PLAZACORP RETAIL PROPERTIES LTD.

PLAZACORP RETAIL PROPERTIES LTD.

QUARTERLY REPORT

January 31, 2004

Letter to Shareholders

The first quarter ended January 31, 2004 was an active and exciting period for the company.

During the three months ended January 31, 2004, the Company entered into three new projects:

- In Fredericton, New Brunswick, a redevelopment which will see the Company convert a older strip mall into a vibrant asset with the addition of a major national anchor tenant;
- In Halifax, Nova Scotia, a 50 % joint venture with an institution in a high quality strip plaza located in the Bayer's Lake Retail Park;
- In Moncton, New Brunswick, acquisition of land for the development, in a vibrant power centre, of a strip plaza commencing in May 2004.

On March 22, 2004, Plazacorp made a strategic property disposition being the sale of 50% interests in three properties to Retrocom Mid Market REIT. The sale generates $5.8 million in funds to be used to further our investment activities. We are excited to have Retrocom as a co-owner, as this reaffirms institutional interest in our portfolio and recognizes the company's expertise in the market place

On December 4, 2003 the company issued its second series of 9.5 % convertible debentures totalling $5,000,000 maturing October 31, 2008. These funds, combined with the proceeds from the Retrocom sale, provide the company with significant resources for future acquisitions.

A significant number of opportunities are available to us in both the redevelopment of existing properties and construction of new assets. We anticipate significant activities over the course of fiscal 2004.

Our operating results continue to show growth and we remained focused on our core business within our key markets. Our objective remains to increase the Company's cash flow and produce uncommon results for our shareholders.

Yours sincerely,

Richard Hamm
President & CEO
March 22, 2004

Management's Discussion & Analysis

Management's discussion and analysis of results of operations should be read in conjunction with the Company's January 31, 2004 unaudited consolidated financial statements appearing later in this report and the Company's annual report and annual information form for the year ended October 31, 2003.

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;
- 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 tenants or in response to demand as established by pre-leasing a major portion of proposed space; and
- redevelopment of well located but often neglected 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, Development and Sale Activities

During the three months ended January 31, 2004 and immediately following until the date of this report, Plazacorp invested in properties directly as well as through joint venture interests as described below:

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 plus closing costs, including cash and placement of a $4,481,250 floating rate mortgage bearing interest at prime. On February 26, 2004 the short-term mortgage from the purchase was replaced with a long term mortgage bearing interest at 6.31% and maturing February 2014.

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

December 2, 2003, the Company signed 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.

March 2, 2004, the company leased 7.8 Acres in Moncton, New Brunswick for development of a retail strip Plaza. Rental payments commence June 1, 2004. The centre is currently 70% pre-leased and the company will begin development in May 2004 and expects to complete the first phase of the 72,500 square foot project by the fall of 2004.

As a result of these two land lease projects, the company has or will commit total redevelopment costs of $6.8 million and is committed to annual rent payments of $441,350.

Disposition Activity

March 22, 2004 the Company completed a strategic disposition of property through the sale to Retrocom Mid-Market REIT of a 50 % interest in:

Woodlawn Staples Plaza, Dartmouth, Nova Scotia
Les Promenades St. François, Laval, Quebec, and
Lansdowne Place, Saint John, New Brunswick

Total sale proceeds were $ 15,772,000 plus customary adjustments with Retrocom assuming $10,080,585 in mortgage debt. The company has entered into co-ownership agreements with the REIT and Plaza Atlantic Limited continues to manage the properties under contract arrangements with the co-owners.

Significant Financing and Debt Activities

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.

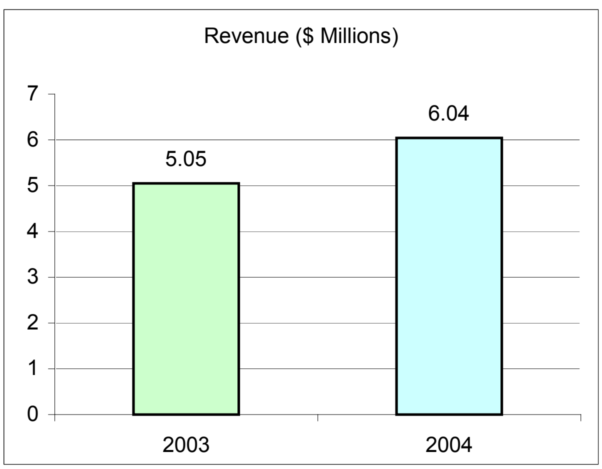
The funds generated from the Retrocom sale and the debenture issue will be used to fund the companies continuing development and acquisitions activity.

