the Trust can purchase up to 8,096,331 of its issued and outstanding units through the facilities of the TSX and any alternative trading system in Canada. Subject to certain prescribed exemptions and any block purchase made in accordance with the rules of the TSX, daily purchases made by the Trust may not exceed 12,433 units, representing 25% of the average daily trading volume of the units on the TSX for the six-month period ended August 31, 2019 (being 49,733 units). All units that are purchased under the renewed NCIB will be cancelled (on a monthly basis, on or before the record date for each monthly distribution). Unitholders may obtain a copy of the NCIB renewal notice, without charge, by contacting the Trust.

Plaza also entered into a new automatic securities purchase plan agreement (the “Plan”) with its designated broker in order to facilitate purchases of units under the renewed NCIB. The Plan, which was pre-cleared by the TSX, allows for purchases of units by Plaza at times when it would ordinarily not be permitted to make purchases due to regulatory restrictions or self-imposed blackout periods. The Plan will terminate on September 27, 2020.

For the six months ended June 30, 2020, 389,497 units have been repurchased for cancellation under the renewed NCIB at a weighted average price of \$3.5902. With this, to June 30, 2020, Plaza has purchased a total of 1,101,386 units since the commencement of the original NCIB on September 28, 2018 at a weighted average of \$4.0191.

Subsequent to quarter end, an additional 3,300 units have been repurchased under the renewed NCIB at an average unit price of \$3.3370.

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.

In January 2016, the IASB issued IFRS 16, *Leases* (“IFRS 16”). The new standard replaced the previous lease guidance in IFRS and related interpretations, requiring lessees to bring most leases on their statement of financial position. Lessor accounting remains similar to the current standard and the distinction between operating and finance leases is retained. The new standard was effective beginning January 1, 2019.

The Trust has investment properties located on land which is leased. Under the former lease standard, these leases were accounted for as operating leases and the related lease payments were expensed. Under the new lease standard, right-of-use (“ROU”) assets and land lease liabilities have been recorded along with the corresponding financing charges. The ROU assets are accounted for as investment property, as these land leases meet the definition of investment property under IAS 40, *Investment property*.

At transition, for leases classified as operating leases under the old standard, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Trust’s incremental borrowing rate as at January 1, 2019. The Trust elected to measure all its ROU assets at an amount equal to the lease liabilities, adjusted for any prepaid or accrued lease payments.

As at January 1, 2019, the Trust recognized lease liabilities of \$60.6 million recorded as land lease liabilities and ROU assets of \$60.6 million in investment properties on its statement of financial position. The nature and timing of the related expenses has changed under the new standard, as IFRS 16 replaces the straight-line operating lease expense recorded in NOI with interest expense on lease liabilities. Changes in the fair value of the ROU assets are also now being recorded.

Land lease commitments at December 31, 2018	\$ 126,374
Additional land lease commitments upon transition ⁽¹⁾	16,782
Total land lease liability commitments	143,156
Discounted using the incremental borrowing rate at January 1, 2019	(82,586)
Land lease liabilities recognized at January 1, 2019	\$ 60,570

⁽¹⁾ Land lease commitments upon transition represent those leases that, in the opinion of management, will be renewed for terms beyond the current contractual commitments based on the estimated useful lives of the investment properties occupying the leased land.

When measuring lease liabilities for leases that were classified as operating leases, the Trust discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted average rate applied was 4.67%.

The Trust has 26 long-term land leases (affecting 25 properties). One of the land leases relates to shared parking facilities. Land leases expire (excluding any non-automatic renewal periods) on dates ranging from 2022 to 2084 with an average life of 35 years, with some of the leases also containing non-automatic renewal options, extending the average life of the leases to 60 years including these non-automatic renewal options. Of the 26 land leases, 10 of the land leases have options to purchase, generally at fair market value. At June 30, 2020, the recorded amount of the right-of-use assets and land lease liabilities is \$59.6 million.

Plaza Retail REIT

Gross Capital Additions Including Leasing Fees:

(000s)	3 Months Ended June 30, 2020 (unaudited)	3 Months Ended June 30, 2019 (unaudited)	6 Months Ended June 30, 2020 (unaudited)	6 Months Ended June 30, 2019 (unaudited)
Existing properties				
Leasing commissions	\$ 73	\$ 48	\$ 281	\$ 163
Other leasing costs	37	253	494	950
	110	301	775	1,113
Maintenance capital expenditures	113	326	480	623
Total capital additions – existing properties	223	627	1,255	1,736
Development/redevelopment properties				
Leasing commissions	-	6	38	33
Other leasing costs	2,090	1,826	3,991	4,300
Capital additions	4,675	4,476	6,825	5,931
Total capital additions - developments/redevelopments	6,765	6,308	10,854	10,264
Total gross additions per statements of cash flows	\$ 6,988	\$ 6,935	\$ 12,109	\$ 12,000
Reconciliation of leasing costs for AFFO purposes				
Leasing costs – existing properties per above	110	\$ 301	\$ 775	\$ 1,113
Internal leasing salaries	483	332	779	603
Total leasing costs – existing properties for AFFO	\$ 593	\$ 633	\$ 1,554	\$ 1,716

COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

The Trust estimates \$4.7 million in commitments in respect of development activities for the remainder of 2020. Management believes that Plaza has sufficient unused bank and development line availability, and/or mortgage bond deployment potential, to fund these commitments.

The Trust's estimated commitments at June 30, 2020 in respect of certain projects under development and other long-term obligations are as follows:

	Remainder 2020	Year 1 2021	Year 2 2022	Year 3 2023	Year 4 2024	Year 5 2025	After 5 Years	Face Value Total
Mortgages – periodic payments	\$ 5,794	\$ 10,451	\$ 10,271	\$ 8,858	\$ 8,567	\$ 7,332	\$ 26,185	\$ 77,458
Mortgages – due at maturity	55,123	28,813	38,433	24,984	34,549	37,878	184,507	404,287
Development lines of credit	-	943	-	-	-	-	-	943
Construction loans	6,560	8,855	-	-	-	-	-	15,415
Unsecured interest-only loans	-	-	-	5,643	2,971	-	-	8,614
Bank indebtedness	-	40,628	-	-	-	-	-	40,628
Mortgage bonds payable	-	2,005	6,195	-	-	-	-	8,200
Debentures ⁽¹⁾	-	9,360	6,000	47,250	-	-	-	62,610
Land leases	1,484	2,974	2,962	2,928	2,965	3,005	105,656	121,974
Development activities	4,708	16,200	-	-	-	-	-	20,908
Total contractual obligations	\$ 73,669	\$ 120,229	\$ 63,861	\$ 89,663	\$ 49,052	\$ 48,215	\$ 316,348	\$ 761,037

⁽¹⁾ Stated at face value.

Contingent Liabilities

The Trust has contingent liabilities as original borrower on three mortgages partially assumed by the purchasers of the underlying properties, where a 75% interest in each was sold in 2009. These commitments are subject to indemnity agreements. These sales did not relieve the Trust's obligations as original borrower in respect of these mortgages. The debt subject to such guarantees at June 30, 2020 totals \$4.8 million with a weighted average remaining term of 2.6 years. As well, the Trust has contingent liabilities as original borrower on six mortgages partially assumed by the purchasers of the underlying properties, where a 50% interest in each was sold in November 2017. These commitments are subject to indemnity agreements. These sales did not relieve the Trust's obligations as original borrower in respect of these mortgages. The debt subject to such guarantees at June 30, 2020 totals \$6.7 million with a weighted average remaining term of 5.1 years. The Trust guarantees a \$4.0 million commitment relating to the mortgage of an asset sold in 2018, with a weighted average remaining term of 4.1 years at June 30, 2020.

The Trust is contingently liable for certain obligations of its co-venturers, under guarantees in excess of its ownership percentages for six strip plazas and four free-standing properties. The excess guarantees amount to \$15.0 million. Cross indemnities are in place for certain of these properties from co-venturers.

