

MEDIA RELEASE

June 25, 2003

PLAZACORP EXERCISES OPTIONS ON PROPERTIES AND ANNOUNCES SECOND QUARTER RESULTS

FREDERICTON NB –Plazacorp Retail Properties Ltd. (PLZ: TSX Venture Exchange) is pleased to announce it has exercised its options under the option agreement dated March 17,2003 and will purchase immediately interests in those properties as follows:

- 100% ownership of Commercial Street Plaza, a 14,550 square foot strip plaza located in New Minas, NS, through the purchase of units of Commercial St. Plaza Trust. This project is a new development with construction scheduled to be completed in October 2003. The project will be leased to regional and national tenants.
- 20% ownership interest in Marché de l'ouest, a 93,086 square foot shopping mall located in Dollard-des-Ormeaux, QC through the purchase of the units of MDO Commercial Trust In addition, the ownership interest subject to this option agreement provides for 30% of the cash flow in excess of a preferred return. Redevelopment on the property is expected to be complete in the spring of 2004. The redevelopment on this property will increase the square footage to approximately 130,000 square feet. The property is located in the main retail area of the community and is in close proximity to Centennial Plaza and Place du Marché, properties in which Plazacorp currently holds an interest. The property will be leased to local, regional and national tenants.
- 20% ownership interest in Northwest Centre, a 240,000 square foot strip plaza, of which 52,000 square feet is tenant owned, through the purchase of units in Northwest Plaza Commercial Trust. As part of this purchase Plazacorp will make a \$1.4 million loan to the trust. This property is located in the key retail corridor of Moncton, NB and is leased to regional and national tenants.
- 100% direct ownership of Empire Plaza, a 13,800 square foot strip plaza located in Fredericton, NB. This project is a new development with construction to be completed in August 2003. The property is currently 71% pre-leased to national tenants.

As detailed in Plaza's March 17, 2003 release, interests in the properties subject to the option agreements are presently owned by various entities owned and controlled by certain directors of the Company, namely Earl Brewer, Richard Hamm, Michael Zakuta, and Paul Leger.

The basis of these transactions is cost to the original purchasers.

President and CEO Richard Hamm said: “Plazacorp has raised the capital necessary to acquire the previously optioned properties and we have organized the Company to take advantage of new investment opportunities as they arise”.

Plazacorp also announced its second quarter results showing a 9.7 % increase in revenues for the six months ended April 30, 2003 over the same period last year.

Financial Highlights include:

	Six Months Ended April 30, 2003	Six Months Ended April 30, 2002	% Increase
Revenues (000s)	\$ 10,113	\$ 9,220	9.7%
Net Operating Income (000s)	\$5,969	\$5,204	14.7%
Funds from Operations (000s) (after minority interest)	\$ 1,903	\$1,593	19.5%
Funds from Operations / Share (after minority interest)	\$ 0.064	\$ 0.055	16.4%

Revenues grew to \$10.1 million year-to date at April 30, 2003 compared to \$9.2 million for the six-months ended April 30, 2002. This represents a 9.7 % increase. The increase can be attributed to increased occupancy and rental rates across the portfolio.

Net operating income for the six months ended April 30, 2003 rose to \$6.0 million from \$5.2 million, a 14.7 % increase over the same period last year. The growth is largely driven by occupancy increases in assets that completed development in 2001 and 2002 as well as the continued stability of existing tenants.

Funds from operations after minority interest per common share increased to 6.4¢ per share from 5.5¢ per share in the same period last year. This increase is 16.4% over the corresponding period and is largely driven by occupancy improvements, better utilization of mortgage bond funds, and reduced administrative costs compared to the corresponding period in 2002. The mortgage financing placed during the 2001 and 2002 fiscal years has created a stable interest-rate environment across the portfolio. This contributes to earnings stability and has allowed shareholders to reap the rewards of increased cash flow from the portfolio.

“Our continuing efforts to increase occupancy, control operating expenses and manage the risk profile of the portfolio should enable us to pass on continued growth in funds from operations to our shareholders.” commented Mr. Hamm.

Plazacorp’s second quarter report will be available on June 25, 2003 and can be obtained by downloading from the Company web site at www.plaza.ca or by contacting Plazacorp’s investor relations department.

