



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

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

DATED: AUGUST 6, 2020

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Plaza Retail REIT
Condensed Interim Consolidated Statements of Financial Position

(unaudited)
(in thousands of Canadian dollars)

June 30, December 31,
2020 2019

Assets

Non-Current Assets

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

Current Assets

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

Liabilities and Unitholders' Equity

Non-Current Liabilities

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

Current Liabilities

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

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

Subsequent events – see Note 23



Doug McGregor, Trustee
Chair of the Board



Barbara Trenholm, Trustee
Chair of the Audit Committee

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

Plaza Retail REIT
Condensed Interim Consolidated Statements of Comprehensive Income

(unaudited)

(in thousands of Canadian dollars)

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

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

Plaza Retail REIT

Condensed Interim Consolidated Statements of Changes in Unitholders' Equity

(unaudited)

(in thousands of Canadian dollars)

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

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

Plaza Retail REIT
Condensed Interim Consolidated Statements of Cash Flows

(unaudited)

(in thousands of Canadian dollars)

3 Months Ended June 30, 2020	3 Months Ended June 30, 2019	6 Months Ended June 30, 2020	6 Months Ended June 30, 2019
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Cash obtained from (used for):
Operating activities

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

Financing activities

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

Investing activities

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

Net increase (decrease) in cash

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

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

Plaza Retail REIT

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 (unaudited)

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

1. Reporting Entity

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

2. Basis of Preparation

Statement of Compliance

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

The condensed interim consolidated financial statements do not include all the information required for full annual financial statements. The condensed interim consolidated financial statements should be read in conjunction with the 2019 annual financial statements of the Trust.

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

3. Summary of Significant Accounting Policies

Changes in Accounting Policies

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

(i) Leases

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

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

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

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

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

Plaza Retail REIT

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 (unaudited)

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

- Excluded initial direct costs from measuring ROU assets; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

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

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

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

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

Plaza Retail REIT

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 (unaudited)

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

4. Investment Properties

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

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

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

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

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

(i) External appraisals

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

(ii) Internal approach - direct capitalization income approach

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

Plaza Retail REIT

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 (unaudited)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Plaza Retail REIT

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 (unaudited)

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

(a) Straight-line Rent

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

(b) Surplus Land

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

(c) Borrowing Costs

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

(d) Acquisitions of Investment Properties and Land

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

⁽¹⁾ Including closing costs

(e) Disposals

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

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

(f) Right-of-use land lease assets

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

Plaza Retail REIT

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 (unaudited)

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

5. Receivables

Receivables consist of the following:

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

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

6. Prepaid Expenses and Deposits

Prepaid expenses and deposits consist of the following:

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

7. Notes and Advances Receivable

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

Plaza Retail REIT

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 (unaudited)

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

8. Debentures Payable

Debentures payable consist of the following:

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

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

⁽²⁾ Recorded at amortized cost

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

Convertible and non-convertible debentures are subordinate and unsecured.

Convertible debenture terms are as follows:

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

Non-convertible debenture maturities are as follows:

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

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9. Mortgage Bonds Payable

Mortgage bonds payable are secured by various properties:

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

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

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

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

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10. Mortgages Payable

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

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

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

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

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11. Bank Indebtedness

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

12. Land Lease Liabilities

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

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

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

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

14. Revenues

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

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15. Operating Expenses

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

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

16. Administrative Expenses

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

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

17. Finance Costs

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

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18. Unitholders' Equity

(a) *Authorized*

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

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

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

(b) *Issued and Outstanding*

(i) Class B Exchangeable LP Units

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

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

(ii) Special Voting Units

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

(iii) Units

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

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

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

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

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

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

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

19. Distributions

Distributions are declared monthly at the discretion of the Board.

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

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20. Additional Cash Flow Information

(a) Changes in Non-Cash Working Capital

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

(b) Changes in Liabilities Arising from Financing Activities

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

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

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

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21. Related Party Transactions

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

(a) Bonds and Debentures

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

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

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

(b) Notes Payable to Related Parties

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

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

(c) Other Transactions with Related Parties

- (i) TC Land LP, an entity controlled by Michael Zakuta and Earl Brewer, leases nine parcels of land to the Trust at market rates, with a total annual rent of \$1.2 million. The land leases expire at various times from October 2043 to November 2047, subject to options to renew. All of these land leases have options to purchase, of which one is at a fixed price and the others are at fair market value.
- (ii) Earl Brewer and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 25% interest in the Gateway Mall, Sussex, NB. A subsidiary of the Trust manages the mall. At June 30, 2020 there is a \$12 thousand accounts receivable balance owing to the Trust for property management, leasing and development fees (December 31, 2019 - \$28 thousand). For the six months ended June 30, 2020, property management, development, financing and leasing fees of \$40 thousand were earned by a subsidiary of the Trust from this property (for the six months ended June 30, 2019 - \$128 thousand).
- (iii) The Montreal office of Plaza Group Management Limited (a wholly-owned subsidiary of the Trust) shares office space with a company indirectly owned by Michael Zakuta in an office building owned by that related party. The Trust pays no basic minimum rent for the space.
- (iv) Earl Brewer and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 20% interest in Mountainview Plaza, Midland, ON and Park Street Plaza, Kenora, ON. A subsidiary of the Trust manages the malls. At June 30, 2020 there is \$6.0 million owed by the properties to the Trust which is recorded in notes and advances receivable (December 31, 2019 - \$5.9 million). As well, there is a \$60 thousand accounts receivable balance owing to the Trust for property management, leasing and development fees (December 31, 2019 - \$13 thousand). For the six months ended June 30, 2020, property management, leasing, development and financing fees of \$121 thousand were earned by a subsidiary of the Trust from these properties (for the six months ended June 30, 2019 - \$102 thousand).
- (v) Earl Brewer and Michael Zakuta, directly or indirectly, hold interests in common with the Trust's 50% interest in two single-use properties located in Amherstview and Port Perry, ON. A subsidiary of the Trust manages the properties. For

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

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

22. Financial Instruments and Risk Management

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

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data.

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

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

The fair value of investment properties is based on a combination of external appraisals and internal valuations based on a capitalization matrix provided by independent appraisers (see Note 4 for a more detailed description of the Trust's valuation approach). The significant unobservable inputs include normalized net operating income, which is supported by the terms of

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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.

23. Subsequent Events

Financings

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

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

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

Unitholders' Equity

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

Distributions and Distribution Reinvestment Plan

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

Liquidity

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

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

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

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

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