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PLAZACORP RETAIL PROPERTIES LTD.

PLAZACORP RETAIL PROPERTIES LTD.

ANNUAL REPORT

For the fiscal year ended

October 31, 2003

TABLE OF CONTENTS

PRESIDENT'S MESSAGE

Fellow Shareholders:

I am pleased to report on our results for the year ended October 31, 2003. Our portfolio of properties has continued to grow substantially as has the financial strength of the company. The Management Discussion and Analysis following these remarks provides a comprehensive review of our activities during the year. I encourage everyone to read it thoroughly.

In 2003, our acquisition and development activity grew the current portfolio from interests in 27 properties to 35 at year end. The additional properties are representative of our diversified investment strategy and include:

- new developments on behalf of tenants;
- financial purchases, where we believe we can improve operating income;
- substantial redevelopment of outdated and neglected shopping centres;

All of these investments meet our strict investment criteria and should impact positively on our future cash flow.

In order to finance these acquisitions, we were actively engaged in raising new capital for Plazacorp. In May 2003, we issued $3,500,000 Series 1 Convertible Debentures. Subsequent to year end, we successfully completed a private placement of $5,000,000 Series 2 Convertible Debentures. In addition to this new capital, we extended the maturity of our outstanding First Mortgage Bonds by three years to June 20, 2008.

Despite the busy expansion schedule, including some new developments that only partially contributed to revenue, Plazacorp was able to increase the Net Operating Income of the company by 10.5% to $12.6 million from a previous $11.4 million. During this same period, operating costs were contained and grew marginally to $8.3 million in 2003 versus $8.2 million in 2002. The economies of scale of an increasing portfolio and outstanding financial controls are adding significantly to the overall financial strength of our company. These improvements are only possible because of the highly skilled people committed to making Plazacorp the dominant participant in the selected markets in which we compete.

As a resultof our progress, we were able to pass on our success to our shareholders by increasing the dividend by 12.5% to $.09 payable annually from the previously stated dividend of $.08.

Going forward, we will continue to seek investment opportunities that fit the growth parameters of the acquisition and development discipline we are dedicated to follow. Adhering to a rigorous process and remaining focused on our strengths will continue to produce long term results that will be pleasing to all our shareholders.

I wish to thank all the people responsible for our success: the staff of our property manager, Plaza Atlantic, for their commitment to advancing Plazacorp's business professionally and profitably; the Board of Directors who have provided invaluable advice; and our shareholders for entrusting us with the capital to make it all possible.

Sincerely,

Richard Hamm
President and CEO

March 1, 2004

PLAZACORP PROPERTY PORTFOLIO

Property		Ownership Interest	Total Area (sf)
Quebec			
Granby	Bureau en Gros	50%	25,695
Laval	Les Promenades St. Francois	100%	72,925
Montmagny	Les Galeries Montmagny	50%	134,017
Rimouski	Bureau en Gros	50%	25,771
Riviere du Loup	Hotel De Ville	100%	20,479
Riviere du Loup	Plaza Theriault	100%	24,340
Shawinigan	Plaza Super C	100%	130,181
Valleyfield	Dufferin Centre	50%	17,587
Dollard-des-Orm.	Centennial Plaza Limited Partnership	10%	188,553
Dollard-des-Orm.	MDO Limited Partnership	20%	93,086
Rouyn-Noranda	LPC Trust	10%	129,542
Terrebonne	Carrefour des Seigneurs	25%	45,000
New Brunswick			
Fredericton	FHS Plaza	100%	24,366
Fredericton	Nashwaaksis Plaza	100%	51,222
Fredericton	Main Place	100%	31,174
Fredericton	Empire Plaza	100%	13,600
Grand Falls	Grand Falls Shopping Mall	100%	149,943
Moncton	Wedgewood Plaza	100%	12,768
Moncton	Boulevard Plaza	100%	80,000
Oromocto	Oromocto Mall	100%	80,499
Saint John	Exhibition Plaza	55%	74,800
Saint John	Lansdowne Place	100%	202,818
Saint John	McAllister Drive Plaza	55%	19,275
Saint John	SCA Plaza	55%	17,430
Saint John	Staples Plaza	100%	25,293
Woodstock	Woodstock Plaza	100%	19,500
Moncton	NWC Trust	10%	186,480
Nova Scotia			
Dartmouth	Staples Plaza, Dart	100%	155,975
Dartmouth	Tacoma Plaza	100%	166,003
New Glasgow	Staples Plaza, NG	100%	33,753
New Glasgow	V-8 Plaza	100%	14,000
New Minas	Commercial Street Plaza	100%	15,500
Halifax	Bayers Lake - 209 Chain Lake Drive	50%	77,600
Prince Edward Island			
Charlottetown	Belvedere Plaza	60%	77,266
Charlottetown	Spring Park Plaza	85%	54,202
Charlottetown	University Plaza	43%	62,046
Summerside	Granville Street Plaza	60%	81,798

MANAGEMENT'S DISCUSSION & ANALYSIS

Management's discussion and analysis of results of operations should be read in conjunction with the company's audited consolidated financial statements appearing later in this annual report.

Overview

Plazacorp Retail Properties Ltd. (hereinafter referred to as "Plazacorp" or the "Company") was incorporated on February 2, 1999 and commenced trading on the TSX Venture Exchange (PLZ) on July 30, 1999.

Headquartered in Fredericton, New Brunswick, Plazacorp acquires develops and redevelops retail real estate throughout Quebec and Atlantic Canada. The company's portfolio currently includes interests in 38 properties totalling 2.6 million square feet (ft^2). These include properties directly held by Plazacorp as well as investments in joint ventures.

On December 11, 2002 after receipt of shareholder and regulatory approval, Plazacorp filed articles of amendment to convert to a mutual fund corporation.

Business Strategy

Plazacorp's principal goal is to deliver a reliable and growing yield to shareholders from a balanced portfolio of retail properties.

In order to remain successful, the company must:

- maintain access to cost effective sources of capital to finance acquisitions;
- acquire properties at a price consistent with the company's targeted returns on investment of 11% to 12% on unleveraged returns and 15% to 16% on leveraged returns;
- maintain our high occupancy rates on existing properties while sourcing tenants for current and future acquisitions; and
- diligently manage costs and maintain quality of the properties;

The company uses a diversified investment strategy that includes:

- strategic financial investments in existing properties that will provide stable recurring cash flows with opportunity for growth;
- development of new properties on behalf of existing clients or in response to demand as established by pre-leasing a major portion of proposed space; and
- redevelopment of well located but significantly depreciated shopping malls and strip plazas.

The Board of Directors approves all Plazacorp acquisitions with a view toward accepting only those that fit the portfolio and at a cost that will allow a favourable rate of return.

Plazacorp further augments its ability to provide a consistent return to investors through careful management of revenues and expenses, intensive operations management and regular review of operating results.

Acquisition and Development Activities

During and immediately following fiscal 2003, Plazacorp invested in properties directly as well as through joint venture interests as described below:

June 25, 2003, the Company acquired from a related party at cost, a 20% ownership interest in Marché de l'ouest, a 93,086 ft^2 shopping mall located in Dollard-des-Ormeaux, QC through the purchase of 100% of the units of MDO Commercial Trust which owns 20% of the property and with rights to 30% of cash flow above a preferred return to investors. The property is currently undergoing a significant renovation including the addition of a major food anchor.

June 25, 2003, the company acquired from a related party at cost, a 20% ownership interest in Northwest Centre, a 186,400 ft^2 strip plaza, through the purchase of units in Northwest Plaza Commercial Trust. On Oct 1, 2003, the trust closed an offering of $1,900,000 in subordinated debt and Class A trust units to private investors. As a result of the transaction, the company's ownership position was reduced to 10%. Co-incidentally, the company entered into put/call agreements, which provide an opportunity to acquire majority ownership in the property at a future date through the exercise of rights under the agreement.

