

Plaza Retail REIT

January 31, 2018

Term Sheet - Treasury Offering of Convertible Unsecured Subordinated Debentures

A preliminary short form prospectus containing important information relating to the securities described in this document has not yet been filed with the securities regulatory authorities in each of the provinces of Canada. A copy of the preliminary short form prospectus is required to be delivered to any investor that received this document and expressed an interest in acquiring the securities.

There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final short form prospectus has been issued.

This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the preliminary short form prospectus, final short form prospectus and any amendment, for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

The following is brief summary of certain attributes and characteristics of the Debentures (as defined below) which does not purport to be complete. For full particulars, reference is made to the applicable trust indenture, as supplemented (collectively the "Trust Indenture") providing for, among other things, the creation and issue of the Debentures. Should any conflict arise between the following summary and the Trust Indenture, the terms of the Trust Indenture will govern.

- Issuer:** Plaza Retail REIT (the "REIT" or "Plaza").
- Offering:** Convertible Unsecured Subordinated Debentures (the "Debentures").
- Issue Amount:** \$45 million aggregate principal amount, before giving effect to any exercise of the Over-Allotment Option.
- Over-Allotment Option:** The REIT has granted the Underwriters an over-allotment (the "Over-Allotment Option"), exercisable in whole or in part up to 30 days after closing, to purchase up to an additional \$2.25 million of Debentures on the same terms as set forth herein.
- Price:** \$1,000 per Debenture.
- Coupon:** The Debentures will bear interest at a rate of 5.10% per annum payable semi-annually in arrears on March 31 and September 30 in each year commencing September 30, 2018. The September 30, 2018 interest payment will represent accrued interest for the period from closing to and including September 30, 2018.
- Maturity:** The Debentures will mature on March 31, 2023.
- Use of Proceeds:** Plaza intends to use the net proceeds from the Offering to redeem its 5.75% convertible unsecured subordinated debentures (current outstanding balance of \$34.0 million) which mature on December 31, 2018 and which have a par call date of December 31, 2017 (the "Series D Debentures"). Plaza intends to use the remainder of the net proceeds to repay amounts outstanding on the REIT's operating line of credit, to fund the REIT's future and on-going development and re-development activities and for general trust purposes.
- Conversion:** Each Debenture will be convertible into freely tradeable REIT units (the "Units") at the option of the holder at any time prior to maturity at a conversion price of \$5.65 per Unit (the "Conversion Price"), being a ratio of approximately 176.9912 Units per \$1,000 principal amount of Debentures, and representing a premium of approximately 33% to the reference price. The conversion right shall be subject to the standard anti-dilution provisions. Debentureholders converting their Debentures will, in addition to the applicable number of Units to be received on conversion, receive accrued and unpaid interest, if any, for the period from the last interest payment date on their Debentures (or the date of closing if no interest has yet been paid with respect to the Debentures) to and including the last record date set by the REIT occurring prior to the date of conversion for determining the unitholders entitled to receive a distribution on the Units. In the event the REIT has suspended regular distributions, then a Debentureholder, in addition to the applicable number of Units to be received on

conversion, will be entitled to receive accrued and unpaid interest for the period from the last interest payment date prior to the date of conversion (or the date of closing if no interest has yet been paid with respect to the Debentures) to and including the date of conversion.

Redemption: The Debentures will not be redeemable on or prior to March 31, 2021. From April 1, 2021 to March 31, 2022, the Debentures will be redeemable at the option of the REIT, in whole or in part, on at least 30 days prior notice at a redemption price equal to par plus accrued and unpaid interest, provided that the Current Market Price on the date on which the notice of redemption is given is not less than 125% of the Conversion Price. From April 1, 2022 onward, the Debentures will be redeemable at the option of the REIT, in whole or in part, on at least 30 days prior notice at a redemption price equal to par plus accrued and unpaid interest.

Payment of Principal Amount in Units: Subject to regulatory approval and provided that no event of default shall have occurred and be continuing, the REIT has the option to satisfy its obligation to repay the principal amount of the Debentures, in whole or in part, due at redemption or maturity upon at least 30 days and not more than 60 days prior notice, by issuing and delivering that number of freely tradeable Units obtained by dividing the principal amount of the Debentures being repaid by 95% of the Current Market Price on the date of redemption or maturity, as applicable.

