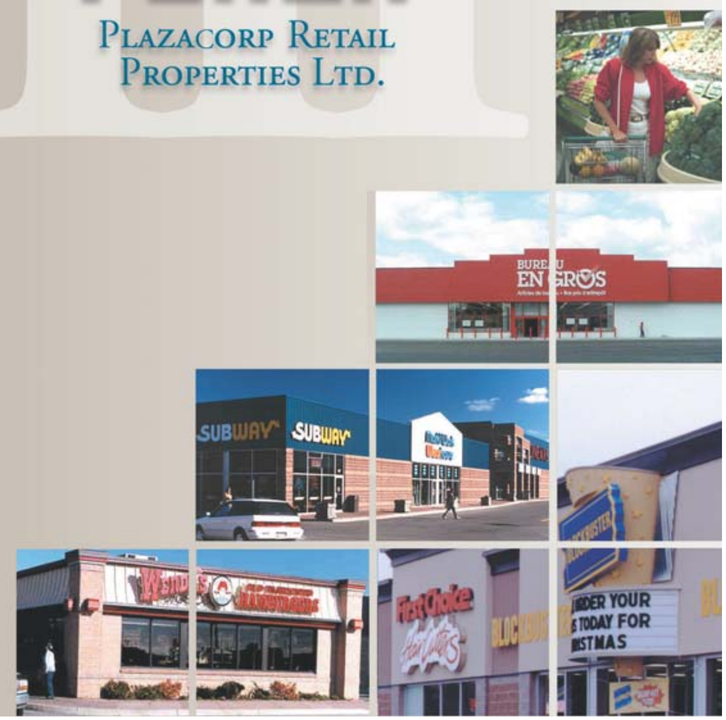
QUARTERLY REPORT

JULY 31, 2001

PLAZA

PLAZACORP RETAIL PROPERTIES LTD.

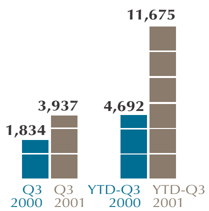


Letter to Shareholders and Management's Discussion and Analysis

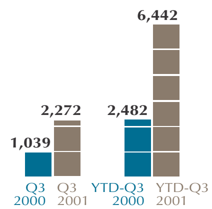
In the third quarter we continued to focus on redeveloping a substantial portion of our portfolio.

Financial Highlights and Operating Results

Revenues
($Thousands)

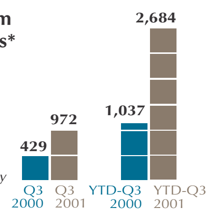


Net Operating Income
($Thousands)

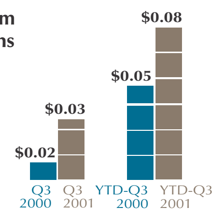


Funds From Operations*
($Thousands)

*before minority interest



Funds from Operations per Share



Net income increased by 70% to $840,343 for the nine months ended July 31, 2001 from $494,988 for the same period last year. Revenues increased to $11.7 million from $4.7 million representing a 149% increase. Operating expenses rose 137% to $5.2 million from $2.2 million. There were increases in financing costs, amortization, and administrative expenses. When compared with the same quarter the previous year, financing costs and amortization costs, as a percentage of revenues increased whereas administration costs as a percentage of revenues decreased. The increases to the Company's operating results are substantially due to the 13 most recent additions to the Plazacorp portfolio, all of which began contributing to earnings at various stages beginning September 1, 2000.

Funds from Operations before minority interest increased from $1.0 million to $2.7 million representing a 159% increase over the same period last year. Our cash flow from operations per share increased by 60% from $0.05 from July 31, 2000 to $0.08 for July 31, 2001.

Acquisitions and Developments

Plazacorp has also acquired or developed the following four properties during the nine months ended July 31, 2001.

Property and Location	Ownership Interest Acquired	Area (sq. ft.)	# of months contributing to earnings
Centennial Plaza, Dollard des Ormeaux, QC	10%	187,000	5
Plaza Thériault, Rivière-du-Loup, QC	50%	24,441	3
Staples Plaza, New Glasgow, NS	100%	33,000	0
Nashwaaksis Plaza, Fredericton, NB	100%	46,425	1

During the nine months ended July 31, 2001, Plazacorp has focused its efforts on completing redevelopment activities on eight properties, representing approximately 20% of its portfolio's square footage. Since October 31, 2000, the Company has grown the book value of its real estate assets from $69 million to $84 million through acquisitions and other capital improvements.