June 25, 2003, the company exercised an option to acquire from a related party at cost, through the purchase of units of Commercial St. Plaza Trust, a 100% ownership of Commercial Street Plaza. The company subsequently completed development of the 14,550 ft^2 strip plaza located in New Minas, NS. Total development costs will be approximately $1,575,000.

August 20, 2003, the company purchased land in Woodstock, NB to begin development of a 20,000 square foot strip plaza project upon which construction began in November 2003. At completion, the total cost of the project will be $1,800,000.

October 1, 2003, the company re-acquired a 100% interest in Tacoma Centre, a 166,000 ft^2 strip plaza in Dartmouth NS, through a purchase of all partnership units of Tacoma Centre Limited Partnership which it did not already own. Including assumption of debt, the total purchase price on a 100% interest basis was $8,544,000. This property is in lease up stage after undergoing a major renovation in 2002 and 2003.

December 4, 2003, the company acquired a 25% interest in Carrefour des Seigneurs, Terrebonne, QC, a 45,000 square foot retail plaza on a 2.635 acre site. The property was purchased for consideration of $2,800,000 including cash and placement of a $2,100,000 first mortgage. Of the remaining 75% interest, 50% is held by Centennial Plaza Limited Partnership in which Plazacorp owns a 10% interest with rights to 20% of excess cash flow above a preferred return to investors. The company's effective ownership interest in Carrefour des Seigneurs is 30%.

December 8, 2003, the company acquired an undivided 50% interest in a 77,000 square foot retail strip plaza at 209 Chain Lake Drive in the Bayer's Lake retail power centre, Halifax, NS.

The property was acquired for consideration of $5,975,000 including cash and placement of a $4,481,250 mortgage.

Plazacorp also developed or began developing a number of properties through land leases, as follows:

April 30, 2003, the company entered into a 20-year renewable land lease agreement for the construction of Empire Plaza, a 13,800 square foot strip plaza, in Fredericton, NB. This 100% owned property was completed in August 2003.

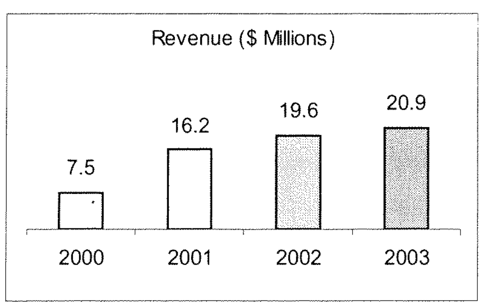
July 9, 2003 the company entered into a 40 year renewable land lease agreement, effective November 1, 2003, for the re-development of a 13,400 square foot strip plaza and restaurant pad in New Glasgow, NS, upon which construction began in November, 2003. The company has an option to purchase the underlying land beginning in January 2009.

In addition, Plazacorp initiated a significant redevelopment project on December 2, 2003, with the signing of a 40-year lease for Main Place, Fredericton, NB, a 34,000 square foot retail property. The lease provides the Company with options to purchase the property at every fifth anniversary date beginning in the tenth year. The property is currently under redevelopment with the construction of premises for a new anchor tenant scheduled for spring 2004.

As a result of these three projects, the company has committed to total redevelopment costs of $3,050,000 and annual rent payments of $366,000.

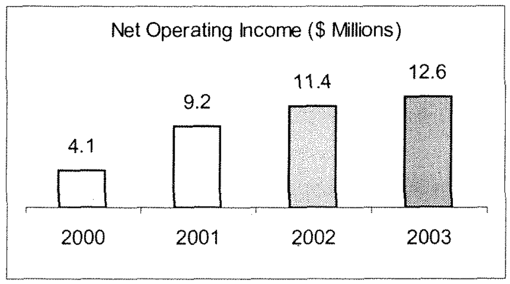
Financial Results

Gross revenues for the year ended October 31, 2003 increased from $19.6 million to $20.9 million representing a 6.5% increase year over year. During the year, the majority of new investments were in new builds with only partial yearly revenue contribution during the fiscal year ended October 31, 2003.



Operating expenses rose slightly for the year ending October 31, 2003 to $8.3 million compared to $ 8.2 million for the preceding year. Management has succeeded in containing operating at costs at less then the rate of inflation while increasing revenue.

Net operating income rose to $12.6 million from $11.4 million, a 10.5 % increase over last year. This growth is largely driven by new developments that have come fully on stream in late 2002 and 2003 and improved rental and occupancy rates across the portfolio.



Alternative Financial Measurement

Funds from operations ("FFO") is an industry measure and its calculation before 2003 was prescribed in publications of The Canadian Institute of Public and Private Real Estate Companies (CIPPREC). FFO seeks to measure operating income before amortization adjusted for changes in non-cash balance sheet operating accounts. FFO is presented herein to provide continuity to past reporting. As in past reporting, FFO is normalized to reflect the impact one-time events during the reported periods.

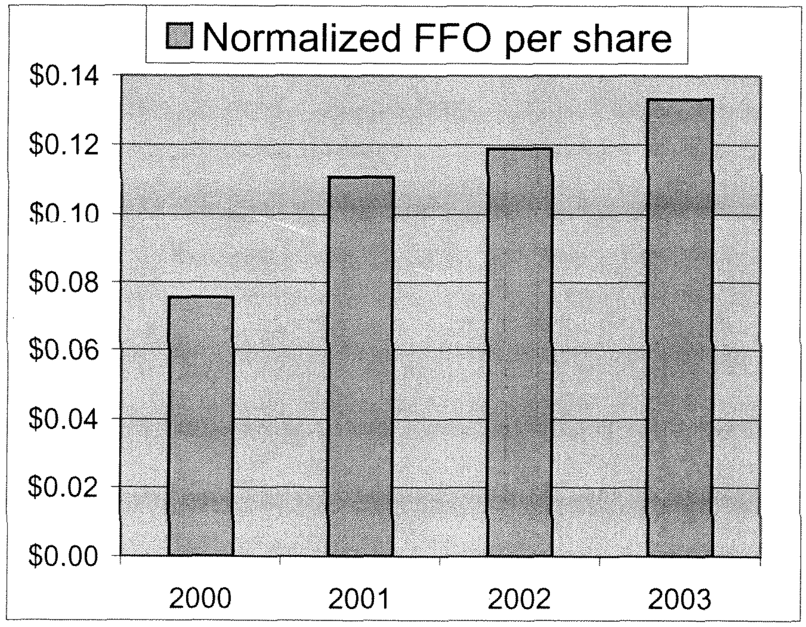
FFO as a measurement is no longer accepted or reported under generally accepted accounting principles ("GAAP"). The nearest comparable GAAP measure is net income which is reconciled to FFO as follows:

Schedule of Normalized Funds from Operations
for the four years ended October 31, 2003

Unaudited

	Year Ended 2000	Year Ended 2001	Year Ended 2002	Year Ended 2003
Net Income	**$710,599**	**$1,082,367**	**$399,276**	**$809,400**
Amortization	594,304	1,771,481	3,047,248	3,424,267
Minority Interest in Net Earnings	153,993	359,816	408,382	272,547
Future Income Taxes	308,672	801,784	(41,200)	370,666
Other Non-Cash Items (net)		-	(146,613)	(163,631)
FFO Before Minority interest	$1,767,478	$4,015,448	$3,667,093	$4,713,249
Minority interest in FFO	(220,701)	(864,912)	(775,446)	(721,383)
Funds from Operations (FFO)	1,546,777	3,150,536	2,891,647	3,991,866
Adjustments for one time items:				
Creation of tax loss carry forward		(176,216)		
Non- Recurring Expenses			309,510	
Interest on idle bond & debenture funds			282,684	
Normalized Funds from Operations	$1,546,777	$2,974,320	$3,483,841	$3,991,866
Weighted Average Shares Outstanding	20,457,304	27,014,560	29,264,808	29,927,625
Normalized FFO per share	$ 0.076	$ 0.111	$ 0.119	$ 0.133
Basic Earnings per share	**$ 0.035**	**$ 0.040**	**$ 0.014**	**$ 0.027**

Funds from operations after minority interest per common share increased to 13.3¢ per share in 2003 from 11.9¢ per share (adjusted for non-recurring items) in 2002. This increase of 11.8% reflects occupancy improvements, reduced administrative costs and stable borrowing costs.



