



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, 2021 AND 2020**

DATED: AUGUST 5, 2021

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PRESIDENT'S MESSAGE

Fellow Unitholders:

We are pleased to report that our portfolio, dominated by essential-needs, value and convenience retailers, continues to perform very well. In an improved operating environment, our focus has now shifted from managing the effects of the pandemic to pursuing growth opportunities.

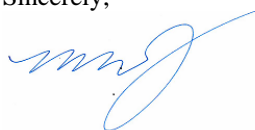
Plaza achieves growth in four ways:

1. **Meeting Demands of Retailers:** Plaza communicates with major retailers to identify development and/or redevelopment opportunities for them. Our Hogan Court Plaza development in Halifax, NS, is a result of Atlantic Superstore's desire to be in this market, and their new store opened in March. We currently have similar projects in planning or under development for grocers in Oshawa and Barrie, ON and other new opportunities in our pipeline.
2. **Redeveloping Well-Located Retail Properties:** To date, we have successfully redeveloped fourteen enclosed malls into open-air centres and have successfully redeveloped numerous retail projects, including repositioning and filling empty box stores. A good example is our recent acquisition of the grocery-anchored Northern Avenue Plaza in Sault Ste. Marie. The lease buyout of a non-operating large box tenant this past quarter allows us to redevelop and fill the large box space with multiple tenants.
3. **Actively Managing our Portfolio:** Plaza is constantly evaluating its existing portfolio for opportunities to improve its tenant base and grow future revenues. We strive to actively manage our properties in order to maintain high occupancy levels and strong retail mixes. We do not hesitate to turn-over space to replace retailers whose business models are no longer relevant, with successful retailers who provide a more relevant offering. This active management of our portfolio creates growth opportunities for Plaza.
4. **Financing:** Plaza uses diverse sources of capital to fund its growth, including joint-ventures, conventional debt, private placements such as our recent \$12MM convertible debentures, and non-core asset sales. Our ability to fund new projects such as Northern Avenue Plaza and Hogan Court Plaza at the height of the pandemic is testament to the success of this strategy.

We are now seeing a notable increase in acquisition, development and leasing momentum across our geography. Retail centres that require our expertise are starting to be marketed for sale and this should provide acquisition and redevelopment opportunities for Plaza. We are also continuing to pursue off-market acquisitions. Further, we are seeing increased demand from major retailers, especially grocers and value retailers, for new stores. Leasing momentum for our existing projects and our developments and redevelopments has been strong. Finally, our financing sources are readily available at very attractive terms.

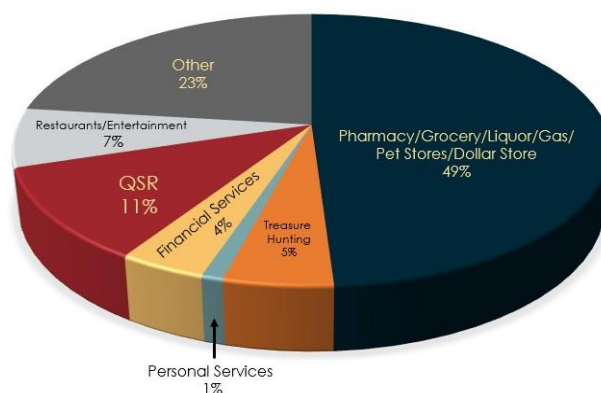
The Plaza team is excited to be focusing on growth again, and is looking forward to sharing the results of our initiatives.

Sincerely,



Michael Zakuta
President and CEO

REVENUE BY RETAIL CATEGORY (based on base rents)



PART I

BASIS OF PRESENTATION

Financial information included in this Management's Discussion and Analysis ("MD&A") includes material information up to August 5, 2021. 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, 2021 and 2020, along with the MD&A of the Trust for the year ended December 31, 2020. 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, 2020. 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, its tenants and the economy in general; changes in economic, retail, capital market, or debt market conditions, including changes in interest rates and the rate of inflation; competitive real estate conditions; Plaza's ability to lease or re-lease space at current or anticipated rents; changes in operating costs; the availability of development and redevelopment opportunities for growth; demographic changes, including shifting consumer preferences, and changes in consumer behaviours which may result in a decrease in demand for physical space by retail tenants; tenant insolvencies or bankruptcies; and government regulations. This is not an exhaustive list of the factors that may affect Plaza's forward-looking statements. Other risks and uncertainties not presently known to Plaza, including any unforeseen impacts from pandemic conditions, could also cause actual results or events to differ materially from those expressed in forward-looking statements. Management believes that the expectations reflected in its 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 5, 2021 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 (“TSX”) under the symbol “PLZ.UN”.

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

- Plaza conducts its business in a manner to maximize NAV and FFO growth per unit and, accordingly, unitholder value;
- Plaza’s entrepreneurial abilities allow it to adapt to changing market conditions;
- Plaza has developed strong relationships with leading retailers;
- Plaza’s business is driven by value-add opportunities to develop and redevelop, for its own account, unenclosed retail real estate throughout Canada;
- Plaza strives to minimize the amount of short-term debt that it obtains, thereby locking in returns 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, 2021 includes interests in 263 properties totaling approximately 8.6 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, 2021⁽¹⁾	Gross Leasable Area (sq. ft.) June 30, 2021^{(1) (2)}	Number of Properties December 31, 2020⁽¹⁾	Gross Leasable Area (sq. ft.) December 31, 2020^{(1) (2)}
Alberta	2	34,238	2	34,238
Manitoba	1	17,018	1	17,018
Newfoundland and Labrador	12	806,274	12	806,305
New Brunswick	52	1,931,321	52	1,929,922
Nova Scotia	34	1,225,395	34	1,210,649
Ontario	62	1,859,493	63	1,862,815
Prince Edward Island	11	595,281	11	595,337
Quebec	89	2,147,042	93	2,155,724
Total	263	8,616,062	268	8,612,008

(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 as well as 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 stable cash flow.

The COVID-19 pandemic has had a material impact on Plaza’s tenants and Plaza’s business, including reduced rent collections; rent deferrals, abatements and increased bad debt; fair value write-downs of its assets; and a reduction in occupancy. Although the operating environment has improved significantly, and continues to improve, the uncertainty of subsequent waves may impact certain aspects of Plaza’s operations, including rental and occupancy rates, consumer demand and demand for retail space, capitalization rates, tenants’ ability to pay rent in full or at all, tenant inducements, temporary or long-term labour or supply chain disruptions and the impact on construction costs and development projects, and the resulting value of Plaza’s

Plaza Retail REIT

properties. 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, 2021 ⁽⁴⁾	Anticipated Completion Date ⁽⁵⁾
In Planning/In Development:				
Open-Air Centre:				
Rideau Plaza, Smiths Falls, ON	10,000	75%	65%	Q4 2021
The Shoppes at Galway, St. John's, NL - Phase I.4 ⁽²⁾⁽³⁾	97,500	50%	n/a	1-2 years
The Shoppes at Galway, St. John's, NL - Phase II ⁽²⁾⁽³⁾	100,000	50%	n/a	2-3 years
The Shoppes at Galway, St. John's, NL - Phase III ⁽²⁾⁽³⁾	85,000	50%	n/a	2-3 years
Hogan Court, Bedford, NS – Phase II.2	11,569	100%	64%	Q3 2022
Fairville Boulevard, Saint John, NB - Phase III.2 ⁽³⁾	8,000	100%	n/a	1-2 years
100 Saint-Jude Nord, Granby, QC - Phase II ⁽²⁾⁽³⁾	40,657	10%	n/a	2-3 years
Plaza de L'Ouest, Sherbrooke, QC - Phase III ⁽³⁾	8,000	50%	66%	Q4 2022
St. Jerome, St. Jerome (Montreal), QC - Phase III.2 ⁽²⁾⁽³⁾	70,000	20%	n/a	1-2 years
Mapleview Dr., Barrie, ON	59,000	50%	n/a	2-3 years
Tri-City Center, Cambridge, ON ⁽³⁾	200,000	50%	90%	Q4 2022
Timiskaming Plaza, New Liskeard, ON ⁽³⁾	24,000	50%	n/a	2-3 years
Single Use:				
435 St. Peters Ave., Bathurst, NB ⁽³⁾	3,143	100%	100%	Q2 2022
Beaubien St., Montreal, QC ⁽³⁾	10,000	100%	100%	Q3 2022
464 Dundas St., Belleville, ON ⁽³⁾	2,500	100%	100%	Q2 2022
450 Wharncliffe Road South, London, ON ⁽³⁾	1,790	100%	100%	Q2 2022
1916 Wyandotte Street West, Windsor, ON ⁽³⁾	1,532	100%	100%	Q2 2022
Expansion:				
Granite Drive, New Minas, NS ⁽³⁾	10,000	100%	n/a	1-2 years
North Sydney Plaza, North Sydney, NS ⁽³⁾	1,000	100%	100%	Q3 2022
Pleasant Street, Yarmouth, NS ⁽³⁾	1,000	50%	n/a	1-2 years
Champlain St. Plaza, Dieppe (Moncton), NB - Phase II.2 ⁽³⁾	10,000	100%	n/a	1-2 years
In Construction:				
Open-Air Centre:				
The Shoppes at Galway, St. John's, NL - Phase I.2 ⁽²⁾⁽³⁾	3,700	50%	100%	Q3 2021
Hogan Court, Bedford, NS - Phase I.2	4,478	100%	100%	Q1 2022
Hogan Court, Bedford, NS – Phase II.1	10,700	100%	89%	Q1 2022
Taunton Rd., Oshawa, ON	46,000	50%	64%	Q2 2022
Northern Avenue Plaza, Sault Ste. Marie, ON ⁽³⁾	172,000	50%	70%	Q3 2022
1726 Huron Church Rd, Windsor, ON ⁽³⁾	8,000	100%	75%	Q3 2022
Expansion:				
Powell Drive, Carbonear, NL ⁽³⁾	1,900	100%	100%	Q3 2021
Les Galeries Montmagny, Montmagny, QC ⁽³⁾	1,653	50%	100%	Q4 2021
Plaza De L'Ouest, Sherbrooke, QC ⁽³⁾	7,835	50%	100%	Q3 2021
Total	1,010,957			

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

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

(3) This is an existing property being developed or redeveloped. Of the total development gla above, 488,867 square feet are included in the Trust's gross leasable area at June 30, 2021.

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

(5) Certain projects have been delayed due to COVID-19, which may continue to impact the anticipated completion dates as shown.

Plaza's goal is to achieve unlevered returns on developments/redevelopments of between 7%-9%.

Plaza Retail REIT

There is excess density at existing properties which would represent approximately 41 thousand additional square feet of gross leasable area, at Plaza's ownership percentage.

At June 30, 2021, there are two land assemblies under purchase agreement and subject to due diligence or other conditions. These land purchases, if executed, will represent an additional 61 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 \$90 million and \$100 million, of which approximately \$43.1 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 \$10.5 million and \$11.5 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, 2021, the Trust acquired the following property:

Properties Acquired	% Acquired	6 Months Ended
		June 30, 2021
Mapleview Dr., Barrie, ON	50%	\$ 2,605

During the six months ended June 30, 2021, the Trust disposed of the following properties:

Properties Disposed	% Disposed	Gross Proceeds
		6 Months Ended June 30, 2021
Quick Service Restaurants and excess land – Belleville, ON, Orleans, ON, Chicoutimi, QC, Levis, QC, Longueuil, QC, Montreal, QC, and Quebec City, QC.	100%	\$ 6,818

SUMMARY OF SELECTED YEAR TO DATE INFORMATION

	6 Months Ended June 30, 2021 (unaudited)	6 Months Ended June 30, 2020 (unaudited)	6 Months Ended June 30, 2019 (unaudited)	
(000s, except as otherwise noted)				
Financial Amounts				
Property rental revenue	\$ 56,652	\$ 54,103	\$ 58,120	
Total revenue	\$ 60,161	\$ 53,379	\$ 62,349	
NOI ⁽¹⁾	\$ 36,512	\$ 32,982	\$ 37,927	
Same-asset NOI ⁽¹⁾	\$ 33,146	\$ 32,733	N/A ⁽³⁾	
FFO ⁽¹⁾	\$ 22,608	\$ 17,055	\$ 21,676	
AFFO ⁽¹⁾	\$ 19,834	\$ 14,780	\$ 19,607	
EBITDA ⁽¹⁾	\$ 36,657	\$ 31,303	\$ 36,435	
Profit (loss) and total comprehensive income (loss)	\$ 31,846	\$ (33,397)	\$ 33,244	
Total assets	\$ 1,158,373	\$ 1,135,219	\$ 1,165,205	
Total non-current liabilities	\$ 541,730	\$ 540,487	\$ 595,541	
Total mortgages, mortgage bonds, notes payable, bank credit facilities, and land lease liabilities	\$ 612,334	\$ 678,501	\$ 537,165	
Total debentures	\$ 66,347	\$ 59,623	\$ 64,087	
Weighted average units outstanding ⁽²⁾	102,990	103,127	103,919	
Normal course issuer bid – units repurchased	15	389	341	
Amounts on a Per Unit Basis				
FFO ⁽¹⁾	\$ 0.220	\$ 0.165	\$ 0.209	
AFFO ⁽¹⁾	\$ 0.193	\$ 0.143	\$ 0.189	
Distributions	\$ 0.140	\$ 0.140	\$ 0.140	
Financial Ratios				
Weighted average interest rate – fixed rate mortgages	3.90%	4.18%	4.36%	
Debt to gross assets (excluding convertible debentures) ⁽⁴⁾	53.6%	55.0%	51.9%	
Debt to gross assets (including convertible debentures) ⁽⁴⁾	58.7%	59.7%	56.4%	
Interest coverage ratio ⁽¹⁾	2.64x	2.17x	2.48x	
Debt coverage ratio ⁽¹⁾	1.81x	1.59x	1.78x	
Distributions as a % of FFO	63.8%	84.6%	67.1%	
Distributions as a % of AFFO	72.7%	97.6%	74.2%	
Leasing Information				
Square footage leased during the period (total portfolio)	637,810	449,198	777,161	
Same-asset committed occupancy ⁽⁵⁾	95.5%	95.9%	96.4%	
Committed occupancy – including non-consolidated investments ⁽⁶⁾	95.9%	96.2%	96.7%	
Mix of Tenancy Based on Base Rents ⁽⁵⁾				
National	90.5%	90.4%	90.7%	
Regional	3.5%	3.8%	3.4%	
Local	4.2%	3.9%	4.1%	
Non retail	1.8%	1.9%	1.8%	
Other				
Average term to maturity - mortgages	5.4 Years	5.7 Years	5.9 Years	
Average term to maturity - leases ⁽⁵⁾	5.8 Years	6.0 Years	5.8 Years	
Overall capitalization rate ⁽⁵⁾	7.11%	7.35%	7.10%	
Property Type Breakdown	Number of Properties June 30, 2021	Square Footage (000s)	Number of Properties December 31, 2020	Square Footage (000s)
Open-Air Centres	113	6,472	115	6,509
Enclosed	3	713	3	713
Single Use – Quick Service Restaurant	79	204	82	224
Single Use – Retail	68	1,227	68	1,166
Total	263	8,616	268	8,612

⁽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 especially during a pandemic, 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 table discusses the key performance indicators for the six months ended June 30, 2021 compared to the six months ended June 30, 2020.