Capital Structure and Liquidity

Plazacorp continues to seek new and innovative sources of capital to help finance its acquisitions.

During the nine months ended July 31, 2001, the company raised an additional $2.5 million in 12% first mortgage bonds, adding to the $2.55 million raised in fiscal 2000. The funds will be used to finance up to 90% of redevelopment projects in Quebec and Atlantic Canada. At July 31, 2001, the $2.5 million closed in June remains available to Plazacorp.

Plazacorp has arranged financing facilities on a number of its properties, totalling $24.2 million in new mortgage financing. Proceeds from this financing activity are being used to fund development activities and to retire existing construction financing loans.

This financing activity in the first three quarters has led to increased deferred charges on the balance sheet. Deferred charges for July 31, 2001 total $1.4 million compared with $0.5 million at the end of October 31, 2000. This increase is a result of financing charges, professional and legal fees.

Mortgage debt as at the end of July 31, 2001 totaled $55.2 million, compared with $43.9 million at October 31, 2000.

Related Party Transactions

During the nine months ended July 31, 2001 Plazacorp incurred $1.1 million in management fees, leasing, acquisition and financing fees, payable to Plaza Atlantic Ltd., a related party.

Effective July 1, 2001, Plazacorp acquired 100% ownership interest in Nashwaaksis Plaza in exchange for shares in Plazacorp issued at $1.00 per share. Since this property was acquired from Plaza Developments Limited Partnership, a major shareholder of Plazacorp and controlled by Richard Hamm, Earl Brewer, Paul Leger and Michael Zakuta, all of whom are directors of the Company, the balance sheet does not reflect the appraised value of $4 million dollars of the real estate but rather $2.7 million, which is the carrying value of the previous owner.

Outlook

During our fourth quarter, we anticipate completing many of the redevelopment projects that have been underway during the previous nine months. The completion of these projects will add to the cash flow of the Company.

We are disappointed with the trading range of our stock; however, through our use of creative financing, we have experienced substantial growth in the first three quarters of 2001, and we anticipate continued growth through the remainder of this year and beyond.

Yours sincerely,

Earl Brewer
President and CEO
September 19, 2001

Consolidated Balance Sheet

	July 31, 2001 (unaudited)	October 31, 2000 (audited)
Assets		
Income producing properties	$ 83,861,954	$ 69,019,992
Cash and short-term investments	3,767,972	1,016,628
Accounts receivable	1,897,511	1,145,190
Prepaid expenses	1,126,117	754,867
Other assets	1,390,304	487,477
	$ 92,043,858	$ 72,424,154
Liabilities		
Mortgages payable	$ 55,268,395	$ 43,907,496
Bonds payable	5,050,000	2,550,000
Notes payable	5,080,278	3,552,262
Bank indebtedness	592,140	226,000
Accounts payable and accrued liabilities	6,953,035	5,580,043
Income taxes payable	356,697	412,280
Future income taxes	2,391,720	1,610,294
	75,692,265	57,838,375
Shareholders' Equity		
Share capital	14,174,699	13,545,218
Minority interest in net assets	308,489	12,499
Retained earnings	1,868,405	1,028,062
	16,351,593	14,585,779
	$ 92,043,858	$ 72,424,154

Approved by the board :

Richard Hamm
Director

J. Paul Leger. C.A.
Director

Consolidated Statement of Income and Retained Earnings (unaudited)