Financial Strength

Management believes the best measurement of the Company's financial strength is the excess of income generated from operations over the companies interest and debt service obligations. The interest coverage ratio is calculated as earnings before interest, depreciation, taxes and amortization ("EBIDTA") divided by interest costs. For the fiscal year ended October 31, 2003, this income measure exceeded interest costs by 1.84 times.

Recurring monthly principal payments on amortizing mortgage debt during 2003 were $1,365,567. The coverage of EBITDA over total debt service (Interest plus recurring principal repayments) for the year ended October 31, 2003 was 1.52 times.

Management believes these ratios are a good reflection of the Company's ability to meet its debt obligations and generate cash flow for shareholders.

Capital Structure Management

Plazacorp has financed new acquisition and development through a combination of internally generated cash flow, convertible debentures, debt financing and partnership arrangements.

Mortgage Debt

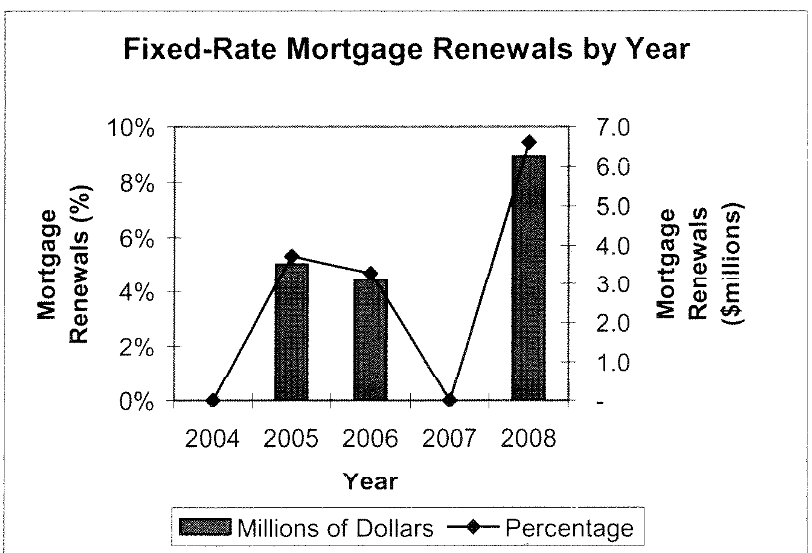
Mortgages payable consists of conventional mortgages and short-term mortgages in the amount of $ 74 million. Plazacorp retains significant equity in the mortgaged properties as mortgages are placed at loan to value ratios of not more than 75% based on appraised value.

Conventional mortgages with fixed rates total $67,219,607, and bear interest at rates ranging from 5.994% to 8.015%, with maturity dates ranging from November 2004 to November 2013. At year-end, there was one non-interest bearing mortgage, in the amount of $360,000 resulting from vendor financing of a prior purchase.

At year end, there were two short-term, floating rate, mortgages of $5,107,630 and $1,350,000 bearing interest at the bank's prime lending rate plus 0.75% and 1.25% respectively. The first of these mortgages matures August 31, 2004 and we anticipate that this will be replaced with a favourably negotiated first mortgage. The second was repaid in full in December 2003 through the placement of a long-term mortgage at 5.29% due October 1, 2006.

The effective average interest rate for conventional and short-term mortgages is 7.35%. The average term to maturity of the mortgages outstanding is 6.7 years. The average remaining amortization or repayment period on fixed rate mortgage debt is 21.3 years.

The Company is subject to risk of interest rate fluctuations. The Company minimizes its interest rate risk by ensuring that debt maturities are staggered over a number of years, allowing the Company to minimize the risk of unfavourable interest rate or capital market conditions in any one period.



Bonds, Debentures and Convertible Debentures

There is one significant maturity of non-mortgage debt occurring over the next year. Beginning in December 2004 through April 2005, the company's $5,000,000 11% subordinated debentures will mature. The company is monitoring capital markets to determine the most suitable financing to replace these debentures.

On October 29, 2003 Plazacorp obtained approval from the holders of the 12% First Mortgage Bonds to extend the maturity date of the bonds to June 20, 2008 subject to retaining redemption rights after June 20, 2005. Use of the mortgage bond funds was expanded to include new developments and the security permitted expanded to include first and second mortgage charges of up to 90 % of project cost. The added flexibility provided by these amendments will allow the company to better pursue investment opportunities going forward and minimize the possibility of holding non-invested bond funds.

On May 16, 2003, the Company completed a private placement of $3,500,000 million Series 1 convertible debentures. The debentures, which bear interest at 9.5% per annum, payable quarterly, will mature on April 30, 2008 and are convertible into Plazacorp common shares at the option of the holder at any time at $1.00 per share. Plazacorp will also have rights after April 30, 2006 to redeem the debentures for either cash or common shares.

On December 4, 2003, the Company completed a private placement of $5,000,000 Series 2 convertible debentures. The debentures, which bear interest at 9.5% per annum, payable quarterly, will mature on October 31, 2008 and are convertible into Plazacorp common shares at the option of the holder at any time at $1.20 per share. Plazacorp will also have rights after October 31, 2006, to redeem the debentures for either cash or common shares.

These debenture issues have contributed significant capital to Plazacorp and have enhanced our ability to pursue further acquisitions and developments.

We are encouraged by the participation of institutional investors and investment managers in these private placements and believe future financing will be met by a similarly receptive investor audience.

If all convertible debenture holders exercised their right to convert to common shares of the Company, combined with the issuance of bonus shares on prior agreements of purchase, the number of shares outstanding would increase to approximately 39,109,200 shares.

Partnerships and Joint-Ventures

The company from time to time seeks partners in redevelopment projects to share development risks and maximize use of available capital thus allowing the undertaking of a more diverse range of projects. As part of each new partnership investment, Plazacorp seeks to obtain the rights, through put/call agreements, to obtain majority or complete ownership of the property at a future date.

Dividend Policy

In September 2002 the company approved a dividend policy of $.08 per share per annum and paid this amount in quarterly instalments throughout fiscal 2003. In January 2004, the Board of Directors approved a dividend policy to pay $.09 per common share in quarterly dividend payments of $.0225 per share. This will represent a 12.5% increase over the 2003 payments.

The company has a dividend reinvestment plan which enables Plazacorp shareholders to reinvest their dividend in additional Plazacorp common shares. Participants are also entitled to a 3% bonus on amount re-invested, paid in additional common shares of the company. Proceeds of the dividend reinvestment plan will contribute to equity requirements on future property acquisitions.

The company continues to improve its cash flow through improved operations, new developments and strategic acquisitions. The dividend policy is reviewed annually and adjusted in concert with the company's financial situation.

Risk Management

In common with all income property investments, Plazacorp's portfolio is subject to a degree of risk and uncertainty.

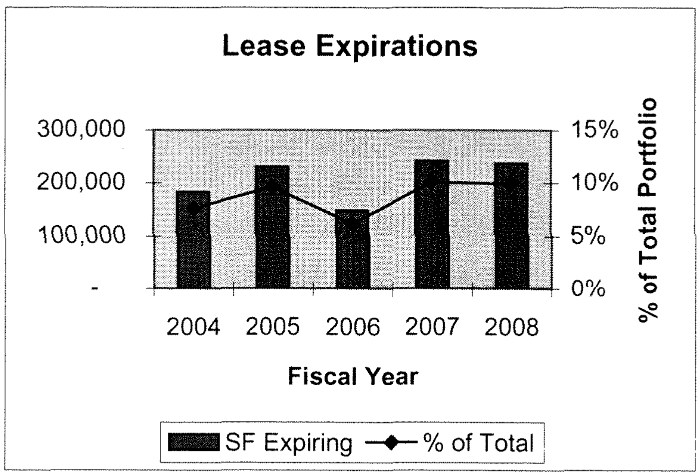
Leasing and Tenancy Risk

The most significant risk affecting the company's financial performance is the potential for a reduction in revenue resulting from reduced levels of tenant occupancy or tenants in financial difficulty that become unable to fulfill lease commitments or both. Overall retail occupancy is driven by consumer confidence, employment growth and income growth in a given market.