Plaza Retail REIT

FFO ⁽¹⁾		YTD Q2 2021	YTD Q2 2020	% Change
	FFO	\$22,608	\$17,055	32.6%
	FFO per unit	\$0.220	\$0.165	33.3%
	Distributions as a % of FFO	63.8%	84.6%	(24.6%)
	<ul style="list-style-type: none"> ➤ The increase in FFO and FFO per unit was mainly due to lease buyouts, lower administrative, finance and operating costs in the current year, and an increase in NOI from developments. ➤ Excluding the effect of lease buyouts, and COVID-related bad debt expense and write-offs, FFO and FFO per unit would have been 7.1% and 7.2% higher than the prior year, respectively. 			
AFFO ⁽¹⁾		YTD Q2 2021	YTD Q2 2020	% Change
	AFFO	\$19,834	\$14,780	34.2%
	AFFO per unit	\$0.193	\$0.143	35.0%
	Distributions as a % of AFFO	72.7%	97.6%	(25.5%)
	<ul style="list-style-type: none"> ➤ The principal factors affecting AFFO are consistent with those impacting FFO, as well as lower leasing costs and higher maintenance capital expenditures. ➤ Excluding the effect of the lease buyouts, insurance proceeds, and COVID-related bad debt expense and write-offs, AFFO and AFFO per unit would have been 3.3% and 3.4% higher than the prior year, respectively. 			
Debt Service Ratios ⁽¹⁾		YTD Q2 2021	YTD Q2 2020	% Change
	Interest coverage ratio	2.64x	2.17x	21.7%
	Debt coverage ratio	1.81x	1.59x	13.8%
	<ul style="list-style-type: none"> ➤ The interest and debt coverage ratios were higher mainly due to higher EBITDA and lower mortgage interest. Debt coverage and interest coverage ratios exceed the requirements under borrowing arrangements. 			
Debt to Gross Assets		Q2 2021	Q2 2020	% Change
	Debt to gross assets (excluding convertible debentures)	53.6%	55.0%	(2.5%)
	Debt to gross assets (including convertible debentures)	58.7%	59.7%	(1.7%)
	<ul style="list-style-type: none"> ➤ The decrease in debt to gross assets over the prior year relates mainly to the fair value increase in investment properties recorded in 2021. 			
Same-Asset NOI ⁽¹⁾		YTD Q2 2021	YTD Q2 2020	% Change
	Same-asset NOI	\$33,146	\$32,733	1.3%
	<ul style="list-style-type: none"> ➤ Same-asset NOI is higher due to lower operating expenses driven by lower bad debt expense in the current year. ➤ Excluding the impact of lease buyouts and COVID-related bad debt expense and write-offs, same-asset NOI would have been 1.4% lower. This measure still includes certain other impacts of the COVID-19 pandemic on NOI, such as its impact on occupancy. 			
Weighted Average Interest Rate – Fixed Rate Mortgages		Q2 2021	Q2 2020	% Change
	Weighted average interest rate – fixed rate mortgages	3.90%	4.18%	(6.7%)
	<ul style="list-style-type: none"> ➤ Plaza continues to finance at low rates. 			
Occupancy Levels		Q2 2021	Q2 2020	% Change
	Same-asset committed occupancy ⁽²⁾	95.5%	95.9%	(0.4%)
	Committed occupancy – including non-consolidated investments ⁽³⁾	95.9%	96.2%	(0.3%)

(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 2021 AND 2020
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, 2021, compared to the three and six months ended June 30, 2020 is presented below:

	3 Months Ended June 30, 2021	3 Months Ended June 30, 2020	6 Months Ended June 30, 2021	6 Months Ended June 30, 2020
(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	\$ 18,979	\$ (31,265)	\$ 31,124	\$ (33,357)
Add (deduct):				
Incremental leasing costs included in administrative expenses	434	547	750	886
Debt issuance costs	346	-	346	-
Amortization of debt issuance costs	(118)	(102)	(221)	(205)
Distributions on Class B exchangeable LP units included in finance costs	84	84	167	167
Deferred income taxes	7	(86)	44	(20)
Principal repayments of land lease liabilities	(190)	(168)	(377)	(316)
Fair value adjustment to restricted and deferred units	157	36	239	(233)
Fair value adjustment to investment properties	(9,283)	28,639	(12,381)	48,511
Fair value adjustment to investments	79	4,569	189	3,364
Fair value adjustment to Class B exchangeable LP units	750	226	1,179	(1,561)
Fair value adjustment to convertible debentures	569	4,986	2,864	(4,589)
Fair value adjustment to interest rate swaps	486	403	(2,075)	4,153
Fair value adjustment to right-of-use land lease assets	190	168	377	316
Equity accounting adjustment	14	14	(155)	185
Non-controlling interest adjustment	550	(132)	538	(246)
Basic FFO	\$ 13,054	\$ 7,919	\$ 22,608	\$ 17,055
Add (deduct):				
Non-cash revenue – straight-line rent ⁽⁴⁾	29	(180)	175	(258)
Leasing costs – existing properties ^{(1) (4)}	(526)	(593)	(923)	(1,554)
Maintenance capital expenditures – existing properties ^{(1) (4)}	(1,435)	(113)	(2,081)	(480)
Non-controlling interest adjustment	36	13	55	17
Basic AFFO	\$ 11,158	\$ 7,046	\$ 19,834	\$ 14,780
Basic weighted average units outstanding ⁽²⁾	102,987	102,985	102,990	103,127
Basic FFO per unit	\$ 0.127	\$ 0.077	\$ 0.220	\$ 0.165
Basic AFFO per unit	\$ 0.108	\$ 0.068	\$ 0.193	\$ 0.143
Gross distributions to unitholders ⁽³⁾	\$ 7,209	\$ 7,208	\$ 14,417	\$ 14,431
Distributions as a percentage of basic FFO	55.2%	91.0%	63.8%	84.6%
Distributions as a percentage of basic AFFO	64.6%	102.3%	72.7%	97.6%
Basic FFO	\$ 13,054	\$ 7,919	\$ 22,608	\$ 17,055
Interest on dilutive convertible debentures	779	601	1,550	1,202
Diluted FFO	\$ 13,833	\$ 8,520	\$ 24,158	\$ 18,257
Diluted weighted average units outstanding ⁽²⁾	113,880	111,348	113,883	111,490
Basic AFFO	\$ 11,158	\$ 7,046	\$ 19,834	\$ 14,780
Interest on dilutive convertible debentures	779	-	1,550	-
Diluted AFFO	\$ 11,937	\$ 7,046	\$ 21,384	\$ 14,780
Diluted weighted average units outstanding ⁽²⁾	113,880	102,985	113,883	103,127
Diluted FFO per unit	\$ 0.121	\$ 0.077	\$ 0.212	\$ 0.164
Diluted AFFO per unit	\$ 0.105	\$ 0.068	\$ 0.188	\$ 0.143

(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.

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Basic FFO for the three months ended June 30, 2021 increased by \$5.1 million or 65% over the prior year and basic FFO per unit for the three months ended June 30, 2021 was 65% higher compared to the prior year.

Items impacting FFO were:

- (i) lease buyout revenues recorded in the current year of \$3.0 million
- (ii) an increase in same-asset NOI of \$881 thousand mainly due to lower operating expenses driven by lower bad debt expense in the current quarter;
- (iii) an increase in NOI of \$802 thousand from acquisitions, developments and properties transferred to IPP in 2020 and 2021;
- (iv) a decrease in administrative costs of \$693 thousand, mainly due to lower salary expenses and lower travel costs due to COVID-19 travel restrictions;
- (v) a decrease in NOI of \$392 thousand from property disposals and partial sales of properties in the prior year.

For the three months ended June 30, 2021, AFFO increased by \$4.1 million or 58% over the prior year and AFFO per unit for the three months ended June 30, 2021 was 59% higher compared to the prior year. The AFFO and AFFO per unit were mainly impacted by the changes in FFO and FFO per unit described above, along with higher maintenance capital expenditures. In 2020, maintenance capital expenditures were lower due to the pandemic, as leasing activity was curtailed and elective capital expenditures were deferred. Maintenance capital expenditures in 2021 are higher due to additional leasing activity and completion of previously deferred elective capital expenditures.

Excluding the impact of lease buyouts, insurance proceeds, and COVID-related bad debt expense and write-offs, FFO and FFO per unit would have been 7.8% higher than the prior year. AFFO and AFFO per unit adjusted for these same items would have been 6.1% lower than the prior year.

Basic FFO for the six months ended June 30, 2021 increased by \$5.6 million or 33% over the prior year and basic FFO per unit for the six months ended June 30, 2021 was 33% higher compared to the prior year.

Items impacting FFO were:

- (i) lease buyout revenues recorded in the current year of \$3.1 million;
- (ii) an increase in same-asset NOI of \$413 thousand due to lower operating expenses driven by lower bad debt expense in the current year;
- (iii) an increase in NOI of \$1.2 million from acquisitions and properties transferred to IPP in 2020 and 2021;
- (iv) a decrease in administrative costs of \$1.1 million, mainly due to lower salary expenses and lower travel costs due to COVID-19 travel restrictions;
- (v) lower finance costs of \$401 thousand in the current year, mainly due to lower mortgage interest as a result of refinancing at lower rates; and
- (vi) a decrease in NOI of \$669 thousand from property disposals and partial sales of properties in the prior year.

For the six months ended June 30, 2021, AFFO increased by \$5.0 million, or 34% over the prior year and AFFO per unit increased 35% over the prior year. The increase in AFFO was mainly due to the changes in FFO and FFO per unit described above, as well as lower leasing costs offset by higher maintenance capital expenditures. In 2020, maintenance capital expenditures were lower due to the pandemic, as leasing activity was curtailed and elective capital expenditures were deferred. Maintenance capital expenditures in 2021 are higher due to additional leasing activity and completion of previously deferred elective capital expenditures.

Excluding the impact of the lease buyouts, insurance proceeds, and COVID-related bad debt expense and write-offs from the current and prior year, FFO and FFO per unit would have been 7.1% and 7.2% higher, respectively. AFFO and AFFO per unit adjusted for these same items would have been 3.3% and 3.4% higher, respectively.

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

The Trust recorded a profit for the three months ended June 30, 2021 of \$19.6 million compared to a loss of \$31.3 million for the same period in the prior year. The increase was mainly due to an increase in the fair value of investment properties of \$9.3 million in the current year compared to a fair value decrease of \$28.6 million in the prior year. The fair value increase year over year was mainly due to a decrease in capitalization rates in the current quarter and appraisals obtained. Profit was also impacted by the same factors mentioned in the discussion of FFO above, as well as:

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- (i) an increase in the share of profit of associates of \$4.8 million over the prior year, mainly relating to the non-cash fair value adjustment of the underlying properties in the prior year; and
- (ii) changes in non-cash fair value adjustments relating to interest rate swaps, the Class B exchangeable LP units, and convertible debentures.

The Trust recorded a profit for the six months ended June 30, 2021 of \$31.8 million compared to a loss of \$33.4 million for the same period in the prior year. The increase was mainly due to an increase in the fair value of investment properties of \$12.4 million in the current year compared to a fair value decrease of \$48.5 million in the prior year. The fair value increase year over year was mainly due to a decrease in capitalization rates and appraisals obtained. Profit was also impacted by the same factors mentioned in the discussion of FFO above, as well as:

- (i) an increase in the share of profit of associates of \$3.9 million over the prior year, mainly relating to the non-cash fair value adjustment of the underlying properties in the prior year; and
- (ii) changes in non-cash fair value adjustments relating to interest rate swaps, the Class B exchangeable LP units, and convertible debentures.

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

Same-asset categorization refers to those properties which were owned and operated by Plaza for the six months June 30, 2021 and the entire year ended December 31, 2020 and excludes non-consolidated investments and partial year results from certain assets due to timing of acquisition, development, redevelopment or disposition.

Significant portions of the Trust's leases have common cost recoveries from tenants linked to the consumer price index ("CPI"). At June 30, 2021, approximately 48.0% 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, 2021 (unaudited)	3 Months Ended June 30, 2020 (unaudited)	6 Months Ended June 30, 2021 (unaudited)	6 Months Ended June 30, 2020 (unaudited)
(000s)				
Same-asset rental revenue	\$ 25,086	\$ 25,088	\$ 50,170	\$ 50,867
Same-asset operating expenses	(3,254)	(3,960)	(7,098)	(7,856)
Same-asset realty tax expense	(4,958)	(5,135)	(9,926)	(10,278)
Same-asset NOI	\$ 16,874	\$ 15,993	\$ 33,146	\$ 32,733

Same-asset NOI for the three and six months ended June 30, 2021 increased by 5.5% and 1.3%, respectively compared to the prior year mainly due to lower operating expenses, driven by lower bad debt expense in the current year.