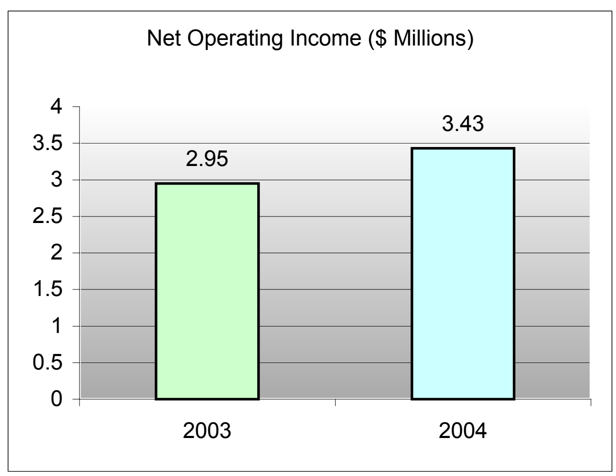
Financial Results

Gross revenues for the three months ended January 31 2004 increased from $5.05 million to $6.04 million representing a 20% increase year over year. During the past year and the current quarter, several of the new investments were in new builds with only minor revenue contributions during the three months ended January 31, 2004. Operating expenses rose for the quarter ending January 31, 2004 to $2.6 million compared to $ 2.1 million for the preceding year. Net operating income rose to $3.43 million from $2.95 million, a 16% increase over last year. This growth is largely driven by the portfolio expansion and improved rental and occupancy rates across the portfolio.

Overall the results are consistent with Management expectations for the three months ended January 31, 2004, given the change in the size of the portfolio from 27 to 38 properties over the last year.

Three Months Ended January 31





Alternative Financial Measurement

Earnings before interest, taxes, depreciation and amortization ("EBITDA") is not a Canadian Generally Accepted Accounting Principle (GAAP) financial measure and is presented because Management considers EBITDA to be one indicative measure of the Company's operating performance because it can be used to measure the Company's ability to service debt.

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 measures operating income before amortization adjusted for changes in non-cash balance sheet operating accounts. FFO is not a Canadian Generally Accepted Accounting Principle (GAAP) financial measure and is presented because Management considers FFO to be one indicative measure of the Company's ability to fund capital requirements and expand the business. FFO is also presented to provide continuity with past reporting.

Neither EBITDA or FFO should be considered as an alternative to net income, cash flow from operations or any other operating or liquidity measure prescribed by GAAP. EBITDA and FFO as presented herein may not be directly comparable to EDITDA, FFO or Distributable Income reported by other real estate entities. EBITDA and FFO are reconcilable to Net Income for the three-months ended January 31, 2004 as follows:

Reconciliation of Net Income to Non-GAAP Measures
Unaudited
For the three month periods ended January 31

	2004	**2003**
Net Income	**$ 90,474**	**$ 216,379**
Financing Costs	1,765,001	1,630,341
Provision for Income Taxes	103,535	182,630
Depreciation and Amortization	1,234,417	834,998
Minority Interest in Net Earnings	36,056	43,729
Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)	3,229,483	2,908,077
Current Taxes Payable	(50,000)	(110,000)
Minority interest in FFO	(174,151)	(175,895)
Financing Costs	(1,765,001)	(1.630,341)
Other Adjustments and Non-Cash Items (net)	(123,886)	(66,100)
Funds from Operations (FFO)	$ 1,116,445	$ 925,741
Weighted average shares outstanding	31,458,232	29,738,002
Weighted average shares outstanding – fully diluted	37,728,969	29,738,002
FFO per share	$ 0.035	$ 0.031
Fully diluted FFO per share	$ 0.034	$ 0.031
Basic Earnings per share	**$ 0.003**	**$ 0.007**

During the quarter ended January 31, 2004, FFO was 3.5¢ per share on current shares outstanding and 3.4¢ per share on a fully diluted basis, compared to 3.1¢ per share (basic and fully diluted) for the corresponding period of 2003. This growth is reflective of many factors including growth in the overall portfolio, completion of development on certain properties and improvements in occupancy and rental rates. The sale of 50 % interests in three properties to Retrocom will negatively impact FFO in the short-term due to the lag time involved in re-investing funds in income producing properties. The impact on FFO of this time lag has not yet been estimated by management.

Management believes an appropriate measurement of the Company's financial condition is the ratio by which earnings before interest, taxes, depreciation and amortization ("EBIDTA") exceed financing costs commonly referred to as the interest coverage ratio.

The interest coverage ratio for the three-months ended January 31, 2004, was 1.83 times. (1.78 times. for the three months ended January 31, 2003).