The company seeks to mitigate these risks in several ways:

- Balancing lease terms to avoid a large number of tenant renewals in any one year
- Maintaining high occupancy through a targeted and aggressive leasing program
- Concentrating on tenancy that fulfills basic consumer needs and is less susceptible to swings in the generally economy
- Balancing property investments across our geographic operating area
- Balancing our property types to minimize volatility in rental income streams through changing shopping patterns
- Concentrating our leasing on stable national and regional tenants
- Minimizing our exposure to any one tenant

The following chart details in square footage and percentage the projected lease expiries over the next five years.



The occupancy of the Plazacorp portfolio as at October 31, 2003 was 95%.

Most of Plazacorp's tenants cater to the basic needs of the local economy that they serve. The stability of these markets plays a significant part in attracting the major national and regional tenants we serve on a regular basis.

Management also mitigates leasing and tenancy risks by diversifying its portfolio throughout the region in which it operates as well as ensuring adequate diversification between asset classes and tenant types:

The Company's property investments are distributed by province as noted below:

	New Brunswick	Nova Scotia	Prince Edward Island	Quebec	TOTAL
Revenue	$ 9,420,360	$ 2,738,254	$ 3,022,090	$ 5,693,626	$ 20,874,330
Expenses	4,061,735	994,675	1,054,149	2,215,269	8,325,829
Net operating income	$ 5,346,446	$ 1,747,479	$ 1,973,991	$ 3,480,584	$ 12,548,501
Percentage of net operating income	42.7%	13.9%	15.7%	27.7%	100.0%
Net book value of property investments	$ 49,466,356	$22,356,111	$ 11,117,550	$ 18,693,681	$ 101,633,698
Percentage of net book value	48.7%	22.0%	10.9%	18.4%	100.0%

Income from Plazacorp's properties were distributed across the following asset classes:

	Enclosed Mall	Strip Plaza	Single Use Retail Plaza	TOTAL
Revenue	$ 5,702,986	$ 14,410,748	$ 760,596	$ 20,874,330
Expenses	2,497,749	5,578,305	249,775	8,325,829
Net operating income	$ 3,205,237	$ 8,832,443	$ 510,821	$ 12,548,501
Percentage of net operating income	25.5%	70.4%	4.1%	100.0%

The leasing of Plazacorp's portfolio has produced a mix of tenancy that is well positioned to resist downturns in our markets. As at October 31, 2003, the tenancy mix was:

National	74.0%
Regional	6.7%
Local & Non Retail	19.3%

The top 10 tenants by contribution to gross revenue in the Company's portfolio are:

	Gross Revenue	%
Staples	$ 1,464,141	7.01%
Dollarama	915,985	4.39%
Loblaws	900,290	4.31%
Reitmans Canada	696,797	3.34%
Canadian Tire & Mark's Work Warehouse	688,587	3.30%
Zellers Inc.	509,101	2.44%
Speigel Group	502,791	2.41%
Cleve's Sporting Goods	473,372	2.27%
Shoppers Drug Mart	471,556	2.26%
Sears & Sears franchisees	394,081	1.89%
	$ 7,016,701	33.61%

Interest Rate Risk

The company has chosen to mitigate its interest rate exposure by locking in long-term mortgage financing. This strategy matches debt service exposure with rental revenues and provides stable cash flows to shareholders. In the current interest rate environment, the availability and pricing of low cost long-term debt make this a prudent strategy. Floating rate debt is generally confined to assets under development or redevelopment. As at October 31st. fixed rate debt represented 91% of total mortgage indebtedness.

The company assesses on a continual basis the mix between floating and fixed rate debt. Floating rate debt will be considered on suitable assets to balance our interest costs and rate exposure.

Currently there are an adequate number of fixed and floating rate debt providers active in the market to allow management confidence in planning for the financing of new developments, acquisitions and redevelopments

Environmental Risk

Plazacorp is subject to various legislative and regulatory requirements relating to the environment. If a property were found in violation of these requirements the company would face potentially significant liability for remediation and its ability to mortgage or sell the property would be impaired. Management is not aware of any material non-compliance with environmental requirements or any pending claims, investigations or litigation.

The company's environmental policies include a third party assessment prior to acquisition; ongoing monitoring of properties in the portfolio; and insurance where appropriate to mitigate potential costs to the company which include litigation and remediation.

Risk Control

The management of Plazacorp has put in place systems which it believes will maintain and enhance the stability of its revenue streams. These include:

- rigorous due diligence procedures on purchases and land acquisitions
- segregation of decision making on identification of acquisitions and the financial analysis of the acquisitions
- strong budget controls on construction and operating expenditures
- appropriate risk analysis of potential tenants
- rigorous accounts receivable monitoring and rent collection procedures
- regular monitoring of expected versus actual results

The above procedures, current policies and past diversification of risk are intended to focus the company on creating stable cash flow while providing the opportunity to respond to development and acquisition opportunities as they arise in the marketplace.

Executive Compensation

During the year, directors and officers received salary or other compensation , director's fees or exercised options as follows:

Director/Officer	Salary or Directors Fees	Options Exercised	Options Outstanding	Exercise Price
Richard Hamm	$100,000	50,000	-	$.20
Earl Brewer	-	120,000	-	$.20
Paul Leger	-	60,000	-	$.20
Stephen Johnson	$2,100	50,000	-	$.20
Michael Zakuta	-	120,000	-	$.20
Peter Sheehan	-	23,333	46,667	$.75

No share purchase options were granted during the year ended October 31, 2003.

Management Structure

Certain of the affairs of the company are managed by Plaza Atlantic Limited, a private corporation wholly owned by some of the Company's directors, namely Earl Brewer, Paul Leger and Michael Zakuta. Plaza Atlantic is responsible for all property management functions including leasing, operations and maintenance, and also assists the Company on acquisition, financing, development activities and other management decisions. Fees billed for the year by Plaza Atlantic Limited totalled $1,372,399 and were at or below market rates.

Outlook

Management's focus in 2004 will be to assure our shareholders that we have the optimal capital structure, corporate infrastructure and control procedures in place to support continued long term growth.

A review of our corporate governance structure, policy and procedures is underway. Two additional outside directors will be nominated to the Board at the next annual meeting of shareholders.

As we continue to grow, we will actively seek new sources of capital for acquisition which meet our investment criteria. The company is currently soliciting investor participation in a structured real estate fund as a means of accessing significant capital to take advantage of market opportunities. A review will be conducted with respect to the relative benefits of mutual fund corporation status (our current structure) versus alternate structures.

The keys to Plazacorp's future success are:

- effective, qualified personnel in key positions
- access to quality capital and properties with the potential to produce returns on investment
- superior management whose interests are aligned with those of the shareholder

Consecutive years of earnings and asset growth indicate that these key success factors are in place.

In short, we have the resources necessary to be creative and grow the company and the common sense to remain focused on our core strengths to ensure our shareholders that we will produce uncommon results.