Excluding the impact of lease buyouts and COVID-related bad debt expense and write-offs from the current and prior year, same-asset NOI for the three and six months ended June 30, 2021, would have been 2.7% and 1.4% lower, respectively, than the prior year. This measure still includes certain other impacts of the COVID-19 pandemic on NOI, such as its impact on occupancy.

Plaza Retail REIT

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

	3 Months Ended June 30, 2021 (unaudited)	3 Months Ended June 30, 2020 (unaudited)	6 Months Ended June 30, 2021 (unaudited)	6 Months Ended June 30, 2020 (unaudited)
(000s except percentage data)				
New Brunswick	\$ 4,418	4,293	\$ 8,723	\$ 8,817
Nova Scotia	2,757	2,711	5,458	5,479
Quebec	3,374	3,130	6,604	6,380
Alberta	149	144	298	294
Manitoba	94	93	189	182
Ontario	2,868	2,745	5,715	5,545
Newfoundland and Labrador	1,320	1,095	2,441	2,359
Prince Edward Island	1,894	1,782	3,718	3,677
Same-asset NOI	\$ 16,874	\$ 15,993	\$ 33,146	\$ 32,733
Percentage increase over prior period	5.5%		1.3%	

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, 2021 (unaudited)	3 Months Ended June 30, 2020 (unaudited)	6 Months Ended June 30, 2021 (unaudited)	6 Months Ended June 30, 2020 (unaudited)
(000s)				
Same-asset NOI	\$ 16,874	\$ 15,993	\$ 33,146	\$ 32,733
Developments and redevelopments transferred to income producing in 2020 & 2021 (\$2.1 million annualized NOI)	488	204	895	373
NOI from acquisitions, properties currently under development and redevelopment (\$4.8 million annualized NOI)	685	167	1,058	414
Straight-line rent	(29)	180	(175)	258
Administrative expenses charged to NOI	(867)	(872)	(1,562)	(1,605)
Lease buyout revenue	3,023	-	3,098	88
Properties disposed	30	422	52	721
Total NOI	\$ 20,204	\$ 16,094	\$ 36,512	\$ 32,982

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, 2021 includes Plaza's share of NOI of approximately \$1.4 million compared to \$1.1 million for the three months ended June 30, 2020. Share of profit of associates increased by \$4.8 million for the three months ended June 30, 2021 compared to the three months ended June 30, 2020. The increase was mainly due to the non-cash fair value adjustment to the underlying investment properties recorded in the prior year.

Share of profit of associates for the six months ended June 30, 2021 includes Plaza's share of NOI of approximately \$2.7 million compared to \$2.2 million for the six months ended June 30, 2020. Share of profit of associates increased by \$3.9 million for the six months ended June 30, 2021 compared to the six months ended June 30, 2020. The increase was mainly due to the non-cash fair value adjustment to the underlying investment properties recorded in the prior year.

Overall committed occupancy for non-consolidated investments was 98.8% at June 30, 2021, compared to 98.9% at June 30, 2020.

Distributions received from associates for the three months ended June 30, 2021 were \$760 thousand compared to \$231 thousand for the three months ended June 30, 2020. Distributions received from associates for the six months ended June 30, 2021 were \$1.3 million compared to \$1.1 million for the six months ended June 30, 2020. There were additional distributions received from associates in 2021.

Finance Costs

Finance costs for the three months ended June 30, 2021 were consistent with the same period in the prior year at \$7.2 million.

Finance costs for the six months ended June 30, 2021 were \$14.1 million, compared to \$14.5 million for the same period in the prior year mainly due to lower mortgage interest as a result of refinancing at lower rates offset by higher debenture interest due to Series VIII debentures issued April 1, 2021.

During the three and six months ended June 30, 2021 convertible debenture issuance costs of \$346 thousand were incurred for the placement of Series VIII convertible debentures.

Administrative Expenses

Administrative expenses for the three months ended June 30, 2021 were \$563 thousand lower mainly due to lower salary expenses and lower travel costs in the current year. Excluding the increase in the fair value of restricted and deferred units, administrative expenses would have been \$693 thousand lower.

Administrative expenses for the six months ended June 30, 2021 were \$634 thousand lower mainly due to lower salary expenses and lower travel costs in the current year. Excluding the increase in the fair value of restricted and deferred units, administrative expenses would have been \$1.1 million lower.

Change in Fair Value of Investment Properties

Investment properties are measured at fair value using a combination of external appraisals and internal valuations, whereby income producing properties are valued using the direct capitalization method. Under this method, fair value is estimated by applying capitalization rates to stabilized net operating income (property revenue less property operating expenses), with the resulting value reduced by any costs to complete or required to achieve stabilization.

The Trust recorded a fair value increase to investment properties of \$9.3 million for the three months ended June 30, 2021 compared to a fair value decrease of \$28.6 million for the three months ended June 30, 2020. The Trust recorded a fair value increase to investment properties of \$12.4 million for the six months ended June 30, 2021 compared to a fair value decrease of \$48.5 million for the six months ended June 30, 2020. The fair value increase was mainly due to capitalization rate decreases and appraisals obtained.

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, 2021 was a net loss of \$569 thousand compared to a net loss of \$5.0 million in the prior year. The fair value adjustment to convertible debentures for the six months ended June 30, 2021 was a net loss of \$2.9 million compared to a net gain of \$4.6 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, 2021 was a net loss of \$750 thousand compared to a net loss of \$226 thousand in the prior year. The fair value adjustment to Class B exchangeable LP units for the six months ended June 30, 2021 was a net loss of \$1.2 million compared to a net gain of \$1.6 million 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, 2021 (excluding developments, redevelopments and non-consolidated investments).

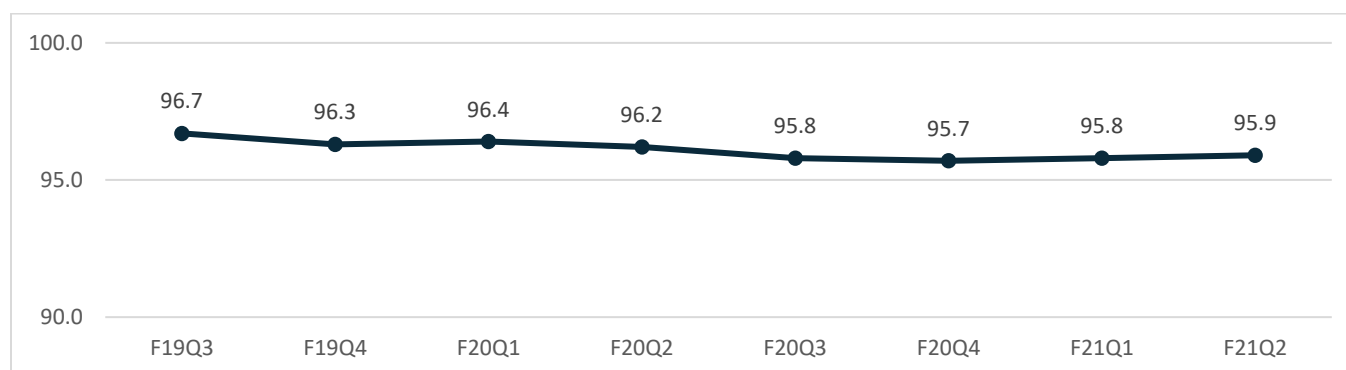
Year	Open-Air Centres		Enclosed Malls		Single-User Retail		Single-User QSR ⁽²⁾		Total	
	Sq Ft ⁽¹⁾	%	Sq Ft ⁽¹⁾	%	Sq Ft ⁽¹⁾	%	Sq Ft ⁽¹⁾	%	Sq Ft ⁽¹⁾	%
2021	207,898	4.4	42,489	7.2	20,468	2.0	9,033	5.2	279,888	4.3
2022	424,836	9.0	46,220	7.8	122,048	12.0	37,586	21.6	630,690	9.7
2023	584,054	12.3	214,916	36.1	152,739	15.0	29,812	17.1	981,521	15.0
2024	542,470	11.4	82,377	13.8	50,262	4.9	-	-	675,109	10.3
2025	487,775	10.3	39,600	6.7	154,415	15.1	4,861	2.8	686,651	10.5
2026	467,844	9.9	10,891	1.8	58,594	5.7	2,215	1.3	539,544	8.3
Thereafter	2,027,382	42.7	158,437	26.6	461,618	45.3	90,490	52.0	2,737,927	41.9
Subtotal	4,742,259	100.0	594,930	100.0	1,020,144	100.0	173,997	100.0	6,531,330	100.0
Vacant	200,623		118,133		-		9,859		328,615	
Total	4,942,882		713,063		1,020,144		183,856		6,859,945	
Weighted average lease term	5.9 years		3.6 years		7.1 years		6.0 years		5.8 years	

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

(2) QSR refers to quick service restaurants.

At June 30, 2021, same-asset committed occupancy was 95.5% compared to 95.9% at June 30, 2020.

Committed occupancy including non-consolidated investments (excluding properties under development and redevelopment) was 95.9% compared to 96.2% at June 30, 2020. Occupancy for the portfolio over the last eight quarters is as follows:

OCCUPANCY %


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The weighted average contractual base rent per square foot on renewals/new leasing in 2021 versus expiries (excluding developments, redevelopments and non-consolidated investments) is outlined in the following table:

	Open-Air Centres	Enclosed Malls	Single-User Retail	Single-User QSR	Total
<u>2021 – Q2 YTD</u>					
Leasing renewals (sq. ft.)	278,802	49,777	39,216	6,612	374,407
Weighted average rent (\$/sq. ft.) - Renewed	\$15.83	\$16.97	\$20.44	\$28.85	\$16.69
Weighted average rent (\$/sq. ft.) - Expired	\$15.50	\$16.96	\$20.44	\$30.63	\$16.48
Renewal spread	2.1%	0.1%	-	(5.8%)	1.3%
New leasing (sq. ft.)	34,373	13,588	-	6,149	54,110
Weighted average rent (\$/sq. ft.)	\$17.25	\$18.14	-	\$22.79	\$18.10
Expiries not renewed (sq. ft.)	35,618	11,034	-	10,234	56,886
Weighted average rent (\$/sq. ft.)	\$18.27	\$21.53	-	\$20.14	\$19.24
<u>2021 – Remainder of Year</u>					
Expiries (sq. ft.)	207,898	42,489	20,468	9,033	279,888
Weighted average rent (\$/sq. ft.)	\$12.63	\$17.08	\$19.06	\$28.07	\$14.27

In addition, for the six months ended June 30, 2021, the Trust completed 101 thousand square feet of new and renewal leasing deals on developments and redevelopments at market rates and 108 thousand square feet of new and renewal leasing deals at market rates at non-consolidated investments. In total, including developments, redevelopments and non-consolidated investments, the Trust completed 638 thousand square feet of new and renewal leasing deals for the six months ended June 30, 2021.

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

- Committed occupancy in the open-air centres was 96.5% at June 30, 2021, compared to 96.7% at June 30, 2020.
- Committed occupancy for enclosed malls was 86.4% at June 30, 2021, compared to 85.9% at June 30, 2020.
- Committed occupancy for single use assets was 99.3% at June 30, 2021, compared to 98.4% at June 30, 2020.
- Pre-leased space in active properties under development was 81.4% at June 30, 2021.

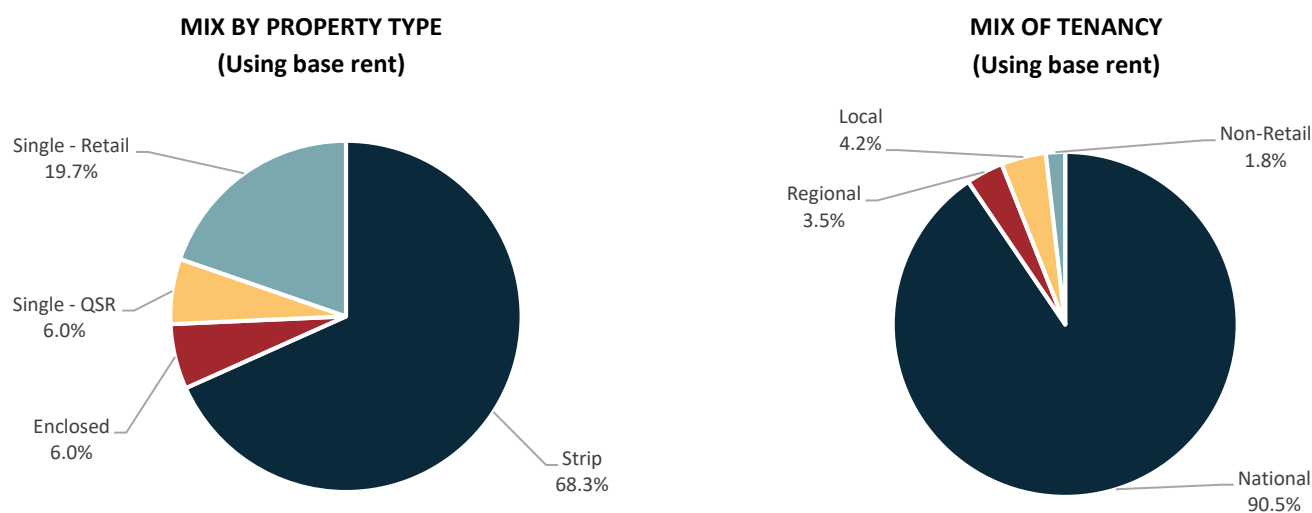
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Plaza has built a portfolio with a high quality revenue stream. Plaza's ten largest tenants based upon current monthly base rents at June 30, 2021 represent approximately 54.3% of total base rent revenues in place.