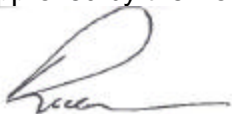
Plazacorp acquires and develops retail properties in Atlantic Canada and Quebec. The company also develops new retail space, generally for existing clients and where the project is substantially pre-leased. Plazacorp owns interests in twenty-eight properties with a total rentable area of 2.06 million square feet.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet	April 30, 2003 (Unaudited)	October 31, 2002 (Audited)
Assets		
Income producing properties	\$ 91,121,878	\$ 98,521,458
Mortgage receivable	5,050,000	-
Cash and short-term investments	2,212,031	2,429,440
Accounts receivable	888,164	825,873
Prepaid expenses	1,942,153	1,579,449
Other assets	2,264,106	2,002,051
	<u>\$ 103,478,332</u>	<u>\$ 105,358,271</u>
Liabilities		
Mortgages payable	\$ 68,368,860	\$ 69,000,696
Bonds and debentures payable	10,050,000	10,050,000
Notes payable	2,731,995	2,962,432
Bank indebtedness	251,990	239,680
Accounts payable and accrued liabilities	1,883,685	1,969,084
Dividend payable	599,166	591,134
Income taxes payable	190,000	386,932
Future income taxes	2,802,874	2,610,431
	<u>86,878,570</u>	<u>87,810,389</u>
Minority interest in net assets	431,628	561,099
Shareholders' Equity		
Share capital	15,365,791	15,352,212
Retained earnings	802,343	1,634,571
	<u>16,168,134</u>	<u>16,986,783</u>
	<u>\$ 103,478,332</u>	<u>\$ 105,358,271</u>

See accompanying notes to the consolidated financial statements

Approved by the Board:



Richard Hamm
Director



J. Paul Leger, C.A.
Director

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Income	three months	three months	six months	six months
	ended April 30, 2003	ended April 30, 2002	ended April 30, 2003	ended April 30, 2002
Rental income	\$ 5,063,070	\$ 4,697,125	\$ 10,113,313	\$ 9,220,067
Operating expenses	2,046,647	2,055,043	4,144,631	4,016,064
Net operating income	3,016,423	2,642,082	5,968,682	5,204,003
Financing costs	1,612,342	1,430,117	3,242,683	2,696,934
Income from properties	1,404,081	1,211,965	2,725,999	2,507,069
Administrative expenses	103,922	189,288	148,104	355,225
Income before amortization and undernoted items	1,300,159	1,022,677	2,577,895	2,151,844
Amortization	812,653	704,173	1,647,651	1,420,697
Income before taxes, minority interest, and property gains	487,506	318,504	930,244	731,147
Provision for income and capital taxes	265,313	182,567	447,943	369,852
Income before minority interest and property gains	222,193	135,937	482,301	361,295
Minority interest	72,500	146,923	116,229	186,155
Gain on disposition of property, net of taxes and minority interest	-	197,153	-	197,153
Net income for the period	\$ 149,693	\$ 186,167	\$ 366,072	\$ 372,293
Retained earnings, beginning of period	1,253,075	2,296,555	1,634,571	2,110,429
Less dividends declared during the period	600,425	-	1,198,300	-
Retained earnings, end of period	\$ 802,343	\$ 2,482,722	\$ 802,343	\$ 2,482,722
Basic earnings per share	\$ 0.005	\$ 0.006	\$ 0.012	\$ 0.013
Weighted average number of shares outstanding	29,958,079	29,717,692	29,846,217	28,944,640

See accompanying notes to the consolidated financial statements

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Funds from Operations	three months ended April 30, 2003	three months ended April 30, 2002	six months ended April 30, 2003	six months ended April 30, 2002
Net income	\$ 149,693	\$ 186,167	\$ 366,072	\$ 372,293
Items not affecting cash				
Amortization	812,653	704,173	1,647,651	1,420,697
Gain on disposition of property	-	(197,153)	-	(197,153)
Stock option compensation	-	-	(66,100)	-
Minority interest in net earnings	72,500	146,923	116,229	186,155
Future income taxes	119,813	84,881	192,443	208,135
Funds from operations	\$ 1,154,659	\$ 924,991	\$ 2,256,295	\$ 1,990,127
Minority interest in funds from operations	177,784	207,086	353,679	397,555
Funds from operations after minority interest in funds from operations	\$ 976,875	\$ 717,905	\$ 1,902,616	\$ 1,592,572
Basic funds from operations per share	\$ 0.033	\$ 0.024	\$ 0.064	\$ 0.0550
Weighted average number of shares outstanding	29,958,079	29,717,692	29,846,217	28,944,640