<u>Summary of Key Statistics for 2003</u>

Financial Statistics:	
Basic earnings per share	2.7¢
Normalized funds from operations per share	13.3¢
Interest coverage ratio EBIDTA to interest expense	1.84 times
Debt coverage ratio EBIDTA to total debt service including principal repayment	1.52 times
Leasing Statistics:	
Weighted average lease term remaining.	7.3 years
Average gross rent per square foot excluding anchor tenants	$14.55
Occupancy Rate at October 31, 2003	95%
Development Statistics:	
Average building cost per square foot for properties acquired.	$66.59
Average cost per square foot for newly constructed properties.	$98.72
Debt Statistics:	
Average term to maturity of long-term mortgage debt.	6.7 years
Average interest rate on mortgage debt	7.35%
Average remaining amortization (repayment) period on mortgage debt	21.3 years
Fixed rate debt as a % of mortgage debt	91%

MANAGEMENT'S REPSPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of Plazacorp Retail Properties Ltd.

The accompanying financial statements and information contained in this Annual Report have been prepared by, and are the responsibility of, the management of the Company. The financial statements have been prepared within accepted limits of materiality and in accordance with the Canadian generally accepted accounting principals appropriate in the circumstances. Financial information elsewhere un this repost has been reviewed to ensure consistency with that in the financial statement.

Management maintains appropriate systems of internal control. Policies and procedures are designed to provide reasonable assurance that transactions are properly authorized, assets are safeguard and financial records are properly maintained to provide reliable information for preparation of financial statements.

The consolidated financial statements have been reviewed and approved by the Board of Directors and its Audit Committee.

Teed Saunders Doyle and Co., the independent auditors appointed by the shareholders haven been engaged to audit the financial statements and provide an independent professional opinion thereon.

Richard Hamm
President and CEO
December 19, 2003

I, Richard Hamm, President &Chief Executive Officer of Plazacorp Retail Properties Ltd., certify that:

1. I have reviewed the annual filings (as this term is defined in Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) of Plazacorp Retail Properties Ltd. for the period ending October 31, 2003;

2. Based on my knowledge, the annual filings do not contain any untrue statement if a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the annual filings; and

3. Based on my knowledge, the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the annual filings.

Date: March 1, 2004

Richard Hamm
President & Chief Executive Officer

I, Peter T. Sheehan, Chief Financial Officer of Plazacorp Retail Properties Ltd., certify that:

1. I have reviewed the annual filings (as this term is defined in Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) of Plazacorp Retail Properties Ltd. for the period ending October 31, 2003;

2. Based on my knowledge, the annual filings do not contain any untrue statement if a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the annual filings; and

3. Based on my knowledge, the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the annual filings.

Date: March 1, 2004

Peter T. Sheehan
Chief Financial Officer

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TEED
SAUNDERS
DOYLE & CO.
Chartered Accountants

Member of DFK Accountancy Group Inc.
(Canada) and DFK International

AUDITORS' REPORT

To the Shareholders of Plazacorp Retail Properties Ltd.

We have audited the consolidated balance sheet of Plazacorp Retail Properties Ltd. as at October 31, 2003 and the consolidated statements of income, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at October 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Teed Saunders Doyle & Co.

December 19, 2003
Fredericton, NB

TEED SAUNDERS DOYLE & CO.
CHARTERED ACCOUNTANTS

Plazacorp Retail Properties Ltd.
Consolidated Balance Sheet

As at October 31,	NOTES		2003		2002
Assets					
Income producing properties	3	$	101,633,698	$	98,521,458
Mortgage receivable	5		5,050,000		-
Cash and short-term investments			1,669,253		1,534,910
Accounts receivable			619,899		825,873
Prepaid expenses			2,183,621		2,473,979
Other assets			2,388,241		2,002,051
		$	113,544,712	$	105,358,271
Liabilities					
Mortgages payable	4	$	74,037,236	$	69,000,696
Bonds and debentures payable	5		11,256,084		10,050,000
Notes payable	6		3,540,740		2,962,432
Bank indebtedness	7		404,970		239,680
Accounts payable and accrued liabilities			2,327,990		1,969,084
Dividend Payable			600,650		591,134
Income taxes payable			411,511		386,932
Future income taxes	8		2,981,097		2,610,431
			95,560,278		87,810,389
Minority interest in net assets			274,749		561,099
Shareholders' Equity					
Equity portion of convertible debt	5		2,293,916		-
Share capital	9		15,434,204		15,352,212
Retained earnings			(18,435)		1,634,571
			17,709,685		16,986,783
		$	113,544,712	$	105,358,271

See accompanying notes to the consolidated financial statements

Approved by the Board:

Richard Hamm	J. Paul Leger, CA
Director	Director

Plazacorp Retail Properties Ltd.
Consolidated Statement of Retained Earnings and Deficit

Year Ended October 31,	**2003**	2002
Retained earnings, beginning of period	**1,634,571**	1,826,429
Net income for the period	**809,400**	399,276
Equity distribution in respect of convertible debt	**(63,119)**	-
Dividends declared during the period	**(2,399,287)**	(591,134)
Retained earnings (Deficit) , end of period	**$ (18,435)**	$ 1,634,571

See accompanying notes to the consolidated financial statements

Plazacorp Retail Properties Ltd.
Consolidated Statement of Income

Year Ended October 31,	**2003**	**2002**
Rental income	$ 20,874,330	$ 19,600,000
Operating expenses	8,325,829	8,201,419
Net operating income	12,548,501	11,398,581
Financing costs	6,595,613	6,186,252
Income from properties	5,952,888	5,212,329
Administrative expenses	441,266	507,621
Income before amortization & undernoted items	5,511,622	4,704,708
Non-recurring expenses	-	309,510
Amortization	3,424,267	3,047,248
Capital taxes	412,000	347,580
Income before income taxes & minority interest	1,675,355	1,000,370
Provision for income taxes	593,408	192,712
Income before minority interest	1,081,947	807,658
Minority interest	272,547	408,382
Net income for the period	809,400	399,276
Basic earnings per share	$ 0.027	$ 0.014
Weighted average number of shares outstanding	29,927,625	29,264,808

See accompanying notes to the consolidated financial statements

Plazacorp Retail Properties Ltd.
Consolidated Statement of Cash Flows

Year Ended October 31,	**2003**	2002
Cash obtained from (used for):		
Net income	**$ 809,400**	$ 399,276
Operating activities		
Items not affecting cash		
Amortization	**3,424,267**	3,047,248
Gain on disposition of property	**(95,951)**	(197,153)
Stock option compensation	**(67,680)**	50,540
Minority interest in net earnings	**272,547**	408,382
Future income taxes	**370,666**	(41,200)
Funds from operations	**4,713,249**	3,667,093
Tenant inducements	**(2,322,017)**	(1,207,920)
Change in non-cash working capital	**889,334**	(2,588,126)
	3,280,566	(128,953)
Financing activities		
Bank indebtedness	**165,290**	(342,490)
Notes payable	**578,308**	(3,573,053)
Issue of common shares	**149,672**	-
Repurchase of common shares for cancellation	**-**	(194,560)
Distribution in respect of equity portion of convertible debt	**(63,119)**	-
Dividends paid to minority interests	**(558,898)**	(148,937)
Dividends paid to shareholders	**(2,399,287)**	(591,134)
Proceeds from bonds and debentures	**3,500,000**	5,000,000
Net proceeds from mortgage financing	**6,457,630**	13,159,807
Mortgage principal repayments	**(1,421,090)**	(4,136,901)
	6,408,506	9,172,732
Investing activities		
Net acquisition, development and redevelopment	**(4,118,539)**	(9,960,602)
Increase in mortgage receivable	**(5,050,000)**	-
Net increase in other assets	**(386,190)**	(1,051,089)
	(9,554,729)	(11,011,691)
Increase (decrease) in cash during the period	**134,343**	(1,967,912)
Cash , beginning of period	**1,534,910**	3,502,822
Cash , end of period	**$ 1,669,253**	$ 1,534,910

See accompanying notes to the consolidated financial statements

PLAZACORP RETAIL PROPERTIES LTD.
Notes to the Consolidated Financial Statements
October 31, 2003