	% of Base Rent Revenue ⁽⁷⁾		% of Base Rent Revenue ⁽⁷⁾
1. Shoppers Drug Mart/Loblaw ⁽¹⁾	24.7	6. Sobeys Group ⁽⁵⁾	3.5
2. Dollarama	5.9	7. Staples	3.1
3. KFC ⁽²⁾	4.6	8. Bulk Barn	1.9
4. Canadian Tire Group ⁽³⁾	3.7	9. Giant Tiger	1.7
5. TJX Group ⁽⁴⁾	3.6	10. Restaurant Brands International Inc. ⁽⁶⁾	1.6
Total: 54.3%			

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

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



PART III

OPERATING LIQUIDITY AND WORKING CAPITAL

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

Cash flow from operations is dependent upon occupancy levels of properties owned, rental rates achieved, effective collection of rents, and efficiencies in operations as well as other factors, including the impact of the pandemic on cash flow during 2021.

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 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

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margins, maintenance capital expenditures, debt service requirements, the satisfaction of statutory tests imposed by the laws governing Plaza for the declaration of distributions and other conditions, among other things. Plaza may also look at other capital market factors when determining distributions. Profit under IFRS is not used by Plaza when setting the annual distribution, as profit reflects, among other things, non-cash fair value adjustments relating to the Trust's income producing property and convertible debentures – items that are not reflective of Plaza's ability to pay distributions and outside of Plaza's control. In addition, because of items such as principal repayments, distributions may also exceed cash available from time to time.

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

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

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

	3 Months Ended June 30, 2021 (unaudited)	3 Months Ended June 30, 2020 (unaudited)	6 Months Ended June 30, 2021 (unaudited)	6 Months Ended June 30, 2020 (unaudited)
(000s)				
Cash distributions paid ⁽¹⁾	\$ 7,209	\$ 7,208	\$ 14,417	\$ 14,431

⁽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, 2021 (unaudited)	3 Months Ended June 30, 2020 (unaudited)	6 Months Ended June 30, 2021 (unaudited)	6 Months Ended June 30, 2020 (unaudited)
(000s)				
Cash provided by operating activities ⁽¹⁾	\$ 9,173	\$ (616)	\$ 22,924	\$ 9,721
Total distributions ⁽²⁾	(7,209)	(7,208)	(14,417)	(14,431)
Excess (shortfall) of cash provided by operating activities over total distributions	\$ 1,964	\$ (7,824)	\$ 8,507	\$ (4,710)

⁽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. In the prior year cash provided by operating activities also excludes the 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 2020 due to COVID-19, distributions exceeded cash provided by operating activities in the second quarter 2020. Since the shortfall was due to timing and temporary impacts, Plaza did not believe that the distributions should be regarded as a return of capital for income tax purposes. At that time, the excess distributions were funded through Plaza's operating line of credit.

Plaza's rent collections have improved significantly since Q2 2020. Plaza collected 99.0% of gross rent in Q1 21 and 98.2% in Q2 21.

CAPITAL RESOURCES, EQUITY AND DEBT ACTIVITIES
Operating and Development Facilities

(000s)	\$46.0 Million Operating	\$20.0 Million Development	\$15.0 Million Development
December 31, 2020 ⁽¹⁾	\$ 33,451	\$ 10,900	\$ 6,477
Net change	4,683	-	1,584
June 30, 2021 ⁽¹⁾	\$ 38,134	\$ 10,900	\$ 8,061
Interest rate	Prime + 0.75% or BA + 2.25%	Prime + 0.75% or BA + 2.25%	Prime + 0.75% or BA + 2.25%
Maturity	July 31, 2021 ⁽²⁾	July 31, 2021 ⁽²⁾	July 31, 2021 ⁽²⁾
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 was renewed and extended to \$55.0 million maturing July 31, 2023 with an interest rate of prime plus 0.75% or BA plus 2.00%. The \$20.0 million development line was renewed for 1 year on the same terms and conditions and the \$15.0 million development line was renewed for 2 years with interest rates of prime + 0.75% and BA + 2.00%.

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, 2021, 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 at June 30, 2021 is comprised of \$7.3 million of cash, \$7.4 million available to be drawn on the operating line, \$16.0 million of unused development facilities, \$11.4 million of unused construction facilities, including non-consolidated investments, and unencumbered assets with a value of approximately \$20.8 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	September 25, 2021	June 25, 2022	July 15, 2022
Amount	\$1,005	\$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 March 25, 2021, \$2.0 million of Series X.1 mortgage bonds matured. \$1.0 million of these mortgage bonds were paid out and \$1.0 million were extended to September 25, 2021.

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 VIII	Non-convertible Series II
Interest rate	5.10%	5.95%	5.00%
Conversion price	\$5.65	\$4.75	n/a
Par call date	April 1, 2022	March 31, 2025	n/a
Maturity date	March 31, 2023	March 31, 2026	February 28, 2022
Face amount	\$47,250	\$12,019	\$6,000

On April 1, 2021, the Trust issued \$12.0 million of Series VIII convertible debentures. The debentures have a term of five years, bear interest at a rate of 5.95% and are convertible at \$4.75/unit.

On May 2, 2021, the \$3.86 million Series I non-convertible debentures matured and were repaid.

On June 30, 2021, the \$5.5 million Series VII convertible debentures matured and were repaid.

Mortgages

During 2021, the Trust:

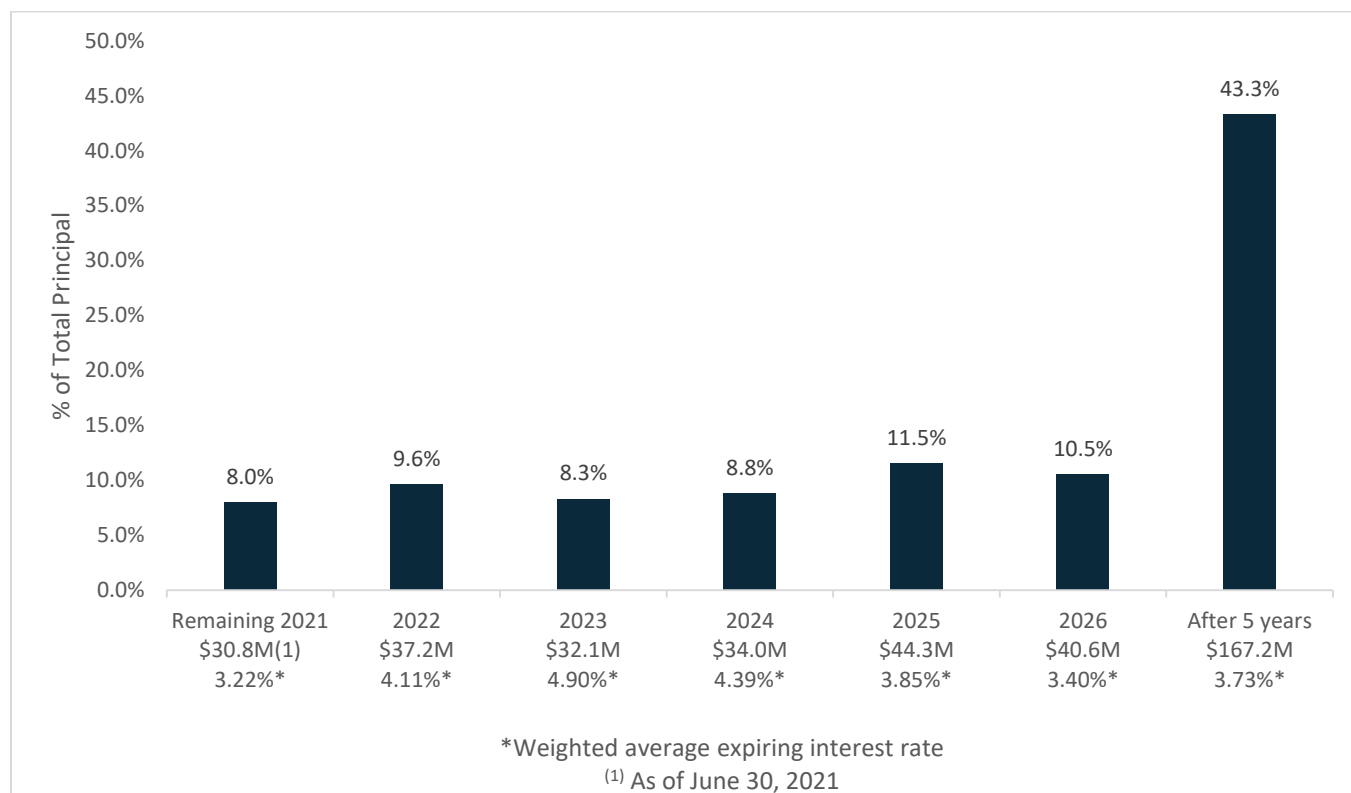
- refinanced a property located in St. John's, NL in the amount of \$9.7 million with a term of 1 year and an interest rate of prime plus 1.50% or BAs plus 2.5%, at the Trust's consolidated percentage ownership of 50%;
- obtained new long-term financing for properties located in Oromocto, NB, Bedford, NS and New Minas, NS totalling \$26.5 million with a weighted average term of 6.2 years and a weighted average interest rate of 2.74%; and
- renewed a non-revolving construction facility for a property located in Cambridge, ON in the amount of \$10 million with a term of 1 year and at an interest rate of prime plus 1.00% or BAs plus 2.25%.

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:

LONG-TERM MORTGAGE MATURITIES



The weighted average term to maturity for the long-term mortgages is 5.4 years. The average remaining repayment (amortization) period on long-term mortgage debt is 23.5 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, 2021 compared to the three and six months ended June 30, 2020 is presented below:

	3 Months Ended June 30, 2021 (unaudited)	3 Months Ended June 30, 2020 (unaudited)	6 Months Ended June 30, 2021 (unaudited)	6 Months Ended June 30, 2020 (unaudited)
(000s – except debt service ratios)				
Profit (loss) and total comprehensive income (loss) for the period	\$ 19,622	\$ (31,299)	\$ 31,846	\$ (33,397)
Add (deduct):				
Income taxes	52	(52)	121	46
Finance costs	7,199	7,201	14,107	14,508
Finance costs – convertible debenture issuance costs	346	-	346	-
Fair value adjustment to investment properties	(9,283)	28,639	(12,381)	48,511
Fair value adjustment to investments	79	4,569	189	3,364
Fair value adjustment to convertible debentures	569	4,986	2,864	(4,589)
Fair value adjustment to Class B exchangeable LP units	750	226	1,179	(1,561)
Fair value adjustment to restricted and deferred units	157	36	239	(233)
Fair value adjustment to interest rate swaps	486	403	(2,075)	4,153
Fair value adjustment to right-of-use land lease assets	190	168	377	316
Equity accounting adjustment for interest rate swaps	14	14	(155)	185
EBITDA	\$ 20,181	\$ 14,891	\$ 36,657	\$ 31,303
Finance costs ⁽¹⁾	\$ 7,055	\$ 7,158	\$ 13,908	\$ 14,423
Periodic mortgage principal repayments ⁽²⁾	3,175	2,219	6,370	5,212
Total debt service	\$ 10,230	\$ 9,377	\$ 20,278	\$ 19,635
Debt service ratios				
Interest coverage ratio	2.86 times	2.08 times	2.64 times	2.17 times
Debt coverage ratio	1.97 times	1.59 times	1.81 times	1.59 times

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

(2) Includes land lease principal repayments.

For the three and six months ended June 30, 2021, the interest and debt coverage ratios were higher mainly due to higher EBITDA as a result of increased NOI from developments, lease buyout revenues and lower operating and administrative costs, in addition to lower mortgage interest rates.

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

Debt to Gross Assets

Plaza's debt to gross assets is presented below:

	June 30, 2021	December 31, 2020	June 30, 2020
Debt to gross assets:			
Including convertible debentures ⁽¹⁾	58.7%	59.7%	59.7%
Excluding convertible debentures	53.6%	55.0%	55.0%

(1) Convertible debentures valued at cost.

The decrease in debt to gross assets over December 31, 2020 relates mainly to the fair value increase to investment properties of \$12.4 million for the six months ended June 30, 2021. 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 5, 2021 (000s) (unaudited)	Units
Current outstanding units	101,791
Class B exchangeable LP units	1,191
Series VIII convertible debentures	2,530
Series E convertible debentures	8,363
Total adjusted units outstanding	113,875

On September 24, 2020, the Trust announced that it had received approval from the TSX for the renewal of its normal course issuer bid ("NCIB") for a further year. Plaza's prior NCIB expired on September 27, 2020. The period of the renewed NCIB commenced on September 28, 2020 and will conclude on the earlier of the date on which purchases under the bid have been completed and September 27, 2021. Under the terms of the renewed NCIB, the Trust can purchase up to 6,472,223 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 44,809 units, representing 25% of the average daily trading volume of the units on the TSX for the six-month period ended August 31, 2020 (being 179,239 units). All units that are purchased under the renewed NCIB will be cancelled (on a monthly basis, on or before the record date for each monthly distribution). Unitholders may obtain a copy of the NCIB renewal notice, without charge, by contacting the Trust.

Plaza also entered into a new automatic securities purchase plan agreement (the "Purchase Plan") with its designated broker in order to facilitate purchases of units under the renewed NCIB. The Purchase Plan, which was pre-cleared by the TSX, allows for purchases of units by Plaza at times when it would ordinarily not be permitted to make purchases due to regulatory restrictions or self-imposed blackout periods. The Purchase Plan will terminate on September 27, 2021.

For the six months ended June 30, 2021, 14,600 units have been repurchased for cancellation under Plaza's current NCIB at a weighted average price of \$3.9552. With this, to June 30, 2021, Plaza has purchased a total of 1,132,086 units for cancellation since the commencement of the original NCIB on September 28, 2018 at a weighted average price of \$4.0102.

Subsequent to quarter end, an additional 2,500 units have been repurchased under the renewed NCIB at an average unit price of \$4.5432.