PART IV
SUMMARY OF SELECTED QUARTERLY INFORMATION

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

(000s except per unit and percentage data) (unaudited)	Q2'20	Q1'20	Q4'19	Q3'19	Q2'19	Q1'19	Q4'18	Q3'18
Total revenue ⁽¹⁾	\$23,522	\$29,857	\$27,685	\$28,437	\$28,491	\$33,858	\$26,162	\$27,077
Property rental revenue	\$26,781	\$27,322	\$27,473	\$26,868	\$26,373	\$31,747	\$26,068	\$25,723
Net property operating income	\$16,094	\$16,888	\$16,785	\$18,015	\$16,449	\$21,478	\$15,740	\$16,699
Profit (loss) and total comprehensive income (loss)	\$(31,299)	\$(2,098)	\$8,017	\$10,076	\$16,954	\$16,290	\$1,068	\$6,983
Distributions per unit	7.0¢	7.0¢	7.0¢	7.0¢	7.0¢	7.0¢	7.0¢	7.0¢
Funds from operations per unit – basic	7.7¢	8.8¢	8.9¢	9.8¢	8.1¢	12.8¢	7.9¢	9.0¢
Funds from operations per unit – diluted	7.7¢	8.7¢	8.8¢	9.6¢	8.0¢	12.3¢	7.8¢	8.9¢
Adjusted funds from operations per unit – basic	6.8¢	7.5¢	7.9¢	8.4¢	7.2¢	11.7¢	7.2¢	7.8¢
Adjusted funds from operations per unit – diluted	6.8¢	7.5¢	7.8¢	8.3¢	7.2¢	11.3¢	7.2¢	7.8¢
Distributions as a percentage of basic FFO	91.0%	79.1%	78.6%	71.5%	86.3%	54.9%	89.0%	77.4%
Distributions as a percentage of basic AFFO	102.3%	93.4%	88.4%	83.5%	97.2%	60.0%	97.5%	89.4%
Gross Leasable Area (000s of sq. ft.) (at 100% and excluding non-consolidated investments and properties under development/redevelopment)								
Total income producing properties	6,744	6,731	6,733	6,406	6,418	6,430	6,430	6,358
Occupancy % (at 100% and excluding non-consolidated investments and properties under development/redevelopment)								
Total income producing properties	95.7%	96.1%	96.3%	96.5%	96.5%	96.3%	96.2%	95.9%

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

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

Some of Plaza's leases have common cost recoveries from tenants linked to CPI or otherwise have caps on operating cost recoveries. At June 30, 2020, approximately 47.3% of the Trust's leased area is tied to a CPI cost recovery formula. As well, anchor tenant leases may restrict common area maintenance (also referred to as "CAM") cost recoveries. As a result of all of these factors, seasonal fluctuations in NOI, FFO and AFFO occur primarily due to winter costs, as well as yearly repair and maintenance activities which typically occur in spring and early summer, which may create inconsistencies in quarterly recovery revenues compared with quarterly expenses.

PART V

RISKS AND UNCERTAINTIES

All 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 June 30, 2020, the Trust held interests in 272 properties spread geographically across Canada. Some of the more important risks are outlined below. See Financial Instruments and Risk Management Note 29 to the December 31, 2019 Consolidated Financial Statements of the Trust for further details. Also see the Trust's AIF for the year ended December 31, 2019 dated March 30, 2020 for a list of risks and uncertainties applicable to the Trust's business.

COVID-19

The worldwide spread of COVID-19 has been declared as a global pandemic by the World Health Organization and has caused, and may continue to cause, significant disruption to the Canadian economy. The COVID-19 pandemic has had and will continue to have a material impact on Plaza's business as well as the business of its tenants, thereby impacting the tenants ability to meet their payment obligations, including rent payments at Plaza's properties, and potentially causing business closures or bankruptcy filings by Plaza's tenants. The pandemic may have an adverse impact on consumer demand, the demand for retail space, as well as rents.

The uncertainty has also increased volatility in the capital markets, which has negatively impacted the market price for the Trust units, and may impact the Trust's ability to raise capital on acceptable terms or at all. The Trust continues to prepare for a potential second or subsequent wave of the virus, including the implications on economic recovery. In addition, many of the risks disclosed in Plaza's Annual Information Form could be exacerbated by the pandemic.

Plaza has established a COVID-19 committee to oversee its response to this crisis, and has implemented appropriate policies and procedures to ensure that Plaza is continuing to conduct business in a safe and effective manner, including implementing technology to permit our entire team to work remotely. With provinces now relaxing many of their COVID-19 restrictions, Plaza continues to actively support its tenants and employees by applying suitable opening and operating practices, such as increased sanitation and physical distancing, in compliance with various public health guidelines.

Interest Rate, Financing and Refinancing Risk

Management attempts to lock in cash returns on assets for the longest period possible, considering exposure to debt maturing and leases expiring in any given year. Matching as closely as possible the debt term on a particular asset with its average lease term, helps ensure that any interest rate increases could be offset by increases in rental rates.

The Trust mitigates interest rate risk by maintaining the majority of its debt at fixed rates. Floating rate debt is typically used on its operating line of credit and for development or redevelopment projects as interim financing, until the projects are completed and are then able to attract the appropriate long-term financing. The hypothetical impact of a 1% change in interest rates would be approximately \$582 thousand. The Trust mitigates its exposure to fixed-rate interest risk on its debt 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. 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 2020 or properties needing long term financing in 2020 will be able to be financed or refinanced as they come due.

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

Credit Risk

Credit risk mainly arises from the possibility that tenants may experience financial difficulty and will be unable to fulfill their lease commitments. Management mitigates this risk by ensuring that Plaza's tenant mix is diversified and heavily weighted to national tenants. Plaza also maintains a portfolio that is diversified geographically so that exposure to local business is lessened and Plaza limits loans granted under lease arrangements to credit-worthy, mainly national, tenants.

Currently one tenant, Shoppers Drug Mart/Loblaw, represents 25.5% of current monthly base rents in place, Dollarama represents 5.3% and franchisees of KFC represent 5.1%. The top 10 tenants collectively represent approximately 54.3% of current monthly base rents in place. National and regional tenants represent 94.2% of the tenant base, based on base rents in place.

Lease Roll-Over and Occupancy Risk

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

Plaza's principal management of occupancy risk is the skewing of tenancies towards national tenants, the signing of longer term leases and significant pre-leasing of development space. As well, management attempts to stagger the lease expiry profile so that Plaza is not faced with a disproportionate amount of square footage of leases expiring in any one year. Management further mitigates this risk by maintaining a diversified portfolio mix by geographic location and ensuring that the Trust maintains a well-staffed and highly skilled leasing department.

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

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

Development and Acquisition Risk

Plaza's external growth prospects will depend in large part on identifying suitable development, redevelopment and acquisition opportunities, pursuing such opportunities, conducting necessary due diligence, consummating acquisitions (including obtaining necessary consents) and effectively operating the properties acquired or developed by the Trust. If Plaza is unable to manage its growth and integrate its acquisitions and developments effectively, its business, operating results and financial condition could be adversely affected. 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 any purchase or development.

Status of the REIT

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

PART VI

COVID-19 Impacts

The outbreak of COVID-19 has resulted in numerous measures implemented by governments in Canada to combat the spread of the virus. These measures, including physical distancing, retail closures and travel restrictions, have resulted in material disruption to businesses, and have had a material impact on the economy, including equity and capital markets.

Although the fair value of its properties reflects its best estimates as at June 30, 2020 (see Note 4 of the accompanying Financial Statements), Plaza is continuing to review its future NOI and cash flow projections. Depending on the duration and full impacts of COVID-19, certain aspects of Plaza's operations could be affected, including rental and occupancy rates, demand for retail space, capitalization rates, and the resulting value of Plaza's properties.

The pandemic has also had an impact on Plaza's development program, with temporary delays as a result of construction shut-downs in certain jurisdictions, and delays with planning, rezoning and permitting.

COVID-19 has impacted Plaza's cash flow, as the Trust has received requests from tenants for rent deferrals and abatements, and certain tenants have withheld rent. To assist certain of Plaza's tenants that demonstrate a need for assistance, Plaza has agreed to defer a portion of their rent, with an agreement to repay the amount over a specified period, generally commencing in Q3 2020. Plaza has also, to a very limited extent, agreed to abate rent, or a portion thereof, for certain tenants in Q2. In addition, Plaza has participated in the CECRA program, which provides 75% rent abatement for eligible tenants for April through July, funded via a 25% write-off by the landlord and 50% funded by the federal government. The Quebec provincial government also announced that it would participate in the program by reimbursing landlords for 50% of their write-off, thereby reducing the landlord's write-off for Quebec properties to 12.5%.

To mitigate the impacts from COVID-19, the Trust is prudently managing its capital, including temporarily deferring new acquisitions and developments that are not committed, proactively managing costs to reduce operating, general and administrative expenses, deferring monthly mortgage payments during Q2 under agreements with certain lenders, and deferring elective capital expenditures. Plaza continues to actively monitor the availability and anticipated effect of government relief programs that may be applicable, and participating in such programs where beneficial to the Trust and its tenants.

The full extent and duration of COVID-19, including the resulting impacts on Plaza's business and its tenants, remains uncertain at this time.

Rent Collections

For Q2, Plaza collected 78% of monthly gross rent charged and agreed to defer 7%, with the landlord's write-off under the CECRA program representing 2% and the receivable from the government under this program representing 4% of gross rent charged. Including the federal government contribution under the CECRA program most of which was received in July, Q2 collections were 82% of gross rent charged. Rent collection rates have improved from 80% in April and May to 86% in June and 92% for July, all including the federal government contribution under the CECRA program as most of the funding from the federal government has been received to date. Plaza continues to work with its tenants on a case-by-case basis to determine acceptable rent payment solutions for any remaining unpaid rent.