1 Significant Accounting Policies

The Company's accounting policies and its standards of financial disclosure are in accordance with generally accepted accounting principles as prescribed by The Canadian Institute of Chartered Accountants (CICA) and the recommendations of the Canadian Institute of Public and Private Real Estate Companies (CIPPREC), the more significant policies of which are described below:

(a) Principles of Consolidation

The consolidated financial statements include the accounts of Plazacorp Retail Properties Ltd., its subsidiaries and joint ventures as follows:

Entities	Ownership Interest	
	2003	**2002**
Accounting Method – Consolidation		
Exhibition Plaza Inc.	55%	55%
McAllister Drive Plaza Inc.	55%	55%
Centre Commercial Plaza Theriault Inc.	100%	100%
Les Galeries Montmagny (1988) Inc.	50%	50%
Spring Park Plaza Inc.	85%	85%
Granville Street Properties Limited Partnership	60%	60%
Wildan Properties Limited Partnership	60%	60%
SCA Plaza Inc.	55%	55%
Plaza LPC Commercial Trust	10%	100%
Tacoma Plaza Limited Partnership	100%	10%
Commercial Street Plaza Trust	100%	-
Accounting Method – Proportionate Consolidation		
Les Immeubles RSM Inc.	50%	50%
University Plaza (SC) Inc.	43%	43%
S.E.C. Rimouski Bureau en Gros	50%	50%
Centre Commercial Dufferin (2001) Inc.	50%	50%

(b) Rental Properties

Rental Properties are stated at the lower of cost less accumulated amortization and estimated net recoverable amounts. Cost includes all expenditures incurred in connection with the acquisition, development, financing and redevelopment of the properties. Net recoverable amounts represent the undiscounted estimated future net cash flow to be generated from the property throughout its useful life, including its residual value.

(c) Rental Income

Rental Income includes rent earned from tenants under lease arrangements, including percentage rents, property taxes and operating cost recoveries and incidental income including lease cancellation payments.

(d) Amortization

The Company utilizes the sinking fund method of amortization for its buildings and base building improvements. The sinking fund method charges amortization to income at an amount which increases annually, consisting of a fixed annual sum together with a factor compounded at the rate of 5% per annum so as to fully amortize the properties over their estimated useful lives which do not exceed 40 years. Effective November 1, 2003, the Company will prospectively adopt the straight line method of amortization for its buildings. Had this method of amortization been in effect for the year ended October 31, 2003, amortization expense would have been greater by $1,125,305.

Equipment and parking lot improvements are amortized using the declining balance method of amortization at 20% and 8% respectively.

Leasing fees and tenant improvements and inducements are amortized over the terms of the related leases on a straight-line basis. For financial statement presentation purposes in the consolidated statement of cash flows, tenants improvements and inducements incurred on properties under development and redevelopment are treated as investing activities, those incurred on developed properties are treated as operating activities.

Financing fees and other costs incurred in connection with debt financing are amortized over the term of permanent financing in place on completion of property redevelopment.

(e) Income Taxes

The Company follows the future income tax liability method and records future income taxes based on temporary differences that exist between the carrying amount of the Company's assets and liabilities and their values for tax purposes. The Company recognizes future income taxes when it is more likely than not that the future income taxes will be realized.

(f) Financial Instruments

The fair value of the Company's financial assets and liabilities that represent net working capital approximate their recorded values at October 31, 2003 due to their short term nature. In these circumstances, the fair value is determined to be the market or exchange value of the assets or liabilities. The estimated fair values of the Company's long-term debt are based on the values derived using market rates of similar instruments.

Generally, trading values for the Company's financial instruments are not available. In determining estimates of the fair values of the financial instruments, the Company must make assumptions regarding current market rates, considering the term of the instrument and its risk. Current market rates are generally selected from a range of potentially acceptable rates and accordingly, other effective rates and fair values are possible.

(g) Use of Estimates
The preparation of the Company's financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from such estimates.

(h) Stock-based compensation plans

Effective for the year ended October 31, 2002, the Company chose early adoption of the recommendations of the CICA related to stock-based compensation. Under this revised standard, stock-based payments and direct awards to non-employees and direct awards, stock appreciation rights and similar awards to employees that are to be settled in cash or equity instruments, are to be accounted for using the intrinsic value or fair value based method of accounting, depending on the circumstances.

2 Mutual Fund Corporation status

The company is a mutual fund corporation as defined in the Income Tax Act (Canada) and as such shareholders have the right to redeem their common shares at 90% of the shares market value at the time, in exchange for a note payable bearing interest at 5% per annumand maturing three (3) years after said redemption.

Non-recurring expenses incurred in 2002 are in connection with the Company's conversion to a Mutual Fund Corporation.

3 Income Producing Properties

Income producing properties consist of the following:

	2003	2002
Land	$ 14,153,205	$15,069,433
Buildings and improvements	103,884,200	98,180,421
Investments in partnerships and trusts-(Note 15)	1,350,000	710,000
	119,387,405	113,959,854
Accumulated amortization	(17,753,707)	(15,438,396)
	$101,633,698	$98,521,458

4 Mortgages Payable

Mortgages Payable consists of conventional mortgages and short term mortgages.

Conventional mortgages with fixed rates total $67,219,607 (2002 - $64,406,976), bear interest rates ranging from 5.994% to 8.015%, and have maturity dates ranging from November 2004 to November 2013. At year-end, there was one non-interest bearing mortgage, in the amount of $360,000 (2002-$410,000).

Principal repayments and maturities of the above noted conventional mortgages over the next five years are as follows:

Year ending October 31st,	Principal repayments:	Balance of mortgages maturing:	% of mortgages maturing:
2004	$1,523,334	$ -	-
2005	$1,508,304	$3,724,120	5.5%
2006	$1,523,639	$3,285,891	4.9%
2007	$1,584,379	$ -	-
2008	$1,628,990	$6,606,271	9.8%

At year end, there were two short-term, floating rate, mortgages of $6,457,630 (2002 – $3,100,000), bearing interest at the bank's prime lending rate plus 0.75% ($5,107,630) and 1.25% ($1,350,000). The first of these mortgages ($5,107,630) matures August 31, 2004. The second ($1,350,000) was repaid in full in December 2003 through the placement of a long-term mortgage .There were no short-term mortgages with a fixed rate (2002-$1,083,720).

The effective average interest rate for conventional and short-term mortgages is 7.35% (2002 – 7.6%). The average term to maturity is 6.7 years (2002- 7.0 years).

All mortgages are secured by registered charges on the respective land and buildings, together with an assignment of leases and rents.

The Company is subject to risk of interest rate fluctuations. The Company minimizes its interest rate risk by ensuring that debt maturities are staggered over a number of years, allowing the Company to reduce the risk of unfavourable interest rate changes.

5 Bonds and Debentures Payable

Bonds payable of $5,050,000, paying interest at 12% per annum and maturing on June 20, 2008, are secured by a $5,050,000 first mortgage on Les Promenades du Cuivre, a property owned by Plaza LPC Commercial Trust (as described in note 16(e)) (2001- $4,966,280 first mortgage and cash of $83,720).

Debentures payable of $5,000,000 are unsecured. This debenture bears interest at the rate of 11% per annum with principal due on dates ranging from December, 2004 to April, 2005.

On May 16, 2003, the Company completed a private placement of $3,500,000 million convertible debentures. The debentures, which bear interest at 9.5% per annum, payable quarterly, will mature on April 30, 2008 and will be convertible into Plazacorp common shares at the option of the holder at any time at $1.00 per share. Plazacorp will also have the right to redeem the debentures for either cash or common shares any time after May 1, 2006 or on maturity. If the redemption price is satisfied by issuing common shares, the holder will receive shares equal to the principal amount maturing divided by 95% of the then current market price of the common shares. Redemption from May 1, 2006 to April 30, 2007 may only occur if the share price of the company exceeds 115% of the conversion price for 20 consecutive trading days ending 5 days preceding the applicable redemption date. As a result of the right to redeem the debentures in shares, the obligation is recorded as an instrument with a debt component of $1,206,084 and an equity component of $2,293,916.