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.

The Trust has 27 long-term land leases (affecting 26 properties). One of the land leases relates to shared parking facilities. Land leases expire (excluding any non-automatic renewal periods) on dates ranging from 2022 to 2084 with an average life of 33 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. Of the 27 land leases, 11 of the land leases have options to purchase, generally at fair market value. At June 30, 2021, the recorded amount of the right-of-use assets and land lease liabilities is \$66.4 million.

Gross Capital Additions Including Leasing Fees:

	3 Months Ended June 30, 2021 (unaudited)	3 Months Ended June 30, 2020 (unaudited)	6 Months Ended June 30, 2021 (unaudited)	6 Months Ended June 30, 2020 (unaudited)
(000s)				
Existing properties				
Leasing commissions	\$ 45	\$ 73	\$ 157	\$ 281
Other leasing costs	217	37	267	494
	262	110	424	775
Maintenance capital expenditures	1,435	113	2,081	480
Total capital additions – existing properties	1,697	223	2,505	1,255
Development/redevelopment properties				
Leasing commissions	40	-	75	38
Other leasing costs	981	2,090	2,704	3,991
Capital additions	1,763	4,675	4,351	6,825
Total capital additions - developments/redevelopments	2,784	6,765	7,130	10,854
Total gross additions per statements of cash flows⁽¹⁾	\$ 4,481	\$ 6,988	\$ 9,635	\$ 12,109
Reconciliation of leasing costs for AFFO purposes				
Leasing costs – existing properties per above	\$ 262	\$ 110	\$ 424	\$ 775
Internal leasing salaries	264	483	499	779
Total leasing costs – existing properties for AFFO	\$ 526	\$ 593	\$ 923	\$ 1,554

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

COMMITMENTS AND CONTINGENT LIABILITIES
Commitments

The Trust estimates \$10.6 million in commitments in respect of certain development and leasing activities. Management believes that Plaza has sufficient unused bank and development line availability, cash and/or mortgage bond deployment potential, to fund these commitments.

The Trust's estimated commitments at June 30, 2021 in respect of certain projects under development and other long-term obligations are as follows:

	Remainder 2021	Year 1 2022	Year 2 2023	Year 3 2024	Year 4 2025	Year 5 2026	After 5 Years	Face Value Total
Mortgages – periodic payments	\$ 5,799	\$ 11,237	\$ 9,829	\$ 9,353	\$ 8,352	\$ 6,889	\$ 20,739	\$ 72,198
Mortgages – due at maturity	30,780	37,162	26,497	32,183	42,527	40,587	167,173	376,909
Development lines of credit	18,961	-	-	-	-	-	-	18,961
Construction loans	-	21,096	-	-	-	-	-	21,096
Unsecured interest-only loans	-	-	5,643	2,971	1,800	-	-	10,414
Bank indebtedness	38,134	-	-	-	-	-	-	38,134
Mortgage bonds payable	-	7,200	-	-	-	-	-	7,200
Debentures ⁽¹⁾	-	6,000	47,250	-	-	12,019	-	65,269
Land leases	1,697	3,240	3,206	3,243	3,283	3,314	118,426	136,409
Development activities	6,665	3,924	-	-	-	-	-	10,589
Total contractual obligations	\$ 102,036	\$ 89,859	\$ 92,425	\$ 47,750	\$ 55,962	\$ 62,809	\$ 306,338	\$ 757,179

⁽²⁾ Stated at face value.

The Trust has renewed the bank indebtedness and development lines of credit which mature July 31, 2021, subsequent to quarter end. Management believes that all mortgages maturing in 2021 will be renewed or refinanced as they come due.

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 sales did not relieve the Trust's obligations as original borrower in respect of these mortgages, however, the Trust's commitments are subject to indemnity agreements. The debt subject to such guarantees at June 30, 2021 totals \$4.6 million with a weighted average remaining term of 1.6 years.

The Trust has contingent liabilities as original borrower on five mortgages partially assumed by the purchasers of the underlying properties, where a 50% interest in each was sold in November 2017. These sales did not relieve the Trust's obligations as original borrower in respect of these mortgages, however, these commitments are also subject to indemnity agreements. The debt subject to such guarantees at June 30, 2021 totals \$5.5 million with a weighted average remaining term of 5.0 years.

The Trust also has contingent liabilities as original borrower on three mortgages partially assumed by the purchasers of the underlying properties, where a 50% interest in each was sold in August 2020. Similarly, these sales did not relieve the Trust's obligations as original borrower in respect of these mortgages but the commitments are subject to indemnity agreements. The debt subject to such guarantees at June 30, 2021 totals \$7.5 million with a weighted average remaining term of 6.5 years.

The Trust guarantees a \$3.9 million commitment relating to the mortgage of an asset sold in 2018, with a weighted average remaining term of 3.1 years at June 30, 2021.

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 \$14.3 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)	Q2'21	Q1'21	Q4'20	Q3'20	Q2'20	Q1'20	Q4'19	Q3'19
Total revenue ⁽¹⁾	\$31,671	\$28,490	\$25,344	\$29,736	\$23,522	\$29,857	\$27,685	\$28,437
Property rental revenue	\$29,944	\$26,708	\$26,835	\$25,960	\$26,781	\$27,322	\$27,473	\$26,868
Net property operating income	\$20,204	\$16,308	\$18,137	\$17,631	\$16,094	\$16,888	\$16,785	\$18,015
Profit (loss) and total comprehensive income (loss)	\$19,622	\$12,224	\$9,275	\$9,185	\$(31,299)	\$(2,098)	\$8,017	\$10,076
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	12.7¢	9.3¢	10.2¢	9.1¢	7.7¢	8.8¢	8.9¢	9.8¢
Funds from operations per unit – diluted	12.1¢	9.1¢	10.0¢	9.0¢	7.7¢	8.7¢	8.8¢	9.6¢
Adjusted funds from operations per unit – basic	10.8¢	8.4¢	9.2¢	8.1¢	6.8¢	7.5¢	7.9¢	8.4¢
Adjusted funds from operations per unit – diluted	10.5¢	8.3¢	9.0¢	8.1¢	6.8¢	7.5¢	7.8¢	8.3¢
Distributions as a percentage of basic FFO	55.2%	75.4%	68.3%	76.8%	91.0%	79.1%	78.6%	71.5%
Distributions as a percentage of basic AFFO	64.6%	83.1%	76.4%	85.9%	102.3%	93.4%	88.4%	83.5%
Gross Leasable Area (000s of sq. ft.) (at 100% and excluding non-consolidated investments and properties under development/redevelopment)								
Total income producing properties	6,860	6,863	6,869	6,764	6,744	6,731	6,733	6,406
Occupancy % (at 100% and excluding non-consolidated investments and properties under development/redevelopment)								
Total income producing properties	95.9%	95.8%	95.7%	95.8%	96.2%	96.4%	96.3%	96.7%

(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, 2021, approximately 48.0% 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, 2021, the Trust held interests in 263 properties spread geographically across Canada. Some of the more important risks are outlined below. See Financial Instruments and Risk Management Note 28 to the December 31, 2020 Consolidated Financial Statements of the Trust for further details. Also see the Trust's AIF for the year ended December 31, 2020 dated March 25, 2021 for a list of risks and uncertainties applicable to the Trust's business.

COVID-19

The worldwide spread of COVID-19, declared as a global pandemic by the World Health Organization, has caused significant disruption to the Canadian economy. The COVID-19 pandemic has had, and subsequent waves of the virus may have, an impact on Plaza's business as well as the business of various tenants, thereby impacting tenants' abilities to meet their payment obligations, including rent, and potentially causing business closures or bankruptcy filings by some tenants. The pandemic, and government restrictive measures intended to contain or manage its impact, has had and may have an adverse impact on consumer demand, the demand for retail space, rental and occupancy rates, capitalization rates, tenants' ability to pay rent in full or at all, tenant inducements, temporary or long-term labour or supply chain disruptions and the impact on construction costs and development projects, future cash flows and the resulting valuation of Plaza's investment properties. The pandemic has impacted Plaza's cash flow, as certain tenants were unable to pay rent, resulting in an increase in bad debts; Plaza also wrote-off amounts under the Canada Emergency Commercial Rent Assistance ("CECRA") program and abated rent to assist certain tenants. The pandemic also impacted the fair value of Plaza's investment properties, as capitalization rates for certain asset types increased, and Plaza revised its projections of future cash flows for certain investment properties.

The uncertainty has also increased volatility in the capital markets, which has negatively impacted the market price for Units, and may impact Plaza's ability to raise capital on acceptable terms or at all. Plaza continues to address the pandemic and prepare for subsequent waves of the virus, including the implications of further delays in economic recovery. Even after the COVID-19 pandemic has subsided, Plaza may continue to experience material adverse impacts to its business as a result of its global economic impact, including any related recession, as well as lingering impacts on Plaza's suppliers, third-party service providers and/or tenants.

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 Plaza's entire team to work remotely, as required. Plaza continues to actively execute its pandemic plan and 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. Plaza will continue to monitor the situation closely, and will follow health and safety guidelines as they evolve.

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 \$794 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 2021 or properties needing long term financing in 2021 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 24.7% of current monthly base rents in place, Dollarama represents 5.9% and franchisees of KFC represent 4.6%. The top 10 tenants collectively represent approximately 54.3% of current monthly base rents in place. National and regional tenants represent 94.0% 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

As an owner of real property in Canada, Plaza is subject to various laws relating to environmental matters which deal primarily with liability for damages or costs with respect to the release of hazardous, toxic or other regulated substances into the environment, such as asbestos or petroleum products, and the removal or other remediation thereof. Applicable laws may impose liability regardless of whether the property owner knew of, or was responsible for, the presence of such substances. 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 or other remediation of hazardous, toxic or other regulated 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. Although the operating environment has improved significantly, and continues to improve, these measures, including physical distancing, previous widespread and current selective 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.

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, which generally commenced in Q3 2020. Plaza has also agreed to abate rent, or a portion thereof, for certain tenants. In addition, Plaza has participated in the CECRA program, which provided 75% rent abatement for eligible tenants for April through September 2020, funded via a 25% write-off by the landlord and 50% funded by the federal government. The Quebec provincial government participated 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%.

In October 2020, the federal government announced the Canada Emergency Rent Subsidy ("CERS") to replace the CECRA program, which expired at the end of September 2020. The CERS program is intended to provide support for eligible businesses that have experienced a revenue drop due to COVID-19, by subsidizing a percentage of their eligible expenses, including rent and interest on commercial mortgages. The maximum subsidy for eligible businesses is 65%, or up to 90% for eligible businesses temporarily shut down by a mandatory public health order. Notably, the new subsidy will be provided directly to tenants, unlike CECRA which required landlords to abate 25% of a qualified tenant's rent. Plaza is assisting its' tenants with their CERS applications, whenever possible.

The Government of Canada introduced the Canadian Emergency Wage Subsidy ("CEWS") program in 2020 which provides a subsidy for Canadian employers who have seen a drop in revenue during the COVID-19 pandemic. The Trust qualified and in 2020 recorded \$531 thousand of the subsidy to reduce operating expenses, \$291 thousand was recorded to reduce administrative expenses, and \$86 thousand was recorded to reduce capitalized salaries. In the six months ended June 30, 2021, the Trust recorded an additional \$39 thousand of the subsidy to reduce operating expenses, \$19 thousand was recorded to reduce administrative expenses, and \$5 thousand was recorded to reduce capitalized salaries. The full CEWS subsidy has been received.

Plaza Retail REIT

Rent Collections

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Gross rent collected from tenants	98.5%	99.1%	99.4%	95.2%	89.2%
CECRA – Federal and Quebec Government contribution	-	-	-	2.9%	4.0%
Total collections including government contributions under CECRA	98.5%	99.1%	99.4%	98.1%	93.2%
CECRA – 25% Landlord write-off	-	-	-	1.0%	1.5%
Rent abated	0.4%	0.2%	0.2%	0.4%	2.6%
Rent deferred with a definitive repayment schedule	0.6%	0.4%	-	0.1%	0.7%
Remaining tenant accounts receivable ⁽¹⁾	0.5%	0.3%	0.4%	0.4%	2.0%
Totals	100.0%	100.0%	100.0%	100.0%	100.0%

⁽¹⁾ Remaining tenant accounts receivable excludes allowance for doubtful accounts.

To date, 98.6% of gross rent for July 2021 has been collected.

For deferred rent that was to be repaid in Q1 and Q2 2021, Plaza collected 97.5% of same.

Plaza's portfolio is currently fully-open.

Although the fair value of its properties reflects its best estimates as at June 30, 2021 (see Note 3 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 full extent and duration of the COVID-19 pandemic, including the resulting impacts on Plaza's business and its tenants, remains uncertain at this time. As such, it is not possible to reliably estimate the length and severity of COVID-19 related impacts on the future financial results of the Trust.

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, 2021 (unaudited)	December 31, 2020
(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

Plaza Retail REIT

Bonds and Debentures Held

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

(000s)	June 30, 2021 (unaudited)	December 31, 2020
Earl Brewer (trustee)	\$ 300	\$ 325
Stephen Johnson (trustee)	200	200
Doug McGregor (Chairman and trustee)	200	400
Lynda Savoie (trustee) ⁽¹⁾	15	15
Total	\$ 715	\$ 940

⁽¹⁾ Lynda Savoie was elected a Trustee at the annual and special unitholders' meeting on May 27, 2021.

No other trustee or key management personnel own mortgage bonds or debentures of the Trust at June 30, 2021.

Other Related Party Transactions

TC Land LP, an entity controlled by Earl Brewer and Michael Zakuta, leases nine parcels of land to the Trust at market rates, 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, 2021 there is a \$6 thousand accounts receivable balance owing to the Trust for property management, leasing and development fees. For the six months ended June 30, 2021, property management, development, financing and leasing fees of \$54 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, 2021 there is \$7.5 million owed by the properties to the Trust which is recorded in notes and advances. As well, there is a \$15 thousand accounts receivable balance owing to the Trust for property management, leasing and development fees. For the six months ended June 30, 2021, property management, leasing, development and financing fees of \$123 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, 2021, property management fees of \$2 thousand were earned by a subsidiary of the Trust from these properties.