With provincial governments relaxing COVID-19 mandated closures, 98% of Plaza's portfolio is now open for business.

PART VII**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. The notes are repayable on sale or refinancing of the related asset.

	June 30, 2020 (unaudited)	December 31, 2019
(000s)		
Non-interest bearing notes:		
Entities owned (directly or indirectly), controlled or significantly influenced by Michael Zakuta (President & Chief Executive Officer and trustee)	\$ 261	\$ 261

Bonds and Debentures Held

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

	June 30, 2020 (unaudited)	December 31, 2019
(000s)		
Earl Brewer (trustee)	\$ 325	\$ 325
Stephen Johnson (trustee)	200	200
Doug McGregor (Chairman and trustee)	400	-
Total	\$ 925	\$ 525

No other trustee or key management personnel own mortgage bonds or debentures of the Trust at June 30, 2020.

Other Related Party Transactions

TC Land LP, an entity controlled by Michael Zakuta and Earl Brewer, leases nine parcels of land to the Trust at market rates, with a total annual rent of \$1.2 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, directly or indirectly, hold interests in common with the Trust's 25% interest in the Gateway Mall, Sussex, NB. A subsidiary of the Trust manages the mall. At June 30, 2020 there is a \$12 thousand accounts receivable balance owing to the Trust for property management, leasing and development fees. For the six months ended June 30, 2020, property management, development, financing and leasing fees of \$40 thousand were earned by a subsidiary of the Trust from this property.

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

Earl Brewer and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 20% interest in Mountainview Plaza, Midland, ON and Park Street Plaza, Kenora, ON. A subsidiary of the Trust manages the malls. At June 30, 2020 there is \$6.0 million owed by the properties to the Trust which is recorded in notes and advances. As well, there is a \$60 thousand accounts receivable balance owing to the Trust for property management, leasing and development fees. For the six months ended June 30, 2020, property management, leasing, development and financing fees of \$121 thousand were earned by a subsidiary of the Trust from these properties.

Earl Brewer and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 50% interest in two single-use properties located in Amherstview and Port Perry, ON. A subsidiary of the Trust manages the properties. For the six months ended June 30, 2020, property management fees of \$2 thousand were earned by a subsidiary of the Trust from these properties.

Earl Brewer, James Petrie, Barbara Trenholm and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 25% interest in KGH Plaza, Miramichi, NB, a single-use property located at 681 Mountain Road, Moncton, NB, a single-use property located at 201 Main Street, Sussex, NB and Robie Street Truro Plaza, Truro, NS. A subsidiary of the Trust manages the properties. At June 30, 2020 there is a \$10 thousand accounts receivable balance owing to the Trust for property management, development and leasing fees. For the six months ended June 30, 2020, property management, leasing and development fees of \$43 thousand were earned by a subsidiary of the Trust from these properties.

Earl Brewer and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 50% interest in Scott Street Plaza, St. Catharines, ON, and five single-use properties located at St. Joseph's Boulevard, Orleans, ON, Dufferin and Wilson, Perth, ON, Ontario Street Port Hope, Port Hope, ON, Civic Centre Road, Petawawa, ON and 615 King Street, Gananoque, ON. A subsidiary of the Trust manages the properties. For the six months ended June 30, 2020, property management fees of \$15 thousand were earned by a subsidiary of the Trust from these properties.

Earl Brewer, Denis Losier and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 50% interest in the following eight properties: Boulevard Hebert Plaza and Victoria Street Plaza in Edmundston, NB; Grand Falls Shopping Center and Madawaska Road Plaza in Grand Falls, NB; Connell Road Plaza, Woodstock, NB; Welton Street Plaza, Sydney, NS; and Pleasant Street Plaza and Starrs Road Plaza in Yarmouth, NS. A subsidiary of the Trust manages the properties. At June 30, 2020 there is a \$9 thousand accounts receivable balance owing to the Trust for property management fees. For the six months ended June 30, 2020, property management, leasing and development fees of \$72 thousand were earned by a subsidiary of the Trust from these properties.

PART VIII

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

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

The Trust's Chief Executive Officer and Chief Financial Officer evaluated, or under their supervision caused to be evaluated, the design of the Trust's DC&P and ICFR at June 30, 2020. Based on that evaluation they determined that the Trust's DC&P and ICFR were appropriately designed based on the criteria established in the *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

During the six months ended June 30, 2020, there were no changes in the Trust's ICFR that occurred that have materially affected, or are reasonably likely to materially affect, the Trust's ICFR.

CRITICAL ACCOUNTING POLICIES**Critical Accounting Estimates**

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

(i) Investment properties

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

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

(a) External appraisals

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

(b) Internal approach – direct capitalization income approach

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

At June 30, 2020 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 \$36.2 million. An increase of 0.25% in the capitalization rates used would have resulted in a decrease in investment properties of approximately \$33.7 million.

FUTURE ACCOUNTING POLICY CHANGES

Please refer to Note 3 to the Consolidated Financial Statements for the year ended December 31, 2019 for details about future accounting policy changes.

EXPLANATION OF NON-IFRS MEASURES USED IN THIS DOCUMENT

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

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

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

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

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

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

Same-Asset Net Property Operating Income (Same-asset NOI) is not an IFRS financial measure. Same-asset NOI, as calculated by Plaza, may not be comparable to similarly titled measures reported by other entities. Same-asset NOI is used by Plaza to evaluate the period over period performance of those properties owned by Plaza since January 1, 2019, and excludes partial year results from certain assets due to timing of acquisition, development, redevelopment or disposition. Its calculation is revenues less operating expenses for the same-asset pool of properties. The revenues or operating expenses exclude the impact of non-cash straight-line rent, administrative expenses charged to NOI, property tax settlements and lease buyout revenue. Excluding these items enables the users to better understand the period over period performance for a consistent pool of assets from contractual rental rate changes embedded in lease agreements, and the impact of leasing and occupancy on the same-asset portfolio. See the reconciliation of same-asset NOI to NOI in Part II of this MD&A under the heading “Property and Corporate Financial Performance”.

EXPLANATION OF ADDITIONAL IFRS MEASURES USED IN THIS DOCUMENT

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

ADDITIONAL INFORMATION

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

PROPERTIES OF THE TRUST

A chart listing the Trust’s properties at June 30, 2020 can be accessed on Plaza’s website at www.plaza.ca.

Plaza Retail REIT

Condensed Interim Consolidated Statements of Financial Position

(unaudited)

(in thousands of Canadian dollars)

June 30, 2020 December 31, 2019

Assets

Non-Current Assets

Investment properties (Note 4)	\$ 1,049,741	\$ 1,086,680
Investments	48,810	49,124
Tenant loans	475	530
Deferred income tax asset	712	364
Total non-current assets	1,099,738	1,136,698

Current Assets

Investment properties held for sale	-	609
Cash	7,455	8,845
Receivables (Note 5)	11,967	4,285
Prepaid expenses and deposits (Note 6)	9,464	5,383
Tenant loans	111	110
Notes and advances receivable (Note 7)	6,484	6,038
Total current assets	35,481	25,270
Total assets	\$ 1,135,219	\$ 1,161,968

Liabilities and Unitholders' Equity

Non-Current Liabilities

Debentures payable (Note 8)	\$ 50,568	\$ 64,190
Mortgage bonds payable (Note 9)	6,141	2,950
Mortgages payable (Note 10)	413,417	414,125
Class B exchangeable LP units (Note 18)	3,883	5,444
Land lease liabilities (Note 12)	58,902	59,219
Deferred income tax liability	7,576	7,247
Total non-current liabilities	540,487	553,175

Current Liabilities

Current portion of debentures payable (Note 8)	9,055	-
Current portion of mortgage bonds payable (Note 9)	1,992	5,987
Bank indebtedness (Note 11)	40,628	17,339
Current portion of mortgages payable (Note 10)	95,866	90,228
Accounts payable, accrued liabilities, tenant payables and tenant deposits (Note 13)	22,708	21,647
Land lease liabilities (Note 12)	689	688
Notes payable	1,243	1,456
Total current liabilities	172,181	137,345
Total liabilities	712,668	690,520

Unitholders' equity	418,118	467,142
Non-controlling interests	4,433	4,306
Total unitholders' equity	422,551	471,448
Total liabilities and unitholders' equity	\$ 1,135,219	\$ 1,161,968