6 Notes Payable

Notes Payable consist of the following:	**2003**	**2002**
Notes payable to related parties, bearing interest at varying rates between 7% and 10% and having no set terms of repayment	$ 2,355,720	$ 1,671,197
Interest bearing note, with an interest rate of 8%, principal repayment due December 1, 2006	100,000	100,000
Non-interest bearing notes, with no set terms of repayment including notes payable to related parties controlled indirectly by the director Michael Zakuta in the amount of $ 612,153 (2002 - $827,996)	1,085,020	1,191,235
Total	$ 3,540,740	$ 2,962,432

7 Bank Indebtedness

Bank indebtedness is payable on demand with rates of interest of between prime plus 0.75% and prime plus 1.00%.

8 Income Taxes

The future income tax liability arises from a combination of taxable temporary differences relating to the Company's proportionate interest in the excess of the net book value over the undepreciated capital cost of depreciable assets and an excess of the book value of certain deferred charges over their tax value.

The reconciliation of the tax expense deducted in the determination of net income for the period with the tax expense that would have resulted from the application of the statutory rate applicable to the company is as follows:

	2003	2002
Taxes at a combined effective rate of 40% (2002 - 40%)	$ 670,142	$ 460,319
Adjustment to future income tax liability arising from:		
change in combined effective tax rate	-	(179,352)
permanent difference due to stock option compensation	(24,000)	-
Tax savings from subsidiaries' loss carry forwards and small business deductions	(52,734)	(88,255)
	$ 593,408	$ 192,712

As at October 31, 2002, the Company had income tax loss carry-forwards in the amount of $2.4 million, expiring in 2009. The benefit of these losses has been recognized in the financial statements to offset future income tax liability arising from the difference between the tax and book values of income producing properties and other assets.

As a mutual fund corporation, the Company is entitled to a refund of taxes paid in respect of capital gains upon payment of sufficient dividends to effect a refund. The Company recognizes this refund at the time of paying the related dividend.

9 Share Capital

(a) Authorized

The Company has authorized an unlimited number of preferred shares and an unlimited number of common voting shares.

(b) Issued and Outstanding

	2003	2002
Number of common shares outstanding	30,042,491	29,556,698
Book value of common shares outstanding	$15,167,344	$15,017,672
Adjustment for stock-based compensation (note 9(c))	266,860	334,540
Book value of common shares outstanding	$15,434,204	$15,352,212

8,350,518 shares are subject to escrow provisions and hold periods that expire on various dates up to September 2006.

The Company was obligated to issue up to 2,839,287 additional common shares as further consideration in respect of certain past corporate acquisitions contingent upon certain properties achieving specific performance criteria by the end of the 2003 fiscal period. The final settlement of this obligation will result in approximately 1,400,000 shares being issued.

During 2003, the Company issued no shares (2002 – nil) for acquisitions of properties and shares in subsidiaries. In addition, 433,333 shares (2002 – nil) were issued through the exercise of options.

(c) The Company has a stock option plan whereby directors and certain employees of the Company or its affiliates may be granted stock options at an exercise price not less than 100% of the market value on the date of grant.

On May 14, 2002, the Company received regulatory approval and issued 400,000 stock options to employees that were granted on August 3, 2001. These options have an exercise price of $0.75 and vest in even tranches over the first, second, and third anniversaries of the grant date.

A summary of the remaining common share options outstanding is as follows:

Exercise Price	# of Options	Expiry Date	# of Options Exercisable
$0.75	366,667	August 3, 2006	233,000

Compensation expense adjustments in respect of employee options totaled $67,680 during the year and have been netted against administrative expenses.

The cumulative amount of compensation expense based on application of the CICA recommendation on stock-based compensation, is $266,860, including options issued to directors and exercised during the prior year and has been charged to opening retained earnings for the current fiscal year, without restatement of prior periods pursuant to recommendations of the CICA (Note 2).

The weighted average fair value of all options was determined using the Black-Scholes model with the following assumptions: a 2.8 year expected life, a 41% expected volatility; no consideration of anticipated dividends; and a risk-free rate of return of 3.6%.

(d) The dilutive impact of all options and convertible instruments, were they exercised, would be immaterial to these financial statements.

10 Corporate Acquisitions

(a) Subsidiaries

On June 25, 2003, the Company acquired a 100% ownership of Commercial Street Plaza, a 14,550 ft^2 strip plaza located in New Minas, NS, through the purchase of units of Commercial St. Plaza Trust.

On June 25, 2003, the Company acquired a 20% ownership interest in Marché de l'ouest, a 93,086 ft^2 shopping mall located in Dollard-des-Ormeaux, QC through the purchase of 100% of the units of MDO Commercial Trust. The ownership interest subject to this option agreement provides for 30% of the cash flow in excess of a preferred return.

On June 25, 2003, the Company acquired a 20% ownership interest in Northwest Centre, a 186,400 ft^2 strip plaza, through the purchase of units in Northwest Plaza Commercial Trust. On Oct 1, 2003, the trust closed an offering of $1,900,000 in subordinated debt and Class A trust units to private investors. As a result of the transaction, the Company's ownership position was reduced to 10%. Co-incidentally, the Company entered into put/call agreements which provide an opportunity to acquire majority ownership in the property at a future date through the exercise of rights under the agreement. The put/call agreements conditionally obligate the Company to issue shares under the put provisions at favourable terms, as well as giving the Company the option to buy units in the trust under the call provisions at fair market value through the issuance of shares based on weighted average trading price 180 days prior to exercise of the option.

On October 1, 2003, the Company re-acquired a 100% interest in Tacoma Centre, a 166,000 ft^2 strip plaza in Dartmouth NS, through a purchase of all Class A partnership units of Tacoma Centre Limited Partnership. Including assumption of debt, the total purchase price on a 100% interest basis was $8,544,000.

(b) Property investments

On April 30, 2003, the Company entered into a 20 year renewable land lease agreement at an annual rent of $40,000 for the construction of Empire Plaza, a 13,800 square foot strip plaza, in Fredericton, NB.

On August 20, 2003, the Company purchased land in Woodstock, NB for the development of a 20,000 square foot strip plaza project upon which construction began in November 2003.

On July 9, 2003 the Company entered into a 40 year renewable land lease agreement at an annual rent of $87,500, effective November 1, 2003, for the development of a 13,400 square foot strip plaza and restaurant pad in New Glasgow, NS, upon which construction began in November, 2003.

11 Dividend Policy

The Company has established a dividend policy providing for an annual dividend payable on a quarterly basis.

On December 10, 2002, the Company announced the implementation of a dividend reinvestment plan. The Plan will enable the Company's shareholders to reinvest their dividends in additional common shares of the Company. Participants in the plan will also receive a 3% bonus on amounts reinvested to be paid in additional common shares of the Company. Shares purchased under the Plan will be priced at the weighted average closing price of the common shares of the Corporation on the previous 20 trading days. The Company will pay all fees relating to the administration of the dividend reinvestment plan. During the year ended October 31, 2003, shareholders were issued 52,460 shares at an average price of $.85 per share.

12 Interest Paid

During the year the Company paid $6,539,284 (2002 - $5,972,235) in interest from cash from operations.

13 Related Party Transactions

Plaza Atlantic Limited (the "Property Manager"), a private Corporation wholly owned by some of the Company's directors, namely Earl Brewer, Paul Leger and Michael Zakuta, is engaged to act as the Company's property manager. The Property Manager is responsible for all property management functions including leasing, operations and maintenance, and also assists the Company on acquisition, financing, development activities and other management decisions. Fees billed for the year by the Property Manager totaled $1,372,399 (2002 - $2,219,142) and were at or below market rates.

