

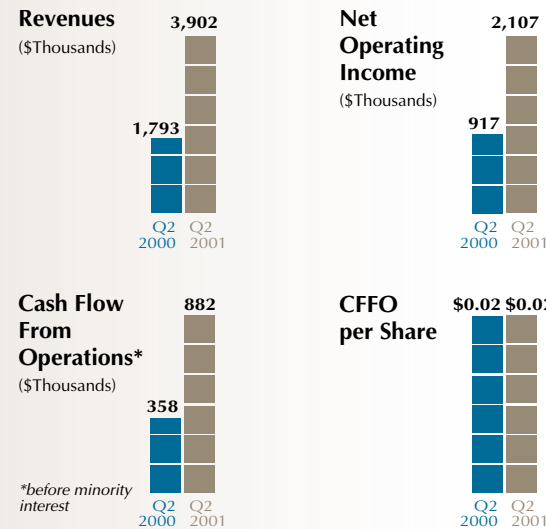
QUARTERLY REPORT

APRIL 30, 2001

LETTER TO SHAREHOLDERS

During the quarter, Plazacorp continued an ambitious redevelopment program.

FINANCIAL HIGHLIGHTS



OPERATIONAL HIGHLIGHTS

- Completed acquisition of an interest in Centennial Plaza and Place du Marché, two strip malls totalling 187,00 ft² in Dollard-des-Ormeaux, QC.
- Completed renovations to Lansdowne Place Business Centre in Saint John, NB, to accommodate a 10 year, 38,000 ft² lease to Spiegel Group for a customer service centre.
- Announced a First Mortgage Bond offering to raise \$2.5 million to finance redevelopment projects in Atlantic Canada and Québec.
- Concluded an agreement with The Business Depot Ltd. to build two new 25,000 ft² Staples retail centres in Nova Scotia. Both stores have lease terms of 15 years.

Approximately one-third of our portfolio is under active development, with the majority of construction to be completed during the fourth quarter.

During the second quarter, we completed the refinancing of several properties. Shortly following the quarter-end we concluded the \$2.5 million Mortgage Bond offering announced in the quarter. Our creativity in financing has allowed us to continue to grow our portfolio without using new equity capital.

Our property manager, Plaza Atlantic Ltd., has focused on building an infrastructure in preparation for the next stage of growth, allowing Plazacorp to take advantage of the many opportunities in the marketplace.

Yours sincerely,

EARL BREWER
President and CEO
June 18, 2001

Consolidated Balance Sheet

	April 30, 2001	April 30, 2000
Assets		
Income producing properties	\$ 75,200,245	\$ 27,062,987
Income producing properties under development		504,544
Cash and short-term investments	1,067,800	729,446
Accounts receivable	2,082,669	1,008,634
Prepaid expenses	1,143,989	979,460
Other assets	994,882	271,204
	<u>\$ 80,489,585</u>	<u>\$ 30,556,275</u>
Liabilities		
Mortgages payable	\$ 49,783,879	\$ 17,974,201
Bonds payable	2,550,000	
Notes payable	4,562,917	1,934,185
Bank indebtedness	365,680	117,511
Accounts payable and accrued liabilities	5,753,680	2,785,898
Income taxes payable	214,837	184,920
Future income taxes	1,924,586	254,958
	<u>65,155,579</u>	<u>23,251,673</u>
Shareholders' equity		
Share capital	13,553,218	6,653,426
Minority interest in net assets	184,449	20,205
Retained earnings	1,596,339	630,971
	<u>15,334,006</u>	<u>7,304,602</u>
	<u>\$ 80,489,585</u>	<u>\$ 30,556,275</u>

Approved by the board :

Richard Hamm
Director

J. Paul Leger, C.A.
Director

Consolidated Statement of Income and Retained Earnings

	Six months ended April 30, 2001	Six months ended April 30, 2000
Rental income	\$ 7,737,967	\$ 2,858,308
Operating expenses	3,567,394	1,415,019
Net operating income	<u>4,170,573</u>	<u>1,443,289</u>
Financing costs	2,080,010	553,469
Amortization	713,608	165,942
Income from properties	<u>1,376,955</u>	<u>723,878</u>
Interest income	89,134	20,220
Administrative expenses	159,181	96,259
Minority interest	171,951	30,825
Income before taxes	<u>1,134,957</u>	<u>617,014</u>
Income taxes : current	256,680	
future	310,000	303,596
Net income for the period	<u>568,277</u>	<u>313,418</u>
Retained earnings, beginning of period	1,028,062	317,553
Retained earnings, end of period	<u>\$ 1,596,339</u>	<u>\$ 630,971</u>
Basic earnings per share	<u>\$ 0.02</u>	<u>\$ 0.02</u>
Weighted average number of shares outstanding	26,315,017	19,401,568

Consolidated Statement of Cash Flow From Operations

	Six months ended April 30, 2001	Six months ended April 30, 2000
Net income	\$ 568,277	\$ 313,418
Items not affecting cash		
Amortization	713,608	165,942
Minority Interest	171,951	30,825
Future income taxes	310,000	115,208
Cash flow from operations	<u>\$ 1,763,836</u>	<u>\$ 625,393</u>
Minority interest in cash flow from operations	379,598	0
Cash flow from operations after minority interest	<u>1,384,238</u>	<u>625,393</u>
Basic cash flow from operations per share	<u>\$ 0.05</u>	<u>\$ 0.03</u>
Weighted average number of shares outstanding	26,315,017	19,401,568

Consolidated Statement of Cash Flows

Cash obtained from (used for)	Six months ended April 30, 2001	Six months ended April 30, 2000
Operating activities		
Cash flow from operations	\$ 1,763,836	\$ 625,393
Change in non-cash working capital	(1,459,290)	896,743
	<u>304,546</u>	<u>1,522,136</u>
Financing activities		
Bank indebtedness	139,680	(79,892)
Notes payable	1,010,655	(251,619)
Issue of common shares	8,000	-
Proceeds from mortgage financing	5,986,498	7,696,366
Mortgage principal repayments	(110,116)	(200,734)
	<u>7,034,717</u>	<u>7,164,121</u>
Investing activities		
Acquisition and development of properties	(6,780,686)	(8,667,964)
Increase in other assets	(507,405)	(59,954)
	<u>(7,288,091)</u>	<u>(8,727,918)</u>
Increase (decrease) in cash during the period	<u>51,172</u>	<u>(41,661)</u>
Cash, beginning of period	1,016,628	771,107
Cash, end of period	<u>\$ 1,067,800</u>	<u>\$ 729,446</u>

FOR MORE INFORMATION

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