Subsequent events – see Note 23



Doug McGregor, Trustee
Chair of the Board



Barbara Trenholm, Trustee
Chair of the Audit Committee

See accompanying notes which 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 June 30, 2020	3 Months Ended June 30, 2019	6 Months Ended June 30, 2020	6 Months Ended June 30, 2019
Revenues (Note 14)	\$ 26,781	\$ 26,373	\$ 54,103	\$ 58,120
Operating expenses (Note 15)	(10,687)	(9,924)	(21,121)	(20,193)
Net property operating income	16,094	16,449	32,982	37,927
Share of profit (loss) of associates	(3,933)	800	(2,155)	1,944
Administrative expenses (Note 16)	(2,563)	(2,824)	(4,271)	(5,096)
Investment income	138	256	295	513
Other income	536	1,062	1,136	1,772
Income before finance costs, fair value adjustments and income taxes	10,272	15,743	27,987	37,060
Finance costs (Note 17)	(7,201)	(7,438)	(14,508)	(14,841)
Finance costs - net change in fair value of convertible debentures (Note 8)	(4,986)	(1,055)	4,589	(4,214)
Finance costs - net change in fair value of Class B exchangeable LP units (Note 18)	(226)	(47)	1,561	(357)
Finance costs - net change in fair value of interest rate swaps (Note 10)	(403)	(1,493)	(4,153)	(1,533)
Net change in fair value of right-of-use land lease assets (Note 4)	(168)	(165)	(316)	(328)
Net change in fair value of investment properties (Note 4)	(28,639)	11,485	(48,511)	18,114
Profit (loss) before income tax	(31,351)	17,030	(33,351)	33,901
Income tax expense				
- Current	(34)	5	(66)	(190)
- Deferred	86	(81)	20	(467)
	52	(76)	(46)	(657)
Profit (loss) and total comprehensive income (loss) for the period	\$ (31,299)	\$ 16,954	\$ (33,397)	\$ 33,244
Profit (loss) and total comprehensive income (loss) for the period attributable to:				
- Unitholders	\$ (31,265)	\$ 16,863	\$ (33,357)	\$ 33,114
- Non-controlling interests	(34)	91	(40)	130
	\$ (31,299)	\$ 16,954	\$ (33,397)	\$ 33,244

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

Plaza Retail REIT

Condensed Interim Consolidated Statements of Changes in Unitholders' Equity

(unaudited)

(in thousands of Canadian dollars)

	Trust Units (Note 18)	Retained Earnings	Total Attributable to Unitholders	Non- Controlling Interests	Total Equity
Balance as at December 31, 2018	\$ 278,058	\$ 169,123	\$ 447,181	\$ 4,521	\$ 451,702
Profit and total comprehensive income for the period	-	33,114	33,114	130	33,244
Transactions with unitholders, recorded directly in equity:					
- Issuance of units under the DRIP and RU plan	6	-	6	-	6
- Repurchase of units under normal course issuer bid (Note 18)	(923)	(507)	(1,430)	-	(1,430)
- Distributions to unitholders (Note 19)	-	(14,373)	(14,373)	-	(14,373)
- Contributions to (distributions from) non-controlling interests and changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	(41)	(41)
Balance as at June 30, 2019	\$ 277,141	\$ 187,357	\$ 464,498	\$ 4,610	\$ 469,108
Balance as at December 31, 2019	\$ 276,406	\$ 190,736	\$ 467,142	\$ 4,306	\$ 471,448
Loss and total comprehensive loss for the period	-	(33,357)	(33,357)	(40)	(33,397)
Transactions with unitholders, recorded directly in equity:					
- Repurchase of units under normal course issuer bid (Note 18)	(1,053)	(350)	(1,403)	-	(1,403)
- Distributions to unitholders (Note 19)	-	(14,264)	(14,264)	-	(14,264)
- Contributions to (distributions from) non-controlling interests and changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	167	167
Balance as at June 30, 2020	\$ 275,353	\$ 142,765	\$ 418,118	\$ 4,433	\$ 422,551

See accompanying notes which 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 June 30, 2020	3 Months Ended June 30, 2019	6 Months Ended June 30, 2020	6 Months Ended June 30, 2019
---------------------------------------	---------------------------------------	---------------------------------------	---------------------------------------

Cash obtained from (used for):
Operating activities

Profit (loss) and total comprehensive income (loss) for the period	\$ (31,299)	\$ 16,954	\$ (33,397)	\$ 33,244
Items not affecting cash:				
Finance costs (Note 17)	7,201	7,438	14,508	14,841
Share of profit of associates	3,933	(800)	2,155	(1,944)
Net change in fair value of investment properties	28,639	(11,485)	48,511	(18,114)
Net change in fair value of convertible debentures	4,986	1,055	(4,589)	4,214
Net change in fair value of Class B exchangeable LP units	226	47	(1,561)	357
Net change in fair value of interest rate swaps (Note 10)	403	1,493	4,153	1,533
Net change in fair value of right-of-use land lease assets	168	165	316	328
Current and deferred income taxes	(52)	76	46	657
Straight-line rent (Note 14)	(180)	2	(258)	210
Interest paid	(4,958)	(6,117)	(11,978)	(13,103)
Imputed interest paid on land lease liabilities (Note 17)	(570)	(564)	(1,138)	(1,125)
Income taxes paid	(73)	(124)	(171)	(152)
Distributions from equity accounted investments	231	234	1,057	1,538
Leasing commissions paid	(73)	(48)	(281)	(163)
Change in non-cash working capital (Note 20)	(12,343)	(1,596)	(10,797)	(2,817)
	(3,761)	6,730	6,576	19,504

Financing activities

Cash distributions paid to unitholders (Note 19)	(7,124)	(7,179)	(14,264)	(14,373)
Cash distributions paid to Class B exchangeable LP unitholders (Note 17)	(84)	(84)	(167)	(167)
Repurchase of units under normal course issuer bid (Note 18)	(233)	(1,094)	(1,403)	(1,430)
Gross mortgage proceeds	15,400	86,981	21,150	91,295
Fees incurred for placement of mortgages	(49)	(310)	(101)	(741)
Loan defeasance expenses and early mortgage discharge fees paid (Note 17)	-	(42)	-	(42)
Mortgages repaid	(12,646)	(49,480)	(16,646)	(51,420)
Periodic mortgage principal repayments	(2,051)	(2,677)	(4,896)	(5,408)
Land lease principal repayments	(168)	(165)	(316)	(328)
Gross proceeds from mortgage bonds	3,395	-	3,395	-
Fees incurred for placement of mortgage bonds	(26)	-	(26)	-
Redemption of mortgage bonds	(4,195)	-	(4,195)	-
Increase (decrease) in notes payable	31	56	(213)	129
	(7,750)	26,006	(17,682)	17,515

Investing activities

Acquisitions of investment properties and land	-	(12,650)	-	(12,650)
Investment properties – additions	(6,915)	(6,887)	(11,828)	(11,837)
Net proceeds from disposal of investment properties and land (Note 4(e))	674	9,800	963	13,391
Net proceeds from asset previously held for sale (Note 4(e))	-	-	609	-
Advances to equity accounted investments for developments	(1,945)	(2,654)	(2,898)	(4,423)
Contributions to/(distributions from) subsidiaries from/to non-controlling interests	95	(1)	167	(41)
Decrease in deposits for acquisitions and financings (Note 6)	1,200	454	799	33
Increase in notes and advances receivable	(1,089)	(834)	(1,439)	(2,151)
Issuance of tenant loans	-	(8)	-	(8)
Repayment of tenant loans	27	27	54	58
	(7,953)	(12,753)	(13,573)	(17,628)

Net increase (decrease) in cash

Cash less bank indebtedness, beginning of the period	(19,464)	19,983	(24,679)	19,391
Cash less bank indebtedness, end of the period	(33,709)	(28,900)	(8,494)	(28,308)
	\$ (33,173)	\$ (8,917)	\$ (33,173)	\$ (8,917)

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

Plaza Retail REIT

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 (unaudited)

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

1. Reporting Entity

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

2. Basis of Preparation

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and in particular International Accounting Standard (“IAS”) 34, *Interim financial reporting* on a basis consistent with the accounting policies disclosed in Note 3 of the December 31, 2019 consolidated financial statements of the Trust.

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 2019 annual financial statements of the Trust.

The condensed interim consolidated financial statements were authorized for issue by the Audit Committee on behalf of the Board of Trustees (the “Board”) of the Trust on August 6, 2020.

3. Summary of Significant Accounting Policies

Changes in Accounting Policies

On January 1, 2019, the Trust implemented IFRS 16, *Leases* (“IFRS 16”) and IFRIC 23, *Uncertainty over income tax treatments* (“IFRIC 23”), in accordance with IAS 8, *Accounting policies, changes in accounting estimates and errors*. The impacts on implementation of IFRS 16 and IFRIC 23 are described below.

(i) Leases

In January 2016, the IASB issued IFRS 16. The new standard replaced the previous lease guidance in IFRS and related interpretations, requiring lessees to bring most leases on their statement of financial position. Lessor accounting remains similar to the former standard and the distinction between operating and finance leases is retained. The new standard was effective beginning January 1, 2019.