On June 25, 2003 the Company exercised options to purchase trust units in Commercial Street Plaza Trust, MDO Commercial Trust and Northwest Plaza Commercial Trust from NASA Developments Ltd. (NASA) (Note 10). NASA is a private Corporation wholly owned by some of the Company's directors, namely Earl Brewer, Paul Leger, Michael Zakuta and Richard Hamm. The consideration paid to close the transactions totalled $1,010,000 which was NASA's carrying value. The acquisitions are more fully described in Note 10.

14 Interest in Joint Ventures

As described in note 1(a), the consolidated financial statements include the Company's proportionate interest in its activities conducted jointly with other parties. The following amounts represent the total proportionate amounts consolidated within these financial statements for Les Immeubles RSM Inc., University Plaza (SC) Inc., S.E.C. Rimouski Bureau En Gros and Centre Commercial Dufferin (2001) Inc. as follows:

	2003	2002
Assets	$5,002,661	$5,102,137
Liabilities	$3,802,211	$4,508,221
Rental Income	$846,015	$762,078
Expenses, including debt service but excluding amortization	$512,698	$585,800
Net Operating Income	$333,317	$176,278

The Company is contingently liable for certain obligations of its co-venturers. Where the Company's liability exceeds it's proportionate interest in the joint venture, the excess is detailed in note 16.

15 Investment in Limited Partnerships and Trusts

The Company has investments in limited partnerships and Trusts that are not consolidated within these financial statements:

	Centennial Limited Partnership	**Plaza LPC Commercial Trust**	**MDO Commercial Trust**	**Northwest Plaza Commercial Trust**
Direct ownership position	10%	10%	20%	10%
Preferred return on investment	10%	12%	10%	not applicable
Profit entitlements after payment of preferred return	20%	50%	30%	10%
Maximum amount of loan guarantee	Nil	Nil	Nil	Nil
Additional indemnities	$3,000,000	Nil	Nil	Nil
	As at October 31, 2003 (unaudited)			
Assets of Partnership	$19,752,394	$7,643,463	$5,655,093	$11,135,076
Liabilities of Partnership	$14,496,022	$5,228,320	$3,891,556	$9,296,629
Net assets of Partnership	$5,256,372	$2,415,143	$1,763,537	$1,838,447
Investment in Partnership, at cost	$550,000	$230,000	$400,000	$170,000

Net operating income for the year included $246,000 of income from the above noted limited partnerships and trusts.

The Company has provided a limited indemnity of up to $3 million related to certain matters, principally environmental, in relation to a mortgage granted to Centennial Limited Partnership.

16 Contingencies and Commitments

The Company has guaranteed the mortgages payable of its subsidiaries in excess of the Company's pro-rata ownership position, as follows:

Entities	Full Amount of Guarantee Provided	Debt based on Pro-rata ownership	Excess Guarantee
McAllister Drive Plaza Inc.	$ 800,000	$679,664	$120,336
Les Immeubles RSM (Inc.)			
– Staples Granby	$1,775,890	$887,945	$887,945
Spring Park Plaza	$1,303,676	$1,108,125	$195,551
	$3,879,566	$2,675,734	$1,203,832

The guarantee provided to the mortgagee of Staples Granby is subject to a cross-guarantee provided by the other 50% co-owner for the full amount of the loan.

(b) The Company has agreements to lease land which expire on dates ranging from 2011 to 2063 with renewal options ranging from 10 years to 46 years. The minimum lease payments for the next five years are as follows:

2004	$ 703,752
2005	742,326
2006	754,775
2007	759,192
2008	767,525
Total	$3,727,570

(c) The Company's bankers have issued letters-of-credit in support of the Company's obligations under certain long-term mortgages. As at October 31, 2003, $450,000 of such letters-of-credit were issued and outstanding. The facility under which the letters-of-credit are issued, expiring May 13, 2004, requires that the Company maintain certain financial ratios to comply with the facility. As at October 31, 2003, the Company was in compliance with these requirements.

17 Subsequent Events

On December 4, 2003, the Company completed a private placement of $5,000,000 convertible debentures. The debentures, which bear interest at 9.5% per annum, payable quarterly, will mature on October 31, 2008 and will be convertible into Plazacorp common shares at the option of the holder at any time at $1.20 per share. Plazacorp will also have the right to redeem the debentures for either cash or common shares any time after October 31, 2006 or on maturity. If the redemption price is satisfied by issuing common shares, the holder will receive shares equal to the principal amount maturing divided by 95% of the then current market price of the common shares. Redemption from October 31, 2006 to October 31, 2007 may only occur if the share price of the company exceeds 115% of the conversion price for 20 consecutive trading days ending 5 days preceding the applicable redemption date.

On December 2, 2003, the Company entered into a 40-year lease at an annual rent of $238,500 for Main Place, Fredericton, NB, a 34,000 square foot retail property. The lease provides the Company with options to purchase the property at every fifth anniversary date beginning in the tenth year.

On December 4, 2003, the Company acquired a 25% interest in Carrefour des Seigneurs, Terrebonne, QC, a 45,000 square foot retail plaza on a 2.635 acre site. The property was purchased for consideration of $2,800,000 including cash and assumption of a $2,100,000 first mortgage. Of the remaining 75% interest (50%) is held by Centennial Plaza Limited Partnership.

On December 8, 2003, the Company acquired an undivided 50% interest in a 77,000 square foot retail strip plaza at 209 Chain Lake Drive in Halifax, NS. The property was acquired for consideration of $5,975,000 including cash and placement of a $4,481,250 mortgage.

18 Segmented reporting

Plazacorp Retail Properties Ltd. operates in the retail real estate business in four provinces of Canada. New Brunswick, Nova Scotia, Prince Edward Island and Quebec, as follows:

	New Brunswick	Nova Scotia	Prince Edward Island	Quebec	TOTAL
Revenue	$ 9,420,360	$ 2,738,254	$ 3,022,090	$ 5,693,626	$ 20,874,330
Expenses	4,061,735	994,675	1,054,149	2,215,269	8,325,829
Net operating income	$ 5,346,446	$ 1,747,479	$ 1,973,991	$ 3,480,584	$ 12,548,501
Percentage of net operating income	42.7%	13.9%	15.7%	27.7%	100.0%
Net book value of fixed assets	$ 49,466,356	$ 22,356,111	$ 11,117,550	$ 18,693,681	$ 101,633,698
Percentage of net book value	48.7%	22.0%	10.9%	18.4%	100.0%

No single tenant represents more than 7.0% of the Company's revenue.

19 Comparative amounts

Certain comparative figures have been reclassified to conform with the presentation for the current year.

CORPORATE INFORMATION

Corporate Offices

Head Office

527 Queen Street,
Suite 200
Fredericton, NB
E3B 1B8

Regional Office – Toronto

60 Beford Road
Toronto, ON
M5R 2K2

Regional Office – Montreal

90 Morgan Road
Suite 200
Baie D'Urfé, QC
H9X 3A8

Regional Office – Halifax

50 Tacoma Dr
Unit #18
Dartmouth, NS
B3B 1T5

Auditors
Teed Saunders Doyle & Co
565 Priestmans Street, Suite 102
Fredericton, NB
E3B 5X8

Solicitors
Eddy & Downs - Barristers and Solicitors
Suite 210 Regency Park
65 Regent Street
Fredericton, NB
E3B 7H8

Registrar and Transfer Agent
CIBC Mellon Trust Company
Corporate Trust Department
600 The Dome Tower
333 7th Avenue SW
Calgary, AB
T2P 2Z1

Investor Inquiries
Lynda Savoie, CA
Manager, Corporate Finance and Investor Relations
Tel: (506) 444-6449
Fax: (506) 451-1820

Share Listing
TSX Venture Exchange
Symbol for Common Shares: PLZ

Annual Meeting of Shareholders
The annual meeting of Plazacorp Retail Properties Ltd. shareholders will be held on Wednesday April 21, 2004 at 10am at The Lord Beaverbrook Hotel, Petitcodiac Room, 659 Queen Street, Fredericton, NB

For additional information about Plazacorp, please visit our web Site at www.plaza.ca