	Three months ended July 31		Nine months ended July 31	
	2001	2000	**2001**	2000
Rental income	$ **3,936,914**	$ 1,833,688	$ **11,674,881**	$ 4,691,996
Operating expenses	**1,665,021**	794,782	**5,232,415**	2,209,801
Net operating income	**2,271,893**	1,038,906	**6,442,466**	2,482,195
Financing costs	**1,133,561**	415,640	**3,265,571**	985,309
Amortization	**438,700**	167,226	**1,100,308**	316,968
Income from properties	**699,632**	456,040	**2,076,587**	1,179,918
Interest income	**73,046**	24,095	**162,180**	44,315
Administrative expenses	**65,713**	82,380	**224,894**	178,639
Minority interest	**140,919**	22,955	**312,870**	53,780
Income before taxes	**566,046**	374,800	**1,701,003**	991,814
Income taxes : current	**173,320**	136,206	**430,000**	324,594
future	**120,660**	57,024	**430,660**	172,232
Net income for the period	**272,066**	181,570	**840,343**	494,988
Retained earnings, beginning of period			**1,028,062**	317,553
Retained earnings, end of period			$ **1,868,405**	$ 812,541
Basic earnings per share	$ **0.01**	$ 0.01	$ **0.03**	$ 0.03
Weighted average number of shares outstanding	**27,236,677**	19,401,568	**26,625,613**	19,401,568

Consolidated Statement of Funds From Operations (unaudited)

	Three months ended July 31		Nine months ended July 31	
	2001	2000	**2001**	2000
Net income	$ **272,066**	$ 181,570	$ **840,343**	$ 494,988
Items not affecting cash				
Amortization	**438,700**	167,226	**1,100,308**	316,968
Minority interest	**140,919**	22,955	**312,870**	53,780
Future income taxes	**120,660**	57,024	**430,660**	172,232
Funds from operations	$ **972,345**	$ 428,775	$ **2,684,181**	$ 1,037,968
Minority interest in funds from operations	**226,556**	33,880	**606,154**	**86,594**
Funds from operations after minority interest	**745,789**	394,895	**2,078,027**	951,374
Basic funds from operations per share	$ **0.03**	$ 0.02	$ **0.08**	$ 0.05
Weighted average number of shares outstanding	**27,236,677**	**19,401,568**	**26,625,613**	**19,401,568**

Consolidated Statement of Cash Flows (unaudited)

Cash obtained from (used for)	Three months ended July 31 2001	Three months ended July 31 2000	Nine months ended July 31 2001	Nine months ended July 31 2000
Operating Activities				
Funds from operations	$ **972,345**	$ 428,775	$ **2,684,181**	$ 1,037,968
Change in non-cash working capital	**1,653,128**	(808,427)	**193,838**	88,316
	2,625,473	(379,652)	**2,878,019**	1,126,284
Financing activities				
Bank indebtedness	**226,460**	262,836	**366,140**	182,944
Notes payable	**517,361**	14,862	**1,528,016**	(236,757)
Issue of common shares	**-**	-	**8,000**	-
Proceeds from bonds	**2,500,000**	1,000,000	**2,500,000**	1,000,000
Net Proceeds from mortgage financing	**5,939,438**	1,846,104	**11,925,936**	9,542,470
Mortgage principal repayments	**(523,921)**	(114,310)	**(686,037)**	(298,844)
	8,659,338	3,009,492	**15,642,055**	10,189,813
Investing activities				
Acquisition and development of properties	**(8,085,217)**	(1,940,882)	**(14,865,903)**	(10,608,846)
Increase in other assets	**(395,422)**	18,554	**(902,827)**	(41,400)
	(8,480,639)	(1,922,328)	**(15,768,730)**	(10,650,246)
Increase (decrease) in cash during the period	**2,804,172**	707,512	**2,751,344**	665,851
Cash, beginning of period	**963,800**	729,446	**1,016,628**	771,107
Cash, end of period	$ **3,767,972**	$ 1,436,958	$ **3,767,972**	$ 1,436,958

Notes to the Consolidated Financial Statements July 31, 2001 (unaudited)

1. Basis of Presentation

The consolidated financial statements of Plazacorp Retail Properties Ltd. (the "Company") are prepared in accordance with generally accepted accounting principles ("GAAP") as prescribed by The Canadian Institute of Chartered Accountants and the recommendations of the Canadian Institute of Public Real Estate Companies ("CIPREC"). 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, 2000.

2. Changes in accounting Policies

During the quarter, the Company adopted the CIPREC standard requiring the use of Funds From Operations ("FFO") calculation, versus the traditional Cash Flow From Operations ("CFFO") calculation. As a result, the Company will now calculate FFO per share instead of CFFO per share. Prior period amounts have been restated.