The Trust has investment properties located on land which is leased. Under the former lease standard, these leases were accounted for as operating leases and the related lease payments were expensed. Under the new lease standard, right-of-use (“ROU”) assets and land lease liabilities have been recorded along with the corresponding financing charges. The ROU assets are accounted for as investment property, as these land leases meet the definition of investment property under IAS 40, *Investment property*.

At transition, for leases classified as operating leases under the old standard IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Trust’s incremental borrowing rate as at January 1, 2019. The Trust elected to measure all its ROU assets at an amount equal to the lease liability, adjusted for any prepaid or accrued lease payments.

The Trust elected the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied IFRS 16 only to contracts that were previously identified as leases;
- Applied the exemption not to recognize the ROU asset and lease liabilities for leases with less than 12 months of lease term;
- Excluded initial direct costs from measuring ROU assets; and

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- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

As at January 1, 2019, the Trust recognized lease liabilities of \$60.6 million recorded as land lease liabilities and ROU assets of \$60.6 million in investment properties on its statement of financial position. The nature and timing of the related expenses has changed under the new standard, as IFRS 16 replaces the straight-line operating lease expense with interest expense on lease liabilities. Changes in the fair value of the ROU asset are also now being recorded.

Land lease commitment at December 31, 2018	\$ 126,374
Additional land lease commitments upon transition ⁽¹⁾	16,782
Total land lease liability commitments	143,156
Discounted using the incremental borrowing rate at January 1, 2019	(82,586)
Land lease liabilities recognized at January 1, 2019	\$ 60,570

⁽¹⁾ Land lease commitments upon transition represent those leases that, in the opinion of management, will be renewed for terms beyond the current contractual commitments based on the estimated useful lives of the investment properties occupying the leased land.

When measuring lease liabilities for leases that were classified as operating leases, the Trust discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted average rate applied was 4.67%.

Plaza Retail REIT

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4. Investment Properties

	June 30, 2020				December 31, 2019			
	Income producing properties	Properties under development	Right-of- use land lease assets ⁽²⁾	Total	Income producing properties	Properties under development	Right-of- use land lease assets	Total
Balance, beginning of the period:	\$ 991,326	\$ 35,447	\$ 59,907	\$ 1,086,680	\$ 935,779	\$ 52,861	\$ -	\$ 988,640
Right-of-use land lease assets (Note 4 (f))	-	-	-	-	-	-	60,570	60,570
Additions (deductions):								
Additions to investment properties	2,837	9,756	-	12,593	5,788	21,872	-	27,660
Acquisitions of investment properties and land	-	-	-	-	12,650	-	-	12,650
Disposals ⁽¹⁾	(963)	-	-	(963)	(20,986)	-	-	(20,986)
Transfers	17,883	(17,883)	-	-	38,377	(38,377)	-	-
Straight line rent receivable change	184	74	-	258	(25)	86	-	61
Change in fair value – income producing and under development	(48,217)	(294)	-	(48,511)	19,743	(995)	-	18,748
Change in fair value – right-of-use land lease assets	-	-	(316)	(316)	-	-	(663)	(663)
Balance, end of the period:	\$ 963,050	\$ 27,100	\$ 59,591	\$ 1,049,741	\$ 991,326	\$ 35,447	\$ 59,907	\$ 1,086,680

⁽¹⁾ Cash received in the prior year from disposals as per the December 31, 2019 statement of cash flows of \$16.3 million is net of notes and advances receivable of \$4.1 million assumed by the purchasers.

⁽²⁾ The IFRS 16, *Leases* standard was effective January 1, 2019 and was applied prospectively.

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

Investment properties are stated at fair value using either external appraisals or an internal approach:

(i) External appraisals

Independent appraisals are obtained in the normal course of business as refinancing activities require them, and as applicable, the fair value of various investment properties is based on these external appraisals. Of the total fair value in the chart above, \$14.6 million of investment properties were based on external appraisals obtained during the year, with no new appraisals during the current quarter (year ending December 31, 2019 - \$250 million).

(ii) Internal approach - direct capitalization income approach

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

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As at June 30, 2020 the Trust has utilized the following range of capitalization rates:

	Number of Properties ⁽¹⁾	Weighted average capitalization rates	Primary Market	Secondary Market
Freestanding or Mini Box	74	6.67%	5.50% - 9.00%	6.00% - 9.50%
Quick Service Restaurant	91	6.77%	5.75% - 9.75%	6.25% - 11.50%
Anchored Open-Air Centre – Class A	15	7.22%	6.50% - 9.00%	6.50% - 9.75%
Anchored Open-Air Centre – Class B	37	7.37%	6.25% - 9.25%	7.00% - 10.75%
Unanchored Open-Air Centre	35	8.05%	6.25% - 10.00%	6.75% - 11.50%
Enclosed Malls – Community	3	10.0%	8.50% - 10.00%	8.25% - 11.50%
	255	7.35%		

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

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

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

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

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

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

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

At June 30, 2020 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 \$36.2 million. An increase of 0.25% in the capitalization rates used would have resulted in a decrease in investment properties of approximately \$33.7 million.

Although the fair value of investment properties reflects the Trust's best estimates as at June 30, 2020, Plaza is continuing to review its future NOI and cash flow projections. Depending on the duration and full impacts of COVID-19, certain aspects of Plaza's operations could be affected, including rental and occupancy rates, demand for retail space, cap rates, and the resulting value of Plaza's properties.

As at December 31, 2019 the Trust utilized the following range of capitalization rates:

	Number of Properties ⁽¹⁾	Weighted average capitalization rates	Primary Market	Secondary Market
Freestanding or Mini Box	73	6.57%	5.50% - 9.00%	6.00% - 9.50%
Quick Service Restaurant	92	6.64%	5.50% - 9.50%	6.00% - 11.50%
Anchored Open-Air Centre – Class A	14	7.06%	6.25% - 8.75%	6.25% - 9.50%
Anchored Open-Air Centre – Class B	36	7.14%	6.00% - 9.00%	6.75% - 10.50%
Unanchored Open-Air Centre	37	7.76%	5.75% - 9.50%	6.25% - 11.50%
Enclosed Malls – Community	3	7.77%	8.00% - 10.00%	7.75% - 11.50%
	255	7.07%		

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

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(a) Straight-line Rent

Included in investment properties at June 30, 2020 is \$12.2 million (December 31, 2019 - \$12.0 million) of straight-line rents receivable arising from the recognition of rental revenue on a straight-line basis over the lease terms in accordance with IFRS 16, *Leases*. During the period ended June 30, 2020, as a result of the landlord's write-off of 25% of rent for eligible tenants under the Canada Emergency Commercial Rent Assistance ("CECRA") program, straight line rent increased by \$281 thousand.

(b) Surplus Land

Included in investment properties at June 30, 2020 is \$2.3 million of surplus lands at fair value (December 31, 2019 - \$2.3 million).

(c) Borrowing Costs

The total amount of borrowing costs capitalized for the period ended June 30, 2020 is \$140 thousand (for the period ended June 30, 2019 - \$234 thousand).

(d) Acquisitions of Investment Properties and Land

Properties Acquired	% Acquired	Period ending June 30, 2020	Year ending December 31, 2019 ⁽¹⁾
Tri-City Centre, Cambridge, ON	50%	\$ -	\$ 12,650

⁽¹⁾ Including closing costs

(e) Disposals

Properties Disposed	% Disposed	Net Proceeds Period Ending June 30, 2020	Net Proceeds Year Ending December 31, 2019
Quick Service Restaurants – Neufchatel, QC, Hamilton, ON and Windsor, ON	100%	\$ 1,572	\$ -
Quispamsis Town Centre, Quispamsis, NB ⁽¹⁾	50%	-	2,245
Quick Service Restaurants and Single Tenant Assets - Coldbrook, NS, Halifax, NS, London, ON, Ottawa, ON, Paris, ON, Laval, QC, Longueuil, QC, and Montreal, QC	100%	-	6,645
Winnipeg, MB portfolio – five properties	100%	-	6,900
Land – Sherbrooke, QC	50%	-	475
Total disposals		\$ 1,572	\$ 16,265

⁽¹⁾ The Trust sold a 50% co-ownership interest in a property located in Quispamsis, NB for net proceeds of \$6.4 million, \$2.2 million after assumption of notes and advances and receivables for the purchaser's 50% interest of the existing line of credit on the property.

(f) Right-of-use land lease assets

Effective January 1, 2019, the Trust implemented the new IFRS 16, *Leases* standard. This standard required lessees to bring most leases on their statement of financial position. The Trust has investment properties located on land which is leased. A right-of-use asset has been recorded effective January 1, 2019 to recognize these assets. The Trust has 27 long-term land leases (affecting 26 properties). Land leases expire (excluding any non-automatic renewal periods) on dates ranging from 2022 to 2084 with an average life of 35 years, with some of the leases also containing non-automatic renewal options, extending the average life of the leases to 60 years including these non-automatic renewal options.