Earl Brewer, 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, 2021 there is a \$6 thousand accounts receivable balance owing to the Trust for property management, development and leasing fees. For the six months ended June 30, 2021, property management, leasing and development fees of \$42 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, 2021, property management fees of \$16 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 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, 2021 there is a \$17 thousand accounts receivable balance owing to the Trust for property management fees. For the six months ended June 30, 2021, property management, leasing and development fees of \$132 thousand were earned by a subsidiary of the Trust from these properties.

Barbara Trenholm and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 50% interest in the following five properties: 5628 4th Street NW, Calgary, AB, 303 Main St., Antigonish, NS, 912 East River Rd, New Glasgow, NS, 1 Mont-Royal Ave E, and 8222 Maurice-Duplessis Blvd., Montreal, QC. A subsidiary of the Trust manages the properties. At June 30, 2021 there is a \$2 thousand accounts receivable balance owing to the Trust for property management fees. For the six months ended June 30, 2021, property management fees of \$30 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, 2021. 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, 2021, 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 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 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) Internal approach – direct capitalization income approach

Income producing properties are valued using the direct capitalization method. Under this method, fair value is estimated by applying capitalization rates to stabilized net operating income (property revenue less property operating expenses), with the resulting value reduced by any costs to complete or required to achieve stabilization. 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 generally utilizes capitalization rates within the range of rates provided. To the extent that the externally provided capitalization rate ranges change from one reporting period to the next or should another rate within the provided ranges be more appropriate than the rate previously used, the fair value of the investment properties would increase or decrease accordingly.

(b) External appraisals

Independent appraisals are obtained in the normal course of business as refinancing activities require them. When an independent appraisal is obtained, the internal valuation team assesses all major inputs used by the independent valuers in preparing their reports and holds discussions with them on the reasonableness of their assumptions. Where warranted, adjustments will be made to the internal valuations to reflect the assumptions contained in the external valuations.

At June 30, 2021 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 \$37.6 million. An increase of 0.25% in the capitalization rates used would have resulted in a decrease in investment properties of approximately \$34.0 million.

FUTURE ACCOUNTING POLICY CHANGES

Please refer to Note 3 to the Consolidated Financial Statements for the year ended December 31, 2020 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, 2020, 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, 2021 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, 2021 December 31, 2020

Assets

Non-Current Assets

Investment properties (Note 3)	\$ 1,079,672	\$ 1,061,136
Investments	47,547	46,939
Tenant loans	347	402
Deferred income tax asset	293	335
Total non-current assets	1,127,859	1,108,812

Current Assets

Investment properties held for sale (Note 3)	2,866	3,128
Cash	7,302	8,274
Receivables (Note 4)	4,645	8,106
Prepaid expenses and deposits (Note 5)	8,045	3,492
Tenant loans	109	109
Notes and advances receivable (Note 6)	7,547	7,206
Total current assets	30,514	30,315
Total assets	\$ 1,158,373	\$ 1,139,127

Liabilities and Unitholders' Equity

Non-Current Liabilities


Debentures payable (Note 7)	\$ 60,366	\$ 51,631
Mortgage bonds payable (Note 8)	2,977	6,146
Mortgages payable (Note 9)	399,191	405,667
Class B exchangeable LP units (Note 17)	5,479	4,300
Land lease liabilities (Note 11)	65,598	65,986
Deferred income tax liability	8,119	8,116
Total non-current liabilities	541,730	541,846

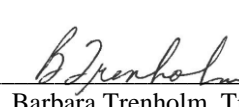
Current Liabilities

Current portion of debentures payable (Note 7)	5,981	9,176
Current portion of mortgage bonds payable (Note 8)	4,182	1,997
Bank indebtedness (Note 10)	38,134	33,451
Current portion of mortgages payable (Note 9)	99,260	104,369
Mortgage payable of investment property held for sale (Note 9)	972	709
Accounts payable, accrued liabilities, tenant payables and tenant deposits (Note 12)	21,747	18,681
Land lease liabilities (Note 11)	771	760
Notes payable	1,249	1,236
Total current liabilities	172,296	170,379
Total liabilities	714,026	712,225

Unitholders' equity	439,228	422,407
Non-controlling interests	5,119	4,495
Total unitholders' equity	444,347	426,902
Total liabilities and unitholders' equity	\$ 1,158,373	\$ 1,139,127

Subsequent events – see Note 22


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 (Loss)

(unaudited)

(in thousands of Canadian dollars)

	3 Months Ended June 30, 2021	3 Months Ended June 30, 2020	6 Months Ended June 30, 2021	6 Months Ended June 30, 2020
Revenues (Note 13)	\$ 29,944	\$ 26,781	\$ 56,652	\$ 54,103
Operating expenses (Note 14)	(9,740)	(10,687)	(20,140)	(21,121)
Net property operating income	20,204	16,094	36,512	32,982
Share of profit of associates	860	(3,933)	1,779	(2,155)
Administrative expenses (Note 15)	(2,000)	(2,563)	(3,637)	(4,271)
Investment income	132	138	251	295
Other income	735	536	1,479	1,136
Income before finance costs, fair value adjustments and income taxes	19,931	10,272	36,384	27,987
Finance costs (Note 16)	(7,199)	(7,201)	(14,107)	(14,508)
Finance costs – convertible debenture issuance costs	(346)	-	(346)	-
Finance costs - net change in fair value of convertible debentures (Note 7)	(569)	(4,986)	(2,864)	4,589
Finance costs - net change in fair value of Class B exchangeable LP units (Note 17)	(750)	(226)	(1,179)	1,561
Finance costs - net change in fair value of interest rate swaps (Note 9)	(486)	(403)	2,075	(4,153)
Net change in fair value of right-of-use land lease assets (Note 3)	(190)	(168)	(377)	(316)
Net change in fair value of investment properties (Note 3)	9,283	(28,639)	12,381	(48,511)
Profit (loss) before income tax	19,674	(31,351)	31,967	(33,351)
Income tax recovery (expense)				
- Current	(45)	(34)	(77)	(66)
- Deferred	(7)	86	(44)	20
	(52)	52	(121)	(46)
Profit (loss) and total comprehensive income (loss) for the period	\$ 19,622	\$ (31,299)	\$ 31,846	\$ (33,397)
Profit (loss) and total comprehensive income (loss) for the period attributable to:				
- Unitholders	\$ 18,979	\$ (31,265)	\$ 31,124	\$ (33,357)
- Non-controlling interests	643	(34)	722	(40)
	\$ 19,622	\$ (31,299)	\$ 31,846	\$ (33,397)

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 17)	Retained Earnings	Total Attributable to Unitholders	Non- Controlling Interests	Total Equity
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 17)	(1,053)	(350)	(1,403)	-	(1,403)
- Distributions to unitholders (Note 18)	-	(14,264)	(14,264)	-	(14,264)
- Distributions from non-controlling interests	-	-	-	167	167
Balance as at June 30, 2020	\$ 275,353	\$ 142,765	\$ 418,118	\$ 4,433	\$ 422,551
Balance as at December 31, 2020	\$ 275,453	\$ 146,954	\$ 422,407	\$ 4,495	\$ 426,902
Profit and total comprehensive income for the period	-	31,124	31,124	722	31,846
Transactions with unitholders, recorded directly in equity:					
- Issuance of units under the RU plan (Note 17)	5	-	5	-	5
- Repurchase of units under normal course issuer bid (Note 17)	(40)	(18)	(58)	-	(58)
- Distributions to unitholders (Note 18)	-	(14,250)	(14,250)	-	(14,250)
- Contributions to non-controlling interests	-	-	-	(98)	(98)
Balance as at June 30, 2021	\$ 275,418	\$ 163,810	\$ 439,228	\$ 5,119	\$ 444,347

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, 2021	3 Months Ended June 30, 2020	6 Months Ended June 30, 2021	6 Months Ended June 30, 2020
---------------------------------------	---------------------------------------	---------------------------------------	---------------------------------------

Cash obtained from (used for):
Operating activities

Profit (loss) and total comprehensive income (loss) for the period	\$ 19,622	\$ (31,299)	\$ 31,846	\$ (33,397)
Items not affecting cash:				
Finance costs (Note 16)	7,199	7,201	14,107	14,508
Share of profit of associates	(860)	3,933	(1,779)	2,155
Net change in fair value of investment properties	(9,283)	28,639	(12,381)	48,511
Net change in fair value of convertible debentures	569	4,986	2,864	(4,589)
Net change in fair value of Class B exchangeable LP units	750	226	1,179	(1,561)
Net change in fair value of interest rate swaps (Note 9)	486	403	(2,075)	4,153
Net change in fair value of right-of-use land lease assets	190	168	377	316
Current and deferred income taxes	52	(52)	121	46
Straight-line rent (Note 13)	29	(180)	175	(258)
Interest paid	(5,785)	(4,958)	(12,635)	(11,978)
Imputed interest paid on land lease liabilities (Note 16)	(625)	(570)	(1,181)	(1,138)
Income taxes paid	(4)	(73)	(116)	(171)
Distributions from equity accounted investments	759	231	1,339	1,057
Leasing commissions paid	(45)	(73)	(157)	(281)
Change in non-cash working capital (Note 19)	(3,881)	(12,343)	1,240	(10,797)
	<u>9,173</u>	<u>(3,761)</u>	<u>22,924</u>	<u>6,576</u>

Financing activities

Cash distributions paid to unitholders (Note 18)	(7,125)	(7,124)	(14,250)	(14,264)
Cash distributions paid to Class B exchangeable LP unitholders (Note 16)	(84)	(84)	(167)	(167)
Repurchase of units under normal course issuer bid (Note 17)	(29)	(233)	(58)	(1,403)
Gross mortgage proceeds	6,400	15,400	38,678	21,150
Fees incurred for placement of mortgages	(105)	(49)	(203)	(101)
Mortgages repaid	(7,168)	(12,646)	(40,021)	(16,646)
Periodic mortgage principal repayments	(2,985)	(2,051)	(5,993)	(4,896)
Land lease principal repayments	(190)	(168)	(377)	(316)
Gross proceeds from mortgage bonds	-	3,395	-	3,395
Fees incurred for placement of mortgage bonds	-	(26)	-	(26)
Redemption of mortgage bonds	-	(4,195)	(1,000)	(4,195)
Gross proceeds from convertible debentures	8,059	-	12,019	-
Redemption of debentures	(9,360)	-	(9,360)	-
Increase (decrease) in notes payable	19	31	13	(213)
	<u>(12,568)</u>	<u>(7,750)</u>	<u>(20,719)</u>	<u>(17,682)</u>

Investing activities

Acquisitions of investment properties and land	(2,605)	-	(2,605)	-
Investment properties – additions	(4,436)	(6,915)	(9,478)	(11,828)
Net proceeds from disposal of investment properties and land (Note 3(e))	1,997	674	2,358	963
Net proceeds from assets previously held for sale (Note 3(e))	105	-	2,448	609
Advances to equity accounted investments for developments	-	(1,945)	(168)	(2,898)
Contributions to/(distributions from) subsidiaries from/to non-controlling interests	(52)	95	(98)	167
Decrease (increase) in deposits for acquisitions and financings (Note 5)	(75)	1,200	(30)	799
Increase in notes and advances receivable	(339)	(1,089)	(341)	(1,439)
Repayment of tenant loans	27	27	54	54
	<u>(5,378)</u>	<u>(7,953)</u>	<u>(7,860)</u>	<u>(13,573)</u>

Net decrease in cash

Cash less bank indebtedness, beginning of the period	(22,059)	(13,709)	(25,177)	(8,494)
Cash less bank indebtedness, end of the period	\$ (30,832)	\$ (33,173)	\$ (30,832)	\$ (33,173)

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

Plaza Retail REIT

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(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, 2020 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 2020 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 5, 2021.

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3. Investment Properties

	June 30, 2021				December 31, 2020			
	Income producing properties	Properties under development	Right-of- use land lease assets	Total	Income producing properties	Properties under development	Right-of- use land lease assets	Total
Balance, beginning of the period:	\$ 972,430	\$ 21,960	\$ 66,746	\$ 1,061,136	\$ 991,326	\$ 35,447	\$ 59,907	\$ 1,086,680
Additions (deductions):								
Additions to investment properties	9,635	1,052	-	10,687	5,759	20,358	7,532	33,649
Acquisitions of investment properties and land	-	2,605	-	2,605	8,727	-	-	8,727
Disposals ⁽¹⁾	(3,691)	-	-	(3,691)	(17,498)	-	-	(17,498)
Transfers	10,357	(10,357)	-	-	36,714	(36,714)	-	-
Straight line rent receivable change	(203)	-	-	(203)	257	33	-	290
Change in investment properties held for sale (Note 3(g))	(2,866)	-	-	(2,866)	(3,128)	-	-	(3,128)
Change in fair value – income producing and under development	11,584	797	-	12,381	(49,727)	2,836	-	(46,891)
Change in fair value – right-of-use land lease assets	-	-	(377)	(377)	-	-	(693)	(693)
Balance, end of the period:	\$ 997,246	\$ 16,057	\$ 66,369	\$ 1,079,672	\$ 972,430	\$ 21,960	\$ 66,746	\$ 1,061,136

⁽¹⁾ Cash received in the current year from disposals as per the Statement of Cash Flows of \$2.4 million is net of mortgages repaid of \$1.3 million including early discharge fees.

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

Fair value disclosure:

Investment properties (including those owned through equity accounted joint ventures) are measured at fair value using either an internal approach or external appraisals.