The effect of the adoption of the new standard is as follows :

	Three months ended July 31 2001	Three months ended July 31 2000	Nine months ended July 31 2001	Nine months ended July 31 2000
Cash flow from operations	$ **989,345**	$ 436,875	$ **2,753,181**	$ 1,062,268
Amortization of deferred financing charges	**17,000**	8,100	**69,000**	24,300
Funds from operations	$ **972,345**	$ 428,775	$ **2,684,181**	$ 1,037,968

3. Corporate Acquisitions

During this quarter the Company completed the following acquisitions:

a) On July 1, 2001, 1,405,698 common shares were issued as consideration for a 100% ownership interest in Nashwaaksis Plaza. The number of shares issued reflects the fair market value of the net assets acquired based on independant third party appraisals. As this property was acquired from an entity controlled by Earl Brewer, Michael Zakuta, Paul Leger, and Richard Hamm, directors of the Company, the transaction has been accounted for by the continuity of interests method whereby the recorded cost of the net assets acquired of $192,022 is the carrying amount of the property of the related party seller.

b) On May 1, 2001, 429,658 common shares at $1 per share were issued to an unrelated party as consideration for the remaining 50% interest in Plaza Theriault Inc. The Company is obligated to issue up to 61,760 additional common shares as further consideration contingent upon the property achieving specific performance criteria.

The net assets acquired as a result of the acquisitions were transferred for shares pursuant to the provisions of section 85 of the Income Tax Act (Canada), and are as follows:

	Nashwaaksis Plaza: Fair Market Value (000's)	Nashwaaksis Plaza: Reduction to Carrying Amount note 3 (a) (000's)	Plaza Thériault Inc.: Fair Market Value (000's)	TOTAL (000's)
Assets Acquired				
Income producing properties	$ 4,000	$ (1,229)	$ 1,082	**$ 3,853**
Other assets	$ 119	$ (119)	$ 51	**$ 51**
	$ 4,119	$ (1,348)	$ 1,133	**$ 3,904**
Liabilities Assumed				
Mortgages payable	$ 2,497	$ -	$ 563	**$ 3,060**
Other liabilities	$ -	$ -	$ 32	**$ 32**
Future income taxes	$ 216	$ (134)	$ 109	**$ 191**
	$ 2,713	$ (134)	$ 704	**$ 3,283**
Net Assets Acquired	$ 1,406	$ (1,214)	$ 430	**$ 622**

4 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, operation 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 nine months ended July 31, 2001 totalled $1.1 million and were at competitive market rates.

5 Earnings per share

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 and nine months ended July 31, 2001, the per share amounts were calculated based on a weighted average of 27,236,677 and 26,625,613 respectively, common shares outstanding. As at July 31, 2001 there were 28,168,716 shares outstanding.

The Company has a fixed rate mortgage in the amount of $1,000,000 which contains a convertible feature permitting the mortgagee to convert the debt into common shares. The conversion price will be calculated using a formula based on the market price of the common shares at the date of conversion. For the three and nine months ended July 31, 2001, this option did not have a materially dilutive effect on earnings per share.

Including the obligation described in note 3(b), 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 increasing their annual contribution to funds from operations by not less than $333,000 by the end of the 2003 fiscal period.

6 Contingencies and Commitments

(a) the Company has guaranteed the debt of its subsidiaries to $3.4 million in excess of the Company's ownership position.

(b) The Company has 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% interest.

(c) An outstanding commitment exists whereby the Company has agreed to acquire a 50% partnership interest in a property development located in Rimouski, QC, with Bureau en Gros (Staples) as the major tenant. It is anticipated that this transaction will close in the fourth quarter of this fiscal year at a net investment after debt obligations of $150,000.

(d) The Company has agreements to lease land which expire on dates ranging from 2012 to 2014 with renewal options ranging from 15 years to 46 years. The minimum lease payments for the next five years are as follows :

2001	$	444,000
2003		454,000
2004		454,000
2005		470,000
2005		470,000
TOTAL	**$**	**2,292,000**

(e) The Company has committed to $360,000 of construction costs to complete work related to properties currently under redevelopment.

7 Comparative Amounts

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

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