Interest Payment Election: The REIT may elect, from time to time, to satisfy its obligation to pay interest on any interest payment date by issuing and delivering freely tradeable Units to the trustee of the Debentures ("Trustee") in accordance with the Trust Indenture in respect of the Debentures (the "Unit Interest Payment Election") in which event holders of Debentures will be entitled to receive a cash payment equal to the interest payable from the proceeds of the sale of such Units by the Trustee. The Trust Indenture will provide that, upon such election, the Trustee shall (i) accept delivery of Units from the REIT, (ii) accept bids with respect to, and consummate sales of, such Units, each as the REIT shall direct in its absolute discretion, (iii) invest the proceeds of such sales in short-term Canadian Government Obligations (as defined in the Trust Indenture), which mature prior to the applicable Interest Payment Date; (iv) deliver proceeds to holders of Debentures sufficient to satisfy the REIT's interest payment obligations; and (v) perform any other action necessarily incidental thereto.

Restriction on Unit Redemption Right or Maturity Right: The REIT shall not, directly or indirectly (through a subsidiary or otherwise) undertake or announce any rights offering, issuance of securities, subdivision of the Units, dividend or other distribution on the Units or any other securities, capital reorganization, reclassification or any similar type of transaction in which:

- (a) the number of securities to be issued;
- (b) the price at which securities are to be issued, converted or exchanged; or
- (c) any property or cash that is to be distributed or allocated,

is in whole or in part based upon, determined in reference to, related to or a function of, directly or indirectly, (i) the exercise or potential exercise of the Payment of Principal Amount in Units, or (ii) the Current Market Price determined in connection with the exercise or potential exercise of the Payment of Principal Amount in Units.

Purchase for Cancellation: The REIT may purchase Debentures for cancellation in the market or by tender or private contract at any time subject to regulatory requirements.

Change of Control: Upon the occurrence of a Change in Control involving the acquisition of voting control or direction over 66 2/3% or more of the outstanding Units by any person or group of persons acting jointly or in concert, holders of Debentures have the right to require the REIT to repurchase their Debentures, in whole or in part, at a price equal to 101% of the principal amount of such Debentures plus accrued and unpaid interest.

Current Market Price:	Current Market Price is defined as the volume-weighted average trading price of the Units on the Toronto Stock Exchange for the 20 consecutive trading days ending five trading days prior to the applicable date.
Ranking:	The Debentures will be subordinated in right of payment of principal and interest to all senior obligations of the REIT.
Listing:	It will be a condition to Closing that (i) the Debentures be approved for listing on the TSX, and (ii) the Units issuable on the conversion of the Debentures be approved for listing on the TSX. The existing Units of the REIT are listed on the Toronto Stock Exchange under the symbol "PLZ.UN".
Eligibility:	The Debentures will be eligible for Canadian RRSPs, RRIFs, DPSPs, TFSA's and RESPs.
Offering Basis:	The Debentures will be offered publicly in all provinces of Canada by way of a short form prospectus and may be offered on a private placement basis in the U.S. using Rule 144A or such other exemption as not to require registration.
Underwriting Basis:	"Bought deal" subject to conventional bought deal termination provisions to be included in a definitive underwriting agreement.
Sole Bookrunner:	RBC Capital Markets.
Underwriting Fee:	3.75%.
Closing Date:	On or about February 21, 2018.

The Debentures and Units issuable upon conversion of Debentures have not been and will not be registered under the U.S. Securities Act or any state securities laws, and, subject to certain exemptions from registration, may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the U.S. Securities Act). Pursuant to the terms of the underwriting agreement, the Underwriters may reoffer and resell the Debentures and Units issuable upon conversion of Debentures that they have acquired pursuant to the underwriting agreement to Qualified Institutional Buyers (as such term is defined in Rule 144A under the U.S. Securities Act ("Rule 144A")) in the United States provided such offers and sales are made in accordance with Rule 144A. In addition, until 40 days after the commencement of the offering, any offer or sale of Debentures and Units issuable upon conversion of Debentures in the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act.