Recurring monthly principal payments on amortizing mortgage debt during the three months ended January 31, 2004 were $341,275. The coverage of EBITDA over total debt service (financing costs plus recurring principal repayments) commonly referred to as the debt service coverage ratio, for the three months ended January 31, 2004 was 1.53 times (1.49 times for the three months ended January 31,2003).

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

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. The first dividend payment based on the new policy of $.0225 per share was made on February 14, 2004.

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.

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 period by Plaza Atlantic Limited totalled $454,813 and were at or below market rates.

Outlook

Management's focus during the quarter and throughout 2004 is 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 to be held in Fredericton on April 21, 2004.

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 significant returns on investment; and
- 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.

Currently the company has the financial resources and access to debt financing that enable it to pursue significant development and acquisition activities in the markets in which it operates.

We also have the human 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.

Certification of Interim Filings

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

1. I have reviewed the interim 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 interim period ending January 31, 2004;

2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state 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 interim filings; and

3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim 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 interim filings.

Date: March 22, 2004

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Richard Hamm
President & Chief Executive Officer

Certification of Interim Filings

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

1. I have reviewed the interim 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 interim period ending January 31, 2004;

2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state 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 interim filings; and

3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim 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 interim filings.

Date: March 22, 2004

Peter T. Sheehan, CA
Chief Financial Officer

Plazacorp Retail Properties Ltd.
Consolidated Balance Sheet
As at

	NOTES	January 31, 2004 (unaudited)	October 31, 2003 audited
Assets			
Income producing properties		$ 108,652,069	$ 101,633,698
Mortgage receivable		5,050,000	5,050,000
Cash and short-term investments		660,087	1,669,253
Accounts receivable		736,439	619,899
Prepaid expenses		2,412,951	2,183,621
Intangible assets	1	985,643	-
Other assets		2,630,732	2,388,241
		$ 121,127,921	$ 113,544,712
Liabilities			
Mortgages payable	5	$ 78,787,231	$ 74,037,236
Bonds and debentures payable	5	13,036,821	11,256,084
Notes payable		2,032,786	3,540,740
Bank indebtedness		-	404,970
Accounts payable and accrued liabilities		2,639,023	2,327,990
Dividend Payable		705,784	600,650
Income taxes payable		135,000	411,511
Intangible liabilities	1	332,068	-
Future income taxes		2,993,022	2,981,097
		100,661,735	95,560,278
Minority interest in net assets		172,955	274,749
Shareholders' Equity			
Equity portion of convertible debt	5	5,513,179	2,293,916
Share capital	3	15,499,740	15,434,204
Deficit		(719,688)	(18,435)
		20,293,231	17,709,685
		$ 121,127,921	$ 113,544,712

See accompanying notes to the consolidated financial statements

Approved by the Board:

Richard Hamm

J. Paul Leger, CA

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

	January 31, 2004	January 31, 2003
Retained earnings (deficit), beginning of period	**(18,435)**	1,634,571
Net income for the period	**90,474**	216,379
Equity distribution in respect of convertible debt	**(62,906)**	-
Dividends declared during the period	**(728,821)**	(597,875)
Deficit, end of period	**$ (719,688)**	**$ 1,253,075**

See accompanying notes to the consolidated financial statements

Plazacorp Retail Properties Ltd.
Consolidated Statement of Income
Three Months Ended

	January 31, 2004	January 31, 2003
Rental income	$ 6,041,420	$ 5,050,243
Operating expenses	2,607,519	2,097,984
Net operating income	3,433,901	2,952,259
Financing costs	1,765,001	1,630,341
Income from properties	1,668,900	1,321,918
Administrative expenses	119,428	44,182
Income before amortization & undernoted items	1,549,472	1,277,736
Amortization	1,234,417	834,998
Capital taxes	85,000	100,000
Income before income taxes & minority interest	230,055	342,738
Provision for income taxes	103,525	82,630
Income before minority interest	126,530	260,108
Minority interest	36,056	43,729
Net income for the period	90,474	216,379
Basic earnings per share	$ 0.003	$ 0.007
Weighted average number of shares outstanding	31,458,232	29,738,002
Fully diluted earnings per share	$ 0.003	$ 0.007

See accompanying notes to the consolidated financial statements

Plazacorp Retail Properties Ltd.
Consolidated Statement of Cash Flows
Three Months Ended