Income Producing Properties

(i) Internal approach – direct capitalization income approach

Income producing properties are valued using the direct capitalization method. Under this method, fair value is estimated by applying capitalization rates to future stabilized net operating income (property revenue less property operating expenses), with the resulting value reduced by any costs required to achieve stabilization. Stabilized 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 utilizes quarterly capitalization rate matrices provided by an external appraiser. The capitalization rate matrices provide a range of rates for various geographic regions and for various types and qualities of properties within each region. The Trust generally utilizes capitalization rates within the range of rates provided. To the extent that the externally provided capitalization rate ranges change from one reporting period to the next or should another rate within the provided ranges be more appropriate than the rate previously used, the fair value of the investment properties would increase or decrease accordingly.

(ii) External appraisals

Independent appraisals are obtained in the normal course of business as refinancing activities require them. When an independent appraisal is obtained, the internal valuation team assesses all major inputs used by the independent valuers in

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preparing their reports and holds discussions with them on the reasonableness of their assumptions. Where warranted, adjustments will be made to the internal valuations to reflect the assumptions contained in the external valuations.

Properties Under Development

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

Of the total fair value in the chart above, \$81.1 million of investment properties were based on external appraisals obtained during the year to date, with \$65.9 million based on appraisals obtained in the current quarter (year ended December 31, 2020 - \$96.8 million).

As at June 30, 2021 the Trust has utilized the following range of capitalization rates:

Capitalization Rate Matrix Ranges				
	Number of Properties ⁽¹⁾	Weighted average capitalization rates	Primary Market	Secondary Market
Freestanding or Mini Box	71	6.58%	5.50% - 8.75%	6.00% - 9.25%
Quick Service Restaurant	76	7.04%	5.75% - 9.50%	6.25% - 11.25%
Anchored Open-Air Centre – Class A	15	6.74%	5.75% - 8.75%	6.50% - 9.50%
Anchored Open-Air Centre – Class B	41	7.13%	6.00% - 9.00%	7.00% - 10.50%
Unanchored Open-Air Centre	32	7.71%	6.00% - 9.75%	6.50% - 11.25%
Enclosed Malls – Community	3	9.80%	8.50% - 10.00%	8.25% - 11.50%
	238	7.11%		

⁽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, 2021 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 \$37.6 million. An increase of 0.25% in the capitalization rates used would have resulted in a decrease in investment properties of approximately \$34.0 million.

Although the fair value of investment properties reflects the Trust's best estimates as at June 30, 2021, the Trust continues to review its future NOI and cash flow projections and valuation of investment properties in light of COVID-19. Depending on the duration and full impacts of COVID-19, certain aspects of Plaza's operations could be further affected, including rental and occupancy rates, consumer demand and demand for retail space, capitalization rates, tenants' ability to pay rent in full or at all, tenant inducements, temporary or long-term labour or supply chain disruptions and the impact on construction costs and development projects, and the resulting value of Plaza's properties.

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As at December 31, 2020 the Trust utilized the following range of capitalization rates:

	Number of Properties ⁽¹⁾	Weighted average capitalization rates	Capitalization Rate Matrix Ranges	
			Primary Market	Secondary Market
Freestanding or Mini Box	73	6.59%	5.50% - 9.00%	6.00% - 9.50%
Quick Service Restaurant	83	7.02%	5.75% - 9.75%	6.25% - 11.50%
Anchored Open-Air Centre – Class A	15	6.85%	6.50% - 9.00%	6.50% - 9.75%
Anchored Open-Air Centre – Class B	40	7.21%	6.50% - 9.25%	7.00% - 10.75%
Unanchored Open-Air Centre	33	7.94%	6.25% - 10.00%	6.75% - 11.50%
Enclosed Malls – Community	3	10.00%	8.50% - 10.00%	8.25% - 11.50%
	247	7.19%		

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

(a) Straight-line Rent

Included in investment properties at June 30, 2021 is \$12.0 million (December 31, 2020 - \$12.2 million) of straight-line rents receivable arising from the recognition of rental revenue on a straight-line basis over the lease terms in accordance with IFRS 16, *Leases*.

(b) Surplus Land

Included in investment properties at June 30, 2021 is \$1.2 million of surplus lands at fair value (December 31, 2020 - \$1.2 million).

(c) Borrowing Costs

The total amount of borrowing costs capitalized for the six months ended June 30, 2021 is \$108 thousand (for the six months ended June 30, 2020 - \$140 thousand).

(d) Acquisitions of Investment Properties and Land

		6 Months Ended June 30, 2021 ⁽¹⁾	12 Months Ended December 31, 2020 ⁽¹⁾
Properties Acquired	% Acquired		
Mapleview Dr., Barrie, ON	50%	\$ 2,605	\$ -
Northern Avenue Plaza, Sault Ste. Marie, ON	50%	-	8,727
Total properties acquired		\$ 2,605	\$ 8,727

⁽¹⁾ Including closing costs

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(e) Disposals

		Gross Proceeds 6 Months Ended June 30, 2021 ⁽¹⁾	Gross Proceeds 12 Months Ended December 31, 2020
Properties Disposed	% Disposed		
Quick Service Restaurants and excess land – Belleville, ON, Orleans, ON, Chicoutimi, QC, Levis, QC, Longueuil, QC, Montreal, QC, and Quebec City, QC.	100%	\$ 6,818	\$ -
Quick Service Restaurants and non-core Assets – Arnprior, ON, Cambridge, ON, Hamilton, ON, Thunder Bay, ON, Toronto, ON, Windsor, ON, Neufchatel, QC, and Shawinigan, QC.	100%	-	5,894
Five single-use properties located in Calgary, AB, New Glasgow, NS, Antigonish, NS and Montreal, QC ⁽²⁾	50%	-	4,616
Total disposals		\$ 6,818	\$ 10,510

⁽¹⁾ Net proceeds per the Statements of Cash Flows, are net of mortgages repaid on disposal of \$2.0 million including early mortgage discharge fees paid.

⁽²⁾ The Trust sold a 50% co-ownership interest in five properties for net proceeds of \$12.3 million, \$4.6 million after assumption of long-term financing on the properties.

(f) Right-of-use land lease assets

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 33 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.

(g) Investment properties held for sale

The Trust has segregated three investment properties as held for sale of \$2.9 million for properties located in Port Hawkesbury, NS, Lindsay, ON and Toronto, ON (December 31, 2020 - \$3.1 million). The sales are expected to close in July and August 2021.

4. Receivables

Receivables consist of the following:

	June 30, 2021	December 31, 2020
Tenant accounts receivable, net of allowance	\$ 2,330	\$ 3,793
Excise tax	480	900
CEWS government receivable	44	976
Holdback receivable	500	649
Other receivables	904	1,424
Income tax receivable	387	364
Total receivables	\$ 4,645	\$ 8,106

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, 2021 is \$1.1 million (December 31, 2020 - \$1.0 million). This amount is deducted from tenant accounts receivable. The uncertainty caused by COVID-19 may impact the allowance for doubtful accounts in future periods.

The Government of Canada introduced the Canadian Emergency Wage Subsidy ("CEWS") program in 2020 which provides a subsidy for Canadian employers who have seen a drop in revenue during the COVID-19 pandemic. The Trust qualified and recorded a CEWS government receivable at June 30, 2021 and December 31, 2020.

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5. Prepaid Expenses and Deposits

Prepaid expenses and deposits consist of the following:

	June 30, 2021	December 31, 2020
Prepaid expenses	\$ 6,804	\$ 2,281
Deposits for acquisitions and financings	1,241	1,211
Total prepaid expenses and deposits	\$ 8,045	3,492

6. 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.

7. Debentures Payable

Debentures payable consist of the following:

	Maturity Date	Interest Rate	June 30, 2021	December 31, 2020
Convertible ⁽¹⁾				
Series E	March 31, 2023	5.10%	\$ 48,124	\$ 45,667
Series VII	June 30, 2021	5.50%	-	5,316
Series VIII	March 31, 2026	5.95%	12,242	-
Total convertible debentures			60,366	50,983
Non-convertible ^{(2) (3)}	Various (see below)	5.00%	5,981	9,824
Net debentures payable			66,347	60,807
Less: current portion of debentures payable			(5,981)	(9,176)
Total debentures payable – long-term portion			\$ 60,366	\$ 51,631

⁽¹⁾ Recorded at fair value based on closing market trading prices of the debentures; the fair value change of the total convertible debentures during 2021 was a loss of \$2.9 million (for the period ended June 30, 2020 – gain of \$4.6 million)

⁽²⁾ Recorded at amortized cost

⁽³⁾ Net of unamortized finance charges of \$19 thousand (December 31, 2020 - \$36 thousand)

Convertible and non-convertible debentures are subordinate and unsecured.

Current convertible debenture terms are as follows:

	Series E	Series VIII
Conversion price	\$5.65	\$4.75
Trust's first redemption date	April 1, 2021	March 31, 2024
Par call date	April 1, 2022	March 31, 2025
Maturity date	March 31, 2023	March 31, 2026
Face value outstanding	\$47,250	\$12,019
Publicly listed	yes	no

Non-convertible debenture maturities are as follows:

	Series II
Face value outstanding	\$6,000
Maturity date	February 28, 2022

On April 1, 2021, the Trust issued \$12.0 million of Series VIII convertible debentures. The Debentures have a term of five years, bear interest at a rate of 5.95% and are convertible at \$4.75/unit.

On May 2, 2021, Series I non-convertible debentures matured and were repaid.

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On June 30, 2021, the \$5.5 million Series VII convertible debentures matured and were repaid.

8. Mortgage Bonds Payable

Mortgage bonds payable are secured by various properties:

	June 30, 2021			December 31, 2020	
	Series X.1	Series X.2	Series XII	Total	Total
Various properties, 1 st mortgage	\$ 1,005	\$ 3,195	\$ -	\$ 4,200	\$ 5,200
Various properties, 1 st mortgage	-	-	3,000	3,000	3,000
Gross mortgage bonds payable	1,005	3,195	3,000	7,200	8,200
Less: unamortized finance charges				(41)	(57)
Net mortgage bonds payable				7,159	8,143
Less: current portion of mortgage bonds payable				(4,182)	(1,997)
Net mortgage bonds payable – long-term portion				\$ 2,977	\$ 6,146

	Series X.1	Series X.2	Series XII
Interest Rate	6.00%	6.15%	5.50%
Maturity Date	Sept 25, 2021	June 25, 2022	July 15, 2022
Amount	\$1,005	\$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 March 25, 2021, \$2.0 million of Series X.1 mortgage bonds matured. \$1.0 million of these mortgage bonds were paid out and \$1.0 million were extended to September 25, 2021.

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9. Mortgages Payable

	Interest Rate Range	Weighted Average Effective Interest Rate	Maturity Dates	June 30, 2021	December 31, 2020
Secured fixed rate loans:	2.09% - 7.00%	4.11%	Up to June 2034	\$ 449,107	\$ 465,441
Unsecured interest-only fixed rate loans:	5.00%	5.00%	Up to May 2024	9,243	10,443
Fair value of interest rate swap				1,664	3,739
Revaluation of loans upon acquisitions, net of amortization of \$6,378 (December 31, 2020 - \$6,329)				395	444
Less: unamortized finance charges				(2,207)	(2,236)
Total net fixed rate loans				458,202	477,831
Variable rate loans:					
- \$20 million development facility	Prime plus 0.75% or BA plus 2.25%		July 31, 2021	10,900	10,900
- \$15 million development facility	Prime plus 0.75% or BA plus 2.25%		July 31, 2021	8,061	6,477
- \$9.7 million interim facility	Prime plus 1.50% or BA plus 2.50%		March 16, 2022	9,633	-
- \$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, 2022	8,855	8,855
- \$5.6 million interim facility	Prime plus 1.00% or BA plus 2.50%		August 13, 2022	2,608	5,558
Less: unamortized finance charges				(7)	(47)
Total net variable rate loans				41,221	32,914
Net mortgages payable				499,423	510,745
Less: mortgages payable of investment properties held for sale				(972)	(709)
Less: mortgages payable – current portion				(99,260)	(104,369)
Total mortgages payable – long-term portion				\$ 399,191	\$ 405,667

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 2.25%. In July 2021, the \$20.0 million development line was renewed with the same terms and conditions until July 31, 2022. In July 2021, the Trust also renewed its \$15 million development line of credit to July 31, 2023 with an interest rate of prime plus 0.75% or BAs plus 2.00%. At June 30, 2021 there is \$16.0 million available on these development facilities (December 31, 2020 - \$17.6 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, 2021 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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10. Bank Indebtedness

The Trust has a \$46.0 million (December 31, 2020 - \$46.0 million) revolving operating line of credit facility with a Canadian chartered bank at the rate of prime plus 0.75% or BAs plus 2.25%. In July 2021, the Trust renewed and extended the revolving operating line of credit to \$55.0 million maturing July 31, 2023 with an interest rate of prime plus 0.75% or BAs plus 2.00%. The amount available to be drawn fluctuates depending on the specific assets pledged as security. Based on the assets pledged at June 30, 2021, the available limit was \$46.0 million of which \$38.1 million (December 31, 2020 - \$33.5 million) was drawn and therefore the maximum amount remaining available to be drawn on the facility was \$7.4 million (December 31, 2020 - \$12.0 million), net of letters of credit outstanding of \$503 thousand (December 31, 2020 - \$503 thousand). As security, at June 30, 2021, the Trust has provided a \$50.0 million demand debenture secured by a first mortgage over forty-two properties.

11. Land Lease Liabilities

The Trust has investment properties located on land which is leased. To recognize these land leases a liability has been recorded effective January 1, 2019. 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 33 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.