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5. Receivables

Receivables consist of the following:

	June 30, 2020	December 31, 2019
Tenant accounts receivable, net of allowance	\$ 5,401	\$ 1,249
Excise tax	546	667
Series X mortgage bond receivable	3,145	-
CECRA government receivable	993	-
Holdback receivable	949	949
Other receivables	933	1,420
Total receivables	\$ 11,967	\$ 4,285

The Trust determines its allowance for doubtful accounts on a tenant-by-tenant basis using an expected credit loss model taking into consideration lease terms, industry conditions and status of the tenants' accounts, among other factors. Accounts are written off only when all collection efforts have been exhausted. The allowance for doubtful accounts balance at June 30, 2020 is \$1.7 million (December 31, 2019 - \$358 thousand). This amount is deducted from tenant accounts receivable. The uncertainty caused by COVID-19 may impact the allowance for doubtful accounts in future periods.

6. Prepaid Expenses and Deposits

Prepaid expenses and deposits consist of the following:

	June 30, 2020	December 31, 2019
Prepaid expenses	\$ 6,610	\$ 2,224
Deposits for acquisitions and financings	2,854	3,159
Total prepaid expenses and deposits	\$ 9,464	\$ 5,383

7. Notes and Advances Receivable

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

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8. Debentures Payable

Debentures payable consist of the following:

	Maturity Date	Interest Rate	June 30, 2020	December 31, 2019
Convertible				
Series E ⁽¹⁾	March 31, 2023	5.10%	\$ 44,627	\$ 48,739
Series VII	June 30, 2021	5.50%	5,195	5,673
Total convertible debentures			49,822	54,412
Non-convertible ^{(2) (3)}	Various (see below)	5.00%	9,801	9,778
Net debentures payable			59,623	64,190
Less: current portion of debentures payable			(9,055)	-
Total debentures payable – long-term portion			\$ 50,568	\$ 64,190

⁽¹⁾ Recorded at fair value based on closing market trading prices of the debentures; the fair value change of the total convertible debentures during 2020 was a gain of \$4.6 million (for the period ended June 30, 2019 – loss of \$4.2 million)

⁽²⁾ Recorded at amortized cost

⁽³⁾ Net of unamortized finance charges of \$59 thousand (December 31, 2019 - \$82 thousand)

Convertible and non-convertible debentures are subordinate and unsecured.

Convertible debenture terms are as follows:

	Series E	Series VII
Conversion price	\$5.65	\$6.04
Trust's first redemption date	April 1, 2021	June 30, 2019
Par call date	April 1, 2022	June 30, 2020
Maturity date	March 31, 2023	June 30, 2021
Face value outstanding	\$47,250	\$5,500
Publicly listed	yes	no

Non-convertible debenture maturities are as follows:

	Series I	Series II	Total
Face value outstanding	\$3,860	\$6,000	\$9,860
Maturity date	May 2, 2021	February 28, 2022	

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9. Mortgage Bonds Payable

Mortgage bonds payable are secured by various properties:

	June 30, 2020			December 31, 2019	
	Series X.1	Series X.2	Series XII	Total	Total
Various properties, 1 st mortgage	\$ 2,005	\$ 3,195	\$ -	\$ 5,200	\$ 6,000
Various properties, 1 st mortgage	-	-	3,000	3,000	3,000
Gross mortgage bonds payable	2,005	3,195	3,000	8,200	9,000
Less: unamortized finance charges				(67)	(63)
Net mortgage bonds payable				8,133	8,937
Less: current portion of mortgage bonds payable				(1,992)	(5,987)
Net mortgage bonds payable – long-term portion				\$ 6,141	\$ 2,950

	Series X.1	Series X.2	Series XII
Interest Rate	6.00%	6.15%	5.50%
Maturity Date	March 25, 2021	June 25, 2022	July 15, 2022
Amount	\$2,005	\$3,195	\$3,000

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

On June 25, 2020, \$6.0 million of Series X mortgage bonds matured and \$5.2 million of these bonds were extended or issued. Of the \$5.2 million, \$2.0 million of these bonds were extended to March 25, 2021 at an interest rate of 6.0% and \$3.2 million of these bonds were extended to June 25, 2022 at an interest rate of 6.15%.

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10. Mortgages Payable

	Interest Rate Range	Weighted Average Effective Interest Rate	Maturity Dates	June 30, 2020	December 31, 2019
Secured fixed rate loans:	2.29% - 7.00%	4.34%	Up to June 2034	\$ 481,745	\$ 473,135
Unsecured interest-only fixed rate loans:	5.00%	5.00%	Up to May 2024	7,443	7,443
Fair value of interest rate swap				4,507	354
Revaluation of loans upon acquisitions, net of amortization of \$6,246 (December 31, 2019 - \$6,164)				527	609
Less: unamortized finance charges				(2,422)	(2,638)
Total net fixed rate loans				491,800	478,903
Variable rate loans:					
- \$20 million development facility	Prime plus 0.75% or BA plus 2.25%		July 31, 2021	-	-
- \$15 million development facility	Prime plus 0.75% or BA plus 2.00%		July 31, 2021	943	8,924
- \$6.6 million secured non-revolving construction credit facility	Prime plus 1.25% or BA plus 2.75%		November 30, 2020	6,560	6,560
- \$1.2 million unsecured interest-only loan	Prime plus 1.05% (min. 5.00% rate)		January 15, 2024	1,171	1,171
- \$10.08 million secured non-revolving construction credit facility	Prime plus 1.00% or BA plus 2.25%		April 24, 2021	8,855	8,855
Less: unamortized finance charges				(46)	(60)
Total net variable rate loans				17,483	25,450
Net mortgages payable				509,283	504,353
Less: mortgages payable – current portion				(95,866)	(90,228)
Total mortgages payable – long-term portion				\$ 413,417	\$ 414,125

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

To fund development activities the Trust has two revolving development facilities with Canadian chartered banks available upon pledging of specific assets. One is a \$20.0 million one-year revolving facility that bears interest at prime plus 0.75% or bankers' acceptances ("BAs") plus 2.25%, and the other is a \$15.0 million two-year revolving facility that bears interest at prime plus 0.75% or BAs plus 2.00%. In July 2020, the \$20.0 million development line was renewed with the same terms and conditions until July 31, 2021. In July 2020, the Trust also renewed its \$15 million development line of credit to July 31, 2021 with interest rates of prime plus 1.50% or BAs plus 2.75%. At June 30, 2020 there is \$34.1 million available on these development facilities (December 31, 2019 - \$26.1 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 coverage, interest coverage and occupancy covenants, as well as unitholder equity tests. As of June 30, 2020 the Trust is in compliance with all financial covenants.

During 2019, the Trust entered into four new mortgages that utilize interest rate swaps in order to fix the variable interest rate. The interest rate swaps mature in May, June and August 2029 and are recorded at fair value, with movements in fair value recorded in mortgages payable, and profit (loss).

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11. Bank Indebtedness

The Trust has a \$44.0 million (December 31, 2019 - \$44.0 million) revolving operating line of credit facility with a Canadian chartered bank at the rate of prime plus 0.75% or BA plus 2.00%. In July 2020, the Trust renewed the revolving operating line of credit to July 31, 2021 with interest rates of prime plus 1.50% or BAs plus 2.75%. The amount available to be drawn fluctuates depending on the specific assets pledged as security. Based on the assets pledged at June 30, 2020, the available limit was \$44.0 million of which \$40.6 million (December 31, 2019 - \$17.3 million) was drawn and therefore the maximum amount available to be drawn on the facility was \$2.9 million (December 31, 2019 - \$26.2 million), net of letters of credit outstanding of \$503 thousand (December 31, 2019 - \$503 thousand). As security, at June 30, 2020, the Trust has provided a \$50.0 million demand debenture secured by a first mortgage over forty properties.

12. Land Lease Liabilities

Effective January 1, 2019, the Trust implemented the new IFRS 16, *Leases* standard. This standard required lessees to bring most leases on their statement of financial position. The Trust has investment properties located on land which is leased. A liability has been recorded effective January 1, 2019 to recognize these assets. IFRS 16 has been implemented prospectively and therefore prior year comparatives have not been restated. The Trust has 27 long-term land leases (affecting 26 properties). Land leases expire (excluding any non-automatic renewal periods) on dates ranging from 2022 to 2084 with an average life of 35 years, with some of the leases also containing non-automatic renewal options, extending the average life of the leases to 59 years including these non-automatic renewal options.