	January 31, 2004	January 31, 2003
Cash obtained from (used for):		
Net income	**$ 90,474**	$ 216,379
Operating activities		
Items not affecting cash		
Amortization	**1,234,417**	834,998
Stock option compensation	**-**	(66,100)
Minority interest in net earnings	**36,056**	43,729
Future income taxes	**11,925**	72,630
Funds from operations	**1,372,872**	1,101,636
Tenant inducements	**(2,662,257)**	(51,594)
Change in non-cash working capital	**(311,348)**	(805,371)
	(1,600,732)	244,671
Financing activities		
Bank indebtedness	**(404,970)**	23,900
Notes payable	**(1,507,954)**	(177,400)
Issue of common shares	**65,536**	80,000
Distribution in respect of equity portion of convertible debt	**(62,906)**	-
Dividends paid to minority interests	**(137,850)**	(87,750)
Dividends paid to shareholders	**(623,688)**	(597,875)
Proceeds from bonds and debentures	**5,000,000**	-
Net proceeds from mortgage financing	**5,091,270**	1,001,193
Mortgage principal repayments	**(341,275)**	(317,749)
	7,078,163	(75,681)
Investing activities		
Net acquisition, development and redevelopment	**(6,244,106)**	(306,116)
Increase in mortgage receivable	**-**	(83,720)
Net increase in other assets	**(242,491)**	(11,052)
	(6,486,597)	(400,888)
Increase (decrease) in cash during the period	**(1,009,166)**	(231,898)
Cash , beginning of period	**1,669,253**	2,429,440
Cash , end of period	**$ 660,087**	$ 2,197,542

See accompanying notes to the consolidated financial statements

1 Basis of Presentation and Changes in Accounting Policy

The accompanying unaudited interim consolidated financial statements of Plazacorp Retail Properties Ltd. (the "Company") are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") as prescribed by the Canadian Institute of Chartered Accountants ("CICA"). Although these interim financial statements follow the same accounting policies and methods of application as the annual financial statements, all disclosures required by GAAP for annual financial statements have not been presented for these interim financial statements. Accordingly, these interim financial statements should be read in conjunction with the financial statements for the year ended October 31, 2003.

Effective November 1, 2003 the Company prospectively adopted straight line depreciation for all buildings. Theses assets are depreciated over their useful lives, initially 40 years, on a straight line basis. Tenant acquisition costs are depreciated over the term of the respective leases. Financing costs are amortized over the term of the related financing.

Effective for acquisitions after September 12, 2003 the company adopted the recommendations of the CICA 1581 and CICA 3062 in respect to the allocation of the purchase price on new property acquisitions. The Company will now allocate costs of a new acquisition to i) land and site improvements; ii) to the building on an " as vacant" basis; iii) to tenant acquisition costs, the residual value leaseholds improvements and acquisition costs, if any; iv) to intangible assets and liabilities, the value of above and below market leases; and v) to the value of the tenant relationships by taking the direct identifiable benefits of the tenant relationship and discounting that to its present value. The amounts so allocated are subjective and represent management's best estimate at the time of acquisition. The amounts so allocated are amortized over varying periods based on the tenant lease terms, estimated tenant renewal terms and the useful life of the building.

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 annum and maturing three (3) years after said redemption. The company had redeemed no shares as at January 31, 2004 under the mutual fund provisions.

2 Acquisition and Development Activity

<u>Acquisition Activity</u>

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 77,600 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 plus closing costs, for cash and placement of a $4,481,250 mortgage.

Land Lease Development

Plazacorp began development of a number of properties through land leases, as follows:

December 2, 2003, The Corporation initiated a redevelopment project, 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 after partial demolition to allow the addition of a 16,000 ft^2 national tenant.

March 2, 2004 the company leased 7.8 Acres on Plaza Boulevard, Moncton, NB for the development of a retail strip plaza. Rental payments will commence June 1, 2004. The property is currently 70% pre-leased and the company will begin development work in May 2004 and expects to complete the first phase of the 72,500 square foot project in fall 2004.

As a result of these three projects, the company has or will commit to total redevelopment costs of $6,800,000 and annual rent payments of $441,350.

Disposition Activity

March 22, 2004 the Company completed its first significant divestiture of property through the sale to Retrocom Mid-Market REIT of a 50 % interest in:

Woodlawn Staples Plaza, Dartmouth, Nova Scotia
Les Promenades St-Francois, Laval, Quebec, and
Lansdowne Place Shopping Centre, Saint John, New Brunswick

Total sale proceeds were $ 15,772,000 plus customary adjustments with Retrocom assuming $10,080,585 in mortgage debt. The company has entered into co-ownership agreements with the REIT and Plaza Atlantic Limited continues to manage the properties under contract arrangements with the co-owners.

This disposition had no impact on revenue or earnings during the three months ended January 31, 2004 and in future periods the remaining 50% interests will be accounted for as direct partial ownership interests.