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

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

	June 30, 2021	December 31, 2020
Accounts payable and accrued liabilities	\$ 8,002	\$ 7,010
Tenant CAM and tax accrual	1,486	1,614
Distributions payable	2,403	2,403
Excise tax payable	1,106	1,003
Accrued interest payable	2,067	2,282
Deferred tenant revenue and deposits	6,272	3,873
Other	411	496
Total accounts payable, accrued liabilities, tenant payables and tenant deposits	\$ 21,747	\$ 18,681

13. Revenues

	3 Months Ended June 30, 2021	3 Months Ended June 30, 2020	6 Months Ended June 30, 2021	6 Months Ended June 30, 2020
Contractual revenue	\$ 18,889	\$ 18,416	\$ 37,368	\$ 36,991
Straight-line rent	(29)	180	(175)	258
Property tax and insurance recoveries	5,217	5,270	10,487	10,659
Cost recovery revenue	2,816	2,733	5,812	5,897
Lease buyout revenue	3,023	-	3,098	38
Other revenue	28	182	62	260
Total property revenues	\$ 29,944	\$ 26,781	\$ 56,652	\$ 54,103

Plaza Retail REIT

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

14. Operating Expenses

	3 Months Ended June 30, 2021	3 Months Ended June 30, 2020	6 Months Ended June 30, 2021	6 Months Ended June 30, 2020
Property taxes and insurance	\$ 5,698	\$ 5,733	\$ 11,427	\$ 11,500
Recoverable expenses	3,651	3,252	7,311	7,369
Non-recoverable expenses ⁽¹⁾	391	1,702	1,402	2,252
Total operating expenses	\$ 9,740	\$ 10,687	\$ 20,140	\$ 21,121

⁽¹⁾ Non-recoverable expenses include bad debt expense of \$55 thousand and \$496 thousand, respectively, for the three and six months ended June 30, 2021 (for three months ended June 30, 2020 - \$1.4 million and for the six months ended June 30, 2020 - \$1.5 million).

15. Administrative Expenses

	3 Months Ended June 30, 2021	3 Months Ended June 30, 2020	6 Months Ended June 30, 2021	6 Months Ended June 30, 2020
Salaries and benefits	\$ 1,375	\$ 1,804	\$ 2,459	\$ 3,107
Restricted and deferred units (including fair value)	88	72	210	(162)
Professional services	305	299	533	535
Office expenses	232	388	435	791
Total administrative expenses	\$ 2,000	\$ 2,563	\$ 3,637	\$ 4,271

Total employee salaries and benefits, including restricted and deferred units, recorded by the Trust during the period were \$5.4 million, of which \$2.2 million is included in operating expenses, \$2.7 million is included in administrative expenses and \$557 thousand has been capitalized to investment properties (for the period ended June 30, 2020 – \$6.1 million, of which \$2.4 million is in operating expenses, \$2.9 million is in administrative expenses and \$866 thousand is in investment properties).

16. Finance Costs

	3 Months Ended June 30, 2021	3 Months Ended June 30, 2020	6 Months Ended June 30, 2021	6 Months Ended June 30, 2020
Mortgage interest	\$ 4,899	\$ 5,228	\$ 9,844	\$ 10,584
Debenture interest	943	802	1,744	1,603
Mortgage bond interest	105	116	225	207
Distributions paid to Class B exchangeable LP unitholders	84	84	167	167
Operating line of credit interest	240	239	504	513
Interest and bank charges	118	59	209	119
Amortization of finance charges	167	183	308	399
Loan defeasance and early mortgage discharge fees	82	-	82	-
Imputed interest on land lease liabilities	625	570	1,181	1,138
Mark to market amortization	(21)	(41)	(49)	(82)
Capitalization of interest	(43)	(39)	(108)	(140)
Total finance costs	\$ 7,199	\$ 7,201	\$ 14,107	\$ 14,508

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17. 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, 2021		December 31, 2020	
	Units (000s)	Amount	Units (000s)	Amount
Exchangeable LP units outstanding, beginning of the period	1,191	\$ 4,300	1,191	\$ 5,444
Fair value adjustment for the period	-	1,179	-	(1,144)
Exchangeable LP units outstanding, end of the period	1,191	\$ 5,479	1,191	\$ 4,300

(ii) Special Voting Units

At June 30, 2021, there were 1,191,000 (December 31, 2020 - 1,191,000) special voting units outstanding, issued in connection with 1,191,000 (December 31, 2020 - 1,191,000) Class B exchangeable LP units of a subsidiary of the Trust (see above).

(iii) Units

	June 30, 2021		December 31, 2020	
	Trust Units (000s)	Amount	Trust Units (000s)	Amount
Units outstanding, beginning of the period	101,807	\$ 275,453	102,171	\$ 276,406
Issuance of units:				
RU plan	1	5	41	143
Repurchase and cancellation of units under normal course issuer bid	(15)	(40)	(405)	(1,096)
Units outstanding, end of the period	101,793	\$ 275,418	101,807	\$ 275,453

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, 2021 no unitholder had redeemed units.

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On September 24, 2020, the Trust announced that it had received approval from the TSX for the renewal of its normal course issuer bid ("NCIB") for a further year. Plaza's prior NCIB expired on September 27, 2020. The period of the renewed NCIB commenced on September 28, 2020 and will conclude on the earlier of the date on which purchases under the bid have been completed and September 27, 2021. Under the terms of the renewed NCIB, the Trust can purchase up to 6,472,223 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 44,809 units, representing 25% of the average daily trading volume of the units on the TSX for the six-month period ended August 31, 2020 (being 179,239 units). All units that are purchased under the renewed NCIB will be cancelled (on a monthly basis, on or before the record date for each monthly distribution). Unitholders may obtain a copy of the NCIB renewal notice, without charge, by contacting the Trust.

Plaza also entered into a new automatic securities purchase plan agreement (the "Purchase Plan") with its designated broker in order to facilitate purchases of units under the renewed NCIB. The Purchase Plan, which was pre-cleared by the TSX, allows for purchases of units by Plaza at times when it would ordinarily not be permitted to make purchases due to regulatory restrictions or self-imposed blackout periods. The Purchase Plan will terminate on September 27, 2021.

For the six months ended June 30, 2021, 14,600 units have been repurchased for cancellation under Plaza's current NCIB at a weighted average price of \$3.9552. With this, to June 30, 2021, Plaza has purchased a total of 1,132,086 units for cancellation since the commencement of the original NCIB on September 28, 2018 at a weighted average price of \$4.0102.

18. Distributions

Distributions are declared monthly at the discretion of the Board.

	3 Months Ended June 30, 2021	3 Months Ended June 30, 2020	6 Months Ended June 30, 2021	6 Months Ended June 30, 2020
Cash distributions paid to unitholders ⁽¹⁾	\$ 7,125	\$ 7,124	\$ 14,250	\$ 14,264

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

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19. Additional Cash Flow Information

(a) Changes in Non-Cash Working Capital

	3 Months Ended June 30, 2021	3 Months Ended June 30, 2020	6 Months Ended June 30, 2021	6 Months Ended June 30, 2020
Receivables	\$ 2,381	\$ (6,178)	\$ 3,484	\$ (6,640)
Prepaid expenses and deposits	(4,597)	(5,294)	(4,523)	(4,880)
Change in construction accruals removed from investing activities	(223)	(896)	(1,079)	(516)
Accounts payable, accrued liabilities, tenant payables and tenant deposits	(1,442)	25	3,358	1,239
Total cash from change in non-cash working capital	\$ (3,881)	\$ (12,343)	\$ 1,240	\$ (10,797)

(b) Changes in Liabilities Arising from Financing Activities

	June 30, 2021	December 31, 2020
Current and long-term debt ⁽¹⁾ – beginning of the period	\$ 651,977	\$ 644,287
Gross proceeds from convertible debentures	12,019	-
Redemption/repayment of mortgage bonds and debentures	(10,360)	(4,195)
Periodic mortgage principal repayments	(5,993)	(10,762)
Mortgage interest deferral program	-	997
Land lease addition	-	7,532
Land lease principal repayments	(377)	(693)
Mortgages repaid	(40,021)	(53,394)
Mortgages repaid on sale of investment properties	(1,931)	-
Mortgages assumed by purchasers on sale of investment properties	-	(7,484)
Gross mortgage proceeds	38,678	73,489
Gross mortgage bond proceeds	-	3,395
Fees incurred for placement of debt	(203)	(354)
Increase (decrease) in notes payable	13	(220)
Non-cash changes in current and long-term debt:		
Net change in fair value of Class B exchangeable LP units	1,179	(1,144)
Net change in fair value of interest rate swaps	(2,075)	3,386
Net change in fair value of convertible debentures	2,864	(3,429)
Amortization of finance charges	306	731
Mark to market amortization	(49)	(165)
Current and long-term debt ⁽¹⁾ – end of the period	\$ 646,027	\$ 651,977

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

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20. 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, 2021	December 31, 2020
Earl Brewer (trustee)	\$ 300	\$ 325
Stephen Johnson (trustee)	200	200
Doug McGregor (Chairman and trustee)	200	400
Lynda Savoie (trustee) ⁽¹⁾	15	15
Total	\$ 715	\$ 940

⁽¹⁾ Lynda Savoie was elected a trustee at the annual and special unitholders' meeting on May 27, 2021.

No other trustee or key management personnel own mortgage bonds or debentures of the Trust at June 30, 2021 (December 31, 2020 - 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, 2021	December 31, 2020
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, 2021 there is a \$6 thousand accounts receivable balance owing to the Trust for property management, leasing and development fees (December 31, 2020 - \$6 thousand). For the six months ended June 30, 2021, property management, development, financing and leasing fees of \$54 thousand were earned by a subsidiary of the Trust from this property (for the six months ended June 30, 2020 - \$40 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 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, 2021 there is \$7.5 million owed by the properties to the Trust which is recorded in notes and advances receivable (December 31, 2020 - \$7.2 million). As well, there is a \$15 thousand accounts receivable balance owing to the Trust for property management, leasing and development fees (December 31, 2020 - \$49 thousand). For the six months ended June 30, 2021, property management, leasing, development and financing fees of \$123 thousand were earned by a subsidiary of the Trust from these properties (for the six months ended June 30, 2020 - \$121 thousand).

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

- (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 the six months ended June 30, 2021, property management fees of \$2 thousand were earned by a subsidiary of the Trust from these properties (for the six months ended June 30, 2020 - \$2 thousand).
- (vi) Earl Brewer, 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, 2021 there is a \$6 thousand accounts receivable balance owing to the Trust for property management, development and leasing fees (December 31, 2020 - \$5 thousand). For the six months ended June 30, 2021, property management, leasing and development fees of \$42 thousand were earned by a subsidiary of the Trust from these properties (for the six months ended June 30, 2020 - \$43 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, 2021, property management fees of \$16 thousand were earned by a subsidiary of the Trust from these properties (for the six months ended June 30, 2020 - \$15 thousand).
- (viii) Earl Brewer and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 50% interest in the following eight properties: Boulevard Hebert Plaza and Victoria Street Plaza in Edmundston, NB; Grand Falls Shopping Center and Madawaska Road Plaza in Grand Falls, NB; Connell Road Plaza, Woodstock, NB; Welton Street Plaza, Sydney, NS; and Pleasant Street Plaza and Starrs Road Plaza in Yarmouth, NS. A subsidiary of the Trust manages the properties. At June 30, 2021 there is a \$17 thousand accounts receivable balance owing to the Trust for property management fees (December 31, 2020 - \$16 thousand). For the six months ended June 30, 2021, property management, leasing and development fees of \$132 thousand were earned by a subsidiary of the Trust from these properties (for the six months ended June 30, 2020 - \$72 thousand).
- (ix) Barbara Trenholm and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 50% interest in the following five properties: 5628 4th Street NW, Calgary, AB, 303 Main St., Antigonish, NS, 912 East River Rd, New Glasgow, NS, 1 Mont-Royal Ave E, and 8222 Maurice-Duplessis Blvd., Montreal, QC. A subsidiary of the Trust manages the properties. At June 30, 2021 there is a \$2 thousand accounts receivable balance owing to the Trust for property management fees (December 31, 2020 - \$2 thousand). For the six months ended June 30, 2021, property management, leasing and development fees of \$30 thousand were earned by a subsidiary of the Trust from these properties (for the six months ended June 30, 2020 - nil).

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21. 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, 2021			December 31, 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Investment properties	\$ -	\$ -	\$ 1,013,303	\$ -	\$ -	\$ 994,390
Investment properties held for sale	2,866	-	-	3,128	-	-
	\$ 2,866	\$ -	\$ 1,013,303	\$ 3,128	\$ -	\$ 994,390
Class B exchangeable LP units	\$ 5,479	\$ -	\$ -	\$ 4,300	\$ -	\$ -
Series E convertible debentures	48,124	-	-	45,667	-	-
Series VII convertible debentures	-	-	-	-	5,316	-
Series VIII convertible debentures	-	12,242	-	-	-	-
	\$ 53,603	\$ 12,242	\$ -	\$ 49,967	\$ 5,316	\$ -

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 3 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.

22. Subsequent Events

Financings

In July 2021, the Trust obtained financing for a property located in Summerside, PE in the amount of \$6.4 million for five years with an interest rate of 2.757%.

The Trust extended an interim facility for one year until July 10, 2022 for a property located in St. John's, NL in the amount of \$20.0 million with an interest rate of BA plus 2.15% or prime plus 0.90%. This property is held in a non-consolidated investment of which the Trust owns 50%.

The Trust renewed its \$20 million development line of credit to July 31, 2022 with the same terms and conditions.

The Trust renewed its \$15 million development line of credit to July 31, 2023 with an interest rate of prime plus 0.75% or BA plus 2.00%.

The Trust renewed and extended its revolving operating line of credit to \$55.0 million maturing July 31, 2023 with an interest rate of prime plus 0.75% or BA plus 2.00%.

Investment Properties

On July 6, 2021, the Trust disposed of a property located in Toronto, ON for gross proceeds of \$2.2 million.

Unitholders' Equity

Between July 1st and August 5th, 2021, an additional 2,500 units have been repurchased under the normal course issuer bid at an average unit price of \$4.5432.

Distributions

The Trust paid a cash distribution of \$0.02333 per unit for a total of \$2.4 million on July 15, 2021.

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