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

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

	June 30, 2020	December 31, 2019
Accounts payable and accrued liabilities	\$ 11,860	\$ 11,035
Distributions payable	2,402	2,412
Excise tax payable	632	1,328
Accrued interest payable	2,286	2,374
Deferred tenant revenue and deposits	5,216	4,125
Other	312	373
Total accounts payable, accrued liabilities, tenant payables and tenant deposits	\$ 22,708	\$ 21,647

14. Revenues

	3 Months Ended June 30, 2020	3 Months Ended June 30, 2019	6 Months Ended June 30, 2020	6 Months Ended June 30, 2019
Contractual revenue	\$ 18,416	\$ 18,386	\$ 36,991	\$ 36,737
Straight-line rent	180	(2)	258	(210)
Property tax and insurance recoveries	5,270	5,041	10,659	10,089
Cost recovery revenue	2,733	2,927	5,897	5,947
Lease buyout revenue	-	-	38	5,502
Other revenue	182	21	260	55
Total property revenues	\$ 26,781	\$ 26,373	\$ 54,103	\$ 58,120

Plaza Retail REIT

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

15. Operating Expenses

	3 Months Ended June 30, 2020	3 Months Ended June 30, 2019	6 Months Ended June 30, 2020	6 Months Ended June 30, 2019
Property taxes and insurance	\$ 5,733	\$ 5,609	\$ 11,500	\$ 11,102
Recoverable expenses	3,252	3,762	7,369	7,833
Non-recoverable expenses ⁽¹⁾	1,702	553	2,252	1,258
Total operating expenses	\$ 10,687	\$ 9,924	\$ 21,121	\$ 20,193

(1) Non-recoverable expenses include bad debt expense of \$1.4 million for the three months ended June 30, 2020 and \$1.5 million for the six months ended June 30, 2020 (for the three and six months ended June 30, 2019 - \$62 thousand and \$205 thousand, respectively).

16. Administrative Expenses

	3 Months Ended June 30, 2020	3 Months Ended June 30, 2019	6 Months Ended June 30, 2020	6 Months Ended June 30, 2019
Salaries and benefits	\$ 1,876	\$ 1,848	\$ 2,945	\$ 3,417
Professional services	299	527	535	810
Office expenses	388	449	791	869
Total administrative expenses	\$ 2,563	\$ 2,824	\$ 4,271	\$ 5,096

Total employee salaries and benefits recorded by the Trust during the period were \$6.1 million, of which \$2.4 million is included in operating expenses, \$2.9 million is included in administrative expenses (net of the fair value decrease for restricted and deferred units of \$233 thousand) and \$866 thousand has been capitalized to investment properties (for the period ended June 30, 2019 – \$6.5 million, of which \$2.3 million is in operating expenses, \$3.4 million is in administrative expenses (net of the fair value increase for restricted and deferred units of \$15 thousand) and \$754 thousand is in investment properties).

17. Finance Costs

	3 Months Ended June 30, 2020	3 Months Ended June 30, 2019	6 Months Ended June 30, 2020	6 Months Ended June 30, 2019
Mortgage interest	\$ 5,228	\$ 5,313	\$ 10,584	\$ 10,463
Debenture interest	802	802	1,603	1,602
Mortgage bond interest	116	192	207	383
Distributions paid to Class B exchangeable LP unitholders	84	84	167	167
Operating line of credit interest	239	288	513	695
Interest and bank charges	59	88	119	175
Amortization of finance charges	183	199	399	482
Loan defeasance and early mortgage discharge fees	-	42	-	42
Imputed interest on land lease liabilities	570	564	1,138	1,125
Mark to market amortization	(41)	(11)	(82)	(59)
Capitalization of interest	(39)	(123)	(140)	(234)
Total finance costs	\$ 7,201	\$ 7,438	\$ 14,508	\$ 14,841

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18. Unitholders' Equity

(a) Authorized

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

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

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

(b) Issued and Outstanding

(i) Class B Exchangeable LP Units

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

	June 30, 2020		December 31, 2019	
	Units (000s)	Amount	Units (000s)	Amount
Exchangeable LP units outstanding, beginning of the period	1,191	\$ 5,444	1,191	\$ 4,622
Fair value adjustment for the period	-	(1,561)	-	822
Exchangeable LP units outstanding, end of the period	1,191	\$ 3,883	1,191	\$ 5,444

(ii) Special Voting Units

At June 30, 2020, there were 1,191,000 (December 31, 2019 - 1,191,000) special voting units outstanding, issued in connection with 1,191,000 (December 31, 2019 - 1,191,000) Class B exchangeable LP units of a subsidiary of the Trust (see above).

(iii) Units

	June 30, 2020		December 31, 2019	
	Trust Units (000s)	Amount	Trust Units (000s)	Amount
Units outstanding, beginning of the period	102,171	\$ 276,406	102,824	\$ 278,058
Issuance of units:				
RU plan	-	-	59	273
Repurchase and cancellation of units under normal course issuer bid	(389)	(1,053)	(712)	(1,925)
Units outstanding, end of the period	101,782	\$ 275,353	102,171	\$ 276,406

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Unitholders have the right to redeem their units at the lesser of (i) 90% of the Market Price of the unit (Market Price is defined for this purpose in the Declaration of Trust as the weighted average trading price of the previous 10 trading days) and (ii) the most recent Closing Market Price (Closing Market Price is defined for this purpose in the Declaration of Trust as the weighted average trading price on the specified date) at the time of the redemption. The redemption price will be satisfied by cash, up to a limit of \$50 thousand for all redemptions in a calendar month, or a note payable. For the period ended June 30, 2020 no unitholder had redeemed units.

The Trust has a Distribution Reinvestment Plan ("DRIP"), which was suspended until further notice commencing with the payment of the October 2018 distribution, and unitholders enrolled in the DRIP began receiving distribution payments in cash. Prior to its suspension, the DRIP enabled Canadian resident unitholders to acquire additional units of the Trust through the reinvestment of distributions on their units. Units issued in connection with the DRIP were issued directly from the treasury of the Trust at a price based on the weighted average daily closing price of the units on the TSX for the 5 trading days immediately preceding the relevant distribution date. Participants also received "bonus units" in an amount equal to 3% of the distribution amount reinvested. If the Trust elects to reinstate the DRIP in the future, unitholders that were enrolled in the DRIP at the time of its suspension and remain enrolled at the time of reinstatement, will automatically resume participation in the DRIP.

On September 26, 2019, the Trust announced that it had received approval from the TSX for the renewal of its normal course issuer bid ("NCIB") for a further year. The period of the renewed NCIB commenced on September 28, 2019, with purchases able to be made as at the open of markets on September 30, 2019, and will conclude on the earlier of the date on which purchases under the bid have been completed and September 27, 2020. Under the terms of the renewed NCIB, the Trust can purchase up to 8,096,331 of its issued and outstanding units through the facilities of the TSX and any alternative trading system in Canada. Subject to certain prescribed exemptions and any block purchase made in accordance with the rules of the TSX, daily purchases made by the Trust may not exceed 12,433 units, representing 25% of the average daily trading volume of the units on the TSX for the six-month period ended August 31, 2019 (being 49,733 units). All units that are purchased under the renewed NCIB will be cancelled (on a monthly basis, on or before the record date for each monthly distribution). Unitholders may obtain a copy of the NCIB renewal notice, without charge, by contacting the Trust.

Plaza also entered into a new automatic securities purchase plan agreement (the "Plan") with its designated broker in order to facilitate purchases of units under the renewed NCIB. The Plan, which was pre-cleared by the TSX, allows for purchases of units by Plaza at times when it would ordinarily not be permitted to make purchases due to regulatory restrictions or self-imposed blackout periods. The Plan will terminate on September 27, 2020.

For the six months ended June 30, 2020, 389,497 units have been repurchased for cancellation under the renewed NCIB at a weighted average price of \$3.5902. Of the 389,497 units that have been repurchased for the six months ended June 30, 2020, 389,297 have been settled and cancelled.

To June 30, 2020, Plaza has purchased a total of 1,101,386 units since the commencement of the original NCIB on September 28, 2018 at a weighted average price of \$4.0191.

19. Distributions

Distributions are declared monthly at the discretion of the Board.

	3 Months Ended June 30, 2020	3 Months Ended June 30, 2019	6 Months Ended June 30, 2020	6 Months Ended June 30, 2019
Cash distributions paid to unitholders	\$ 7,124	\$ 7,179	\$ 14,264	\$ 14,373

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20. Additional Cash Flow Information

(a) Changes in Non-Cash Working Capital

	3 Months Ended June 30, 2020	3 Months Ended June 30, 2019	6 Months Ended June 30, 2020	6 Months Ended June 30, 2019
Receivables	\$ (6,178)	\$ 3,534	\$ (6,640)	\$ (727)
Prepaid expenses and deposits	(5,294)	(5,521)	(4,880)	(5,457)
Change in construction accruals removed from investing activities	(896)	(629)	(516)	(1,325)
Accounts payable, accrued liabilities, tenant payables and tenant deposits	25	1,020	1,239	4,692
Total cash from change in non-cash working capital	\$ (12,343)	\$ (1,596)	\$ (10,797)	\$ (2,817)

(b) Changes in Liabilities Arising from Financing Activities

	June 30, 2020	December 31, 2019
Current and long-term debt ^{(1) (2)} – beginning of the period	\$ 644,287	\$ 609,569
Redemption/repayment of mortgage bonds and debentures	(6,000)	(6,000)
Periodic mortgage principal repayments	(4,896)	(10,795)
Mortgage interest deferral program	997	-
Land lease principal repayments	(316)	(663)
Mortgages repaid	(16,646)	(92,953)
Gross mortgage proceeds	21,150	139,949
Gross mortgage bond proceeds	5,200	-
Fees incurred for placement of debt	(127)	(1,059)
Increases (decreases) in notes payable	(213)	115
Non-cash changes in current and long-term debt:		
Net change in fair value of Class B exchangeable LP units	(1,561)	822
Net change in fair value of interest rate swaps	4,153	392
Net change in fair value of convertible debentures	(4,589)	4,294
Amortization of finance charges	399	758
Mark to market amortization	(82)	(142)
Current and long-term debt ⁽¹⁾ – end of the period	\$ 641,756	\$ 644,287

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

⁽²⁾ Opening debt on January 1, 2019 includes the land lease liabilities of \$60.6 million booked under new accounting pronouncements on a prospective basis (see Note 12).