See accompanying notes to the consolidated financial statements

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Cash Flows	three months ended April 30, 2003	three months ended April 30, 2002	six months ended April 30, 2003	six months ended April 30, 2002
Cash obtained from (used for):				
Operating activities				
Funds from operations	\$ 1,154,659	\$ 924,991	\$ 2,256,295	\$ 1,990,127
Tenant inducements	(114,700)	(558,289)	(166,294)	(751,586)
Change in non-cash working capital	52,034	(3,140,599)	(765,832)	(3,870,213)
	<u>1,091,993</u>	<u>(2,773,897)</u>	<u>1,324,169</u>	<u>(2,631,672)</u>
Financing activities				
Bank indebtedness	(11,590)	(290,870)	12,310	(342,490)
Notes payable	(100,632)	(2,728,618)	(230,437)	(3,273,483)
Issue of common shares	1,259	-	81,259	-
Repurchase of common shares for cancellation	-	(39,560)	-	(117,310)
Dividends paid to minority interests	(122,850)	-	(245,700)	-
Dividends paid to shareholders	(599,166)	-	(1,197,041)	-
Proceeds from bonds and debentures	-	2,703,000	-	5,000,000
Net proceeds from mortgage financing	140,735	7,500,189	1,141,928	9,709,807
Mortgage principal repayments	(331,088)	(324,898)	(648,837)	(1,100,431)
	<u>(1,023,332)</u>	<u>6,819,243</u>	<u>(1,086,518)</u>	<u>9,876,093</u>
Investing activities				
Net acquisition, development and redevelopment of properties	-	(1,532,374)	(306,116)	(4,033,091)
Increase in mortgage receivable	-	-	(83,720)	-
Increase in other assets	(54,172)	(340,808)	(65,224)	(474,617)
	<u>(54,172)</u>	<u>(1,873,182)</u>	<u>(455,060)</u>	<u>(4,507,708)</u>
Increase (decrease) in cash during the period	14,489	2,172,164	(217,409)	2,736,713
Cash, beginning of period	2,197,542	4,879,423	2,429,440	4,314,874
Cash, end of period	\$ 2,212,031	\$ 7,051,587	\$ 2,212,031	\$ 7,051,587

See accompanying notes to the consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2003 (UNAUDITED)

1 Basis of Presentation

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") and the recommendations of the Canadian Institute of Public and Private Real Estate Companies ("CIPPREC"). 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, 2002.

2 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. As at April 30, 2003, there were 29,958,315 common shares outstanding. For the three months ended April 30, 2003, per share amounts were calculated based on a weighted average of 29,958,079 common shares outstanding, and for the six months ended April 30, 2003 the share amounts were calculated based on a weighted average of 29,846,217 common shares outstanding

(b) 10,314,449 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 of certain past corporate acquisitions contingent upon certain properties achieving specific performance criteria by the end of the 2003 fiscal period. The company has issued no shares pursuant to these obligations.

(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 April 30, 2003 is as follows:

<u>Exercise Price</u>	<u># of Options</u>	<u>Expiry Date</u>	<u># of Options Exercisable</u>
\$0.75	400,000?	August 3, 2006	133,000?

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 was determined using the Black-Scholes model with the following assumptions: a 3.5 year expected life, a 18% expected volatility; no consideration of anticipated dividends; and a risk-free rate of return of 3.8%. Compensation adjustments totaling \$66,100 have been netted against administrative expenses for the six-months ended April 30, 2003.

3 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 April 30, 2003 totaled \$0.82 million and were at or below competitive market rates.

4 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:

<u>Entities</u>	<u>Full Amount of Guarantee Provided</u>	<u>Debt based on Pro-rata ownership</u>	<u>Excess Guarantee</u>
McAllister Drive Plaza Inc.	\$ 800,000	\$688,964	\$111,036
Les Immeubles RSM (Inc.) – Staples Granby	\$1,800,418	\$900,209	\$900,209
Spring Park Plaza Inc.	\$1,313,991	\$1,116,892	\$197,099
SCA Plaza Inc.	\$1,141,927	\$628,060	\$513,867
Tacoma Limited Partnership	\$2,127,980	\$212,798	\$1,915,182
	\$7,184,316	\$3,546,923	\$3,637,393

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.

The guaranteed provided to SCA Plaza Inc. relates to interim financing and is for an amount up to \$1.3 million.

(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,	
2003	\$ 556,087
2004	566,087
2005	566,701
2006	605,708
2007	609,875
Total	<u>\$2,904,458</u>

(c) The Company's bankers have issued letters-of-credit in support of the Company's obligations under certain long-term mortgages. As at April 30, 2003, \$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 April 30, 2003, the Company was in compliance with these requirements.

5 Investment in Limited Partnerships and Trust

The Company has investments in limited partnerships and a trust that are not consolidated within these financial statements. As at April 30, 2003, these partnerships and trust had gross assets of \$33.9 million and gross liabilities of \$23.6 million. The company's direct equity investment in these entities was \$0.9 million as at April 30, 2003

The Company has a maximum guarantee of up to \$5.8 million of interim financing available to the Tacoma Limited Partnership. Liability under this guarantee would arise after exhaustion of the net equity in the partnership. As disclosed in note 4 (a) as at April 30, 2003, \$2.1 million of this financing had been drawn by the Partnership.

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.

6 Comparative Amounts

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

7 Subsequent Event

On May 15, 2003 the Company completed a private placement of 9.5% Convertible Subordinated Debentures in the amount of \$3,500,000. These debentures mature April 30, 2008 and are redeemable after April 30, 2006 under certain circumstances. The debentures may be converted at the holders option into common shares of the Company at the rate \$1.00 of debenture per common share. At the companies option the debentures may be redeemed in shares at maturity.

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