3 Earnings Per Share and Share Capital

(a) Earnings and funds from operations per share are calculated based on the weighted average number of common shares outstanding during the reporting period. For the three months ended January 31, 2004, per share amounts were calculated based on a weighted average of 31,458,232 common shares outstanding. As at January 31, 2004, there were 31,523,749 common shares outstanding including an estimated 1.4 million shares to be issued in respect of certain past corporate acquisitions.

(b) 8,350,518 shares are subject to escrow provisions and hold periods that expire on various dates up to September 2006. The Company is obligated to issue up to 2,839,287 additional common shares as further consideration in respect to certain past corporate acquisitions contingent upon certain properties achieving specific performance criteria during the 2003 fiscal period. The company estimates that 1,400,000 shares will be issued during 2004 pursuant to this obligation. These financial statements assume the issuance of the above shares in computing any per share amounts.

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 39,190,416 shares.

(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. A summary of the remaining common share options outstanding as at January 31, 2004 is as follows:

Exercise Price	# of Options	Expiry Date	# of Options Exercisable
$0.75	310,000	August 3, 2006	176,667

These options vest in even tranches over the first, second, and third anniversaries of the grant date. The weighted average fair value of all options were charged to earnings or retained earning in prior periods. No new options were granted and a total of 56,666 options were exercised at $0.75 with the $42,500 in consideration paid being credited to share capital during the three months ended January 31, 2004.

4 Related Party Transactions

Plaza Atlantic Limited (the “Property Manager”), a private Corporation wholly owned by certain 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 by the Property Manager to the Company for the three months ended January 31, 2004 totaled $454,813 and were at or below competitive market rates.

5 Mortgages, Mortgage Bonds, Debentures and Convertible Debentures

Mortgages Payable consist of conventional mortgages and short term mortgages. Conventional mortgages with fixed rates total $68,838,621 (2003 - $67,219,607), bear interest rates ranging from 5.25% to 8.015%, and have maturity dates ranging from November 2004 to November 2013. At January 31, 2004, there was one non-interest bearing mortgage outstanding , in the amount of $360,000.

At January 31, 2004, there were two short-term, floating rate, mortgages outstanding totaling $9,588,610 bearing interest at the Company's bank prime lending rate to the prime lending rate plus .75% . On February 26, 2004 , $4,481,250 of short-tem mortgage debt was repaid and financed with a long term loan bearing interest at 6.31% and maturing in February 2014.

Series 1 Convertible Debentures in the amount of $3,500,000 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.

Series 2 Convertible Debentures in the amount of $5,000,000 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.

The obligations resulting from these convertible debentures are recorded as an instrument with a debt component and an equity component due to the possibility of their redemption in shares, as follows:

	Equity Component	Debt Component	Total
Series 1 9.5% Convertible Debentures	$2,348,397	$1,151,603	$3,500,000
Series 2 9.5% Convertible Debentures	$3,164,782	$1,835,218	$5,000,000
Total Convertible Debentures	$5,513,179	$2,986,821	$8,500,000

Mortgage 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

Subordinated debentures payable of $5,000,000 are unsecured. These debentures bear interest at the rate of 11% per annum with principal due on dates ranging from December, 2004 to April, 2005.

6 Contingencies and Commitments

(a) 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	$674,891	$125,109
Les Immeubles RSM (Inc.) – Staples Granby	$1,763,274	$881,637	$881,637
Spring Park Plaza Inc.	$1,298,365	$1,103,610	$194,755
Total	$3,861,639	$2,661,138	$1,201,501

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 annual lease payments for the next five years are as follows:

Year ended October 31, 2004	$ 922,377
2005	980,275
2006	993,275
2007	997,692
2008	1,006,567
Total	$4,900,737

(c) The Company's bankers have issued letters-of-credit in support of the Company's obligations under certain long-term mortgages. As at January 31, 2004, $300,000 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 January 31, 2004, the Company was in compliance with these requirements.

7 Investment in Limited Partnerships and Trusts

The Company has investments in limited partnerships and trusts that are not consolidated within these financial statements. As at January 31, 2004, these partnerships and trusts had gross assets of $46,965,879, gross liabilities of $35,172,688 and net assets of $11,793,191, of which Plazacorp's direct ownership interest was $1,388,532.

The Company has also provided a limited indemnity of up to $3 million related to certain matters, principally environmental, in relation to a mortgage on Centennial Plaza and Place du Marché, a limited partnership in which the Company holds a 10% direct ownership position.

8 Comparative Amounts

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

9 Auditor Review

The Company’s auditor has not reviewed these interim consolidated financial statements.