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21. Related Party Transactions

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

(a) Bonds and Debentures

The trustees own directly or indirectly the following unsecured debentures of the Trust (stated at face value):

	June 30, 2020	December 31, 2019
Earl Brewer (trustee)	\$ 325	\$ 325
Stephen Johnson (trustee)	200	200
Doug McGregor (Chairman and trustee)	400	-
Total	\$ 925	\$ 525

No other trustee or key management personnel own mortgage bonds or debentures of the Trust at June 30, 2020 (December 31, 2019 - nil).

(b) Notes Payable to Related Parties

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

	June 30, 2020	December 31, 2019
Entities owned (directly or indirectly), controlled or significantly influenced by Michael Zakuta.	\$ 261	\$ 261

(c) Other Transactions with Related Parties

- (i) TC Land LP, an entity controlled by Michael Zakuta and Earl Brewer, leases nine parcels of land to the Trust at market rates, with a total annual rent of \$1.2 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.
- (ii) Earl Brewer and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 25% interest in the Gateway Mall, Sussex, NB. A subsidiary of the Trust manages the mall. At June 30, 2020 there is a \$12 thousand accounts receivable balance owing to the Trust for property management, leasing and development fees (December 31, 2019 - \$28 thousand). For the six months ended June 30, 2020, property management, development, financing and leasing fees of \$40 thousand were earned by a subsidiary of the Trust from this property (for the six months ended June 30, 2019 - \$128 thousand).
- (iii) The Montreal office of Plaza Group Management Limited (a wholly-owned subsidiary of the Trust) shares office space with a company indirectly owned by Michael Zakuta in an office building owned by that related party. The Trust pays no basic minimum rent for the space.
- (iv) Earl Brewer and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 20% interest in Mountainview Plaza, Midland, ON and Park Street Plaza, Kenora, ON. A subsidiary of the Trust manages the malls. At June 30, 2020 there is \$6.0 million owed by the properties to the Trust which is recorded in notes and advances receivable (December 31, 2019 - \$5.9 million). As well, there is a \$60 thousand accounts receivable balance owing to the Trust for property management, leasing and development fees (December 31, 2019 - \$13 thousand). For the six months ended June 30, 2020, property management, leasing, development and financing fees of \$121 thousand were earned by a subsidiary of the Trust from these properties (for the six months ended June 30, 2019 - \$102 thousand).
- (v) Earl Brewer and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 50% interest in two single-use properties located in Amherstview and Port Perry, ON. A subsidiary of the Trust manages the properties. For

Plaza Retail REIT

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the six months ended June 30, 2020, property management fees of \$2 thousand were earned by a subsidiary of the Trust from these properties (for the six months ended June 30, 2019 - \$2 thousand).

- (vi) Earl Brewer, James Petrie, Barbara Trenholm and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 25% interest in KGH Plaza, Miramichi, NB, a single-use property located at 681 Mountain Road, Moncton, NB, a single-use property located at 201 Main Street, Sussex, NB and Robie Street Truro Plaza, Truro, NS. A subsidiary of the Trust manages the properties. At June 30, 2020 there is a \$10 thousand accounts receivable balance owing to the Trust for property management, development and leasing fees (December 31, 2019 - \$9 thousand). For the six months ended June 30, 2020, property management, leasing and development fees of \$43 thousand were earned by a subsidiary of the Trust from these properties (for the six months ended June 30, 2019 - \$116 thousand).
- (vii) Earl Brewer and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 50% interest in Scott Street Plaza, St. Catharines, ON, and five single-use properties located at St. Joseph's Boulevard, Orleans, ON, Dufferin and Wilson, Perth, ON, Ontario Street Port Hope, Port Hope, ON, Civic Centre Road, Petawawa, ON and 615 King Street, Gananoque, ON. A subsidiary of the Trust manages the properties. For the six months ended June 30, 2020, property management fees of \$15 thousand were earned by a subsidiary of the Trust from these properties (for the six months ended June 30, 2019 - \$15 thousand).
- (viii) Earl Brewer, Denis Losier and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 50% interest in the following eight properties: Boulevard Hebert Plaza and Victoria Street Plaza in Edmundston, NB; Grand Falls Shopping Center and Madawaska Road Plaza in Grand Falls, NB; Connell Road Plaza, Woodstock, NB; Welton Street Plaza, Sydney, NS; and Pleasant Street Plaza and Starrs Road Plaza in Yarmouth, NS. A subsidiary of the Trust manages the properties. At June 30, 2020 there is a \$9 thousand accounts receivable balance owing to the Trust for property management fees (December 31, 2019 - \$16 thousand). For the six months ended June 30, 2020, property management, leasing and development fees of \$72 thousand were earned by a subsidiary of the Trust from these properties (for the six months ended June 30, 2019 - \$108 thousand).

22. 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 provides information on financial assets and liabilities measured at fair value.

	June 30, 2020			December 31, 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Investment properties	\$ -	\$ -	\$ 990,150	\$ -	\$ -	\$ 1,026,773
Right-of-use land lease assets	-	-	59,591	-	-	59,907
Investment properties held for sale	-	-	-	-	-	609
	\$ -	\$ -	\$ 1,049,741	\$ -	\$ -	\$ 1,087,289
Class B exchangeable LP units	\$ 3,883	\$ -	\$ -	\$ 5,444	\$ -	\$ -
Series E convertible debentures	44,627	-	-	48,739	-	-
Series VII convertible debentures	-	5,195	-	-	5,673	-
Land lease liabilities	-	-	59,591	-	-	59,907
	\$ 48,510	\$ 5,195	\$ 59,591	\$ 54,183	\$ 5,673	\$ 59,907

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 (see Note 4 for a more detailed description of the Trust's valuation approach). The significant unobservable inputs include normalized net operating income, which is supported by the terms of existing leases in place and current market rents to renew or lease up vacant or expiring space, adjusted for estimated or normalized vacancy rates based on market conditions and factoring in expected maintenance costs.

Plaza Retail REIT

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23. Subsequent Events

Financings

The Trust renewed its \$20 million development line of credit to July 31, 2021 with the same terms and conditions.

The Trust renewed its \$15 million development line of credit and its \$44 million revolving operating line of credit to July 31, 2021 with interest rates of prime plus 1.50% or BAs plus 2.75%.

The Trust extended a mortgage which was set to mature on September 1, 2020 for an additional five months at a property located in Rouyn-Noranda, QC with a balance of \$5.9 million at June 30, 2020.

Unitholders' Equity

Between July 1st and August 6th, 2020, an additional 3,300 units have been repurchased under the normal course issuer bid at an average unit price of \$3.3370.

Distributions and Distribution Reinvestment Plan

The Trust paid a cash distribution of \$0.02333 per unit for a total of \$2.4 million on July 15, 2020.

Liquidity

On July 8, 2020, the remaining \$3.1 million of proceeds for the renewal of Series X mortgage bonds was received.

To date, \$894 thousand of the CECRA government receivable was collected.

To date, Plaza has collected 89% of July's gross rent, and including contributions from the federal government under the CECRA program, most of which have been received, 92% of July's rent will be collected.

In August 2020, the Trust anticipates closing on the sale of a 50% interest in five Shoppers Drug Mart properties, which the Trust currently owns 100%, to a syndicate of retail investors. It is anticipated this transaction will provide \$4.5 million of net proceeds to Plaza.

At June 30, 2020, conditions have been met and due diligence has been completed on the purchase of a grocery-anchored strip plaza for redevelopment, located in a secondary market in Ontario; closing is scheduled for August 2020. Plaza will own a 50% interest in this property on closing, with a partner owning the remaining 50%. The equity required to close this acquisition will be funded with debt from Plaza's partner. The property will represent an additional 90 thousand square feet of retail space at completion, at Plaza's ownership percentage.

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