PLAZA

PLAZACORP RETAIL PROPERTIES LTD.

QUARTERLY REPORT

MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED
MARCH 31, 2007

DATED: MAY 17, 2007

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PART I

CHANGE IN YEAR END

The Company changed the year end for financial reporting for the fiscal year beginning November 1, 2005 to end on December 31, 2006, changed from October 31, 2006 and reported on the 14 months ended December 31, 2006. (See our notice posted February 24, 2006 on www.sedar.com for further details.) This changes the quarter end comparisons used for the year 2007 versus 2006 and these statements compare the three months ended March 31, 2007 to the three months ended April 30, 2006, the closest comparable quarter as mandated by National Instrument 51-102.

FORWARD-LOOKING DISCLAIMER

Management's Discussion and Analysis ("MD&A") of the consolidated financial position and the results of operations of Plazacorp Retail Properties Ltd. (hereinafter referred to as "Plazacorp" or the "Company") for the three months ended March 31, 2007 should be read in conjunction with the Company's interim consolidated financial statements and the notes thereto for the three months ended March 31, 2007, with the MD&A for the year ended December 31, 2006, including the section on "Risks and Uncertainties", and with the consolidated financial statements and the notes thereto for the year ended December 31, 2006. Historical results, including trends which might appear, should not be taken as indicative of future operations or results.

Certain information contained in this MD&A contains forward-looking statements, based on the Company's estimates and assumptions, which are subject to risks and uncertainties. This may cause the actual results and performance of the Company to differ materially from the forward looking statements contained in this MD&A. Such factors include, but are not limited to, economic and competitive real estate conditions.

These forward-looking statements are made as of May 17, 2007 and Plazacorp assumes no obligation to update or revise them to reflect new events or circumstances.

This MD&A has been reviewed and approved by management of the Company, and the Audit Committee on behalf of the Board of Directors.

EXPLANATION OF NON-GAAP MEASURES USED IN THIS DOCUMENT

Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) is not a Canadian Generally Accepted Accounting Principle (GAAP) financial measure and is presented as Management considers EBITDA to be one indicative measure of Plazacorp's operating performance. EBITDA should not be considered as an alternative to net income or any other operating or liquidity measure prescribed by Canadian GAAP. EBITDA, as calculated by Plazacorp, may not be comparable to similarly titled measures reported by other entities. Due to the significance of Plazacorp's real estate assets and the contractual nature of Plazacorp's revenues, EBITDA can be used to measure Plazacorp's ability to service debt, and fund capital needs.

Management uses EBITDA to compute two ratios indicative of the financial strengths of the Company.

1. Interest Coverage Ratio is defined as the multiple by which EBITDA exceeds financing costs-including discontinued operations.
2. Debt Service Coverage Ratio is defined as the multiple by which EBITDA exceeds the total of financing costs-including discontinued operations plus periodic mortgage principal repayments.

Funds From Operations (FFO) is an industry measure and its calculation is prescribed in publications of the Real Property Association of Canada (REALpac). Plazacorp has adopted the REALpac white paper as the basis for computing FFO. FFO as calculated by Plazacorp may not be comparable to similar titled measures reported by other entities. FFO should not be considered as an alternative to net income or any other operating or liquidity measure provided by GAAP. FFO is an industry standard for measuring operating results exclusive of amortization, future income taxes and gains or loss on property disposition. Plazacorp considers FFO a meaningful additional measure as it primarily rejects the assumption the value of real estate investments diminish predictably over time.

PART II

PERFORMANCE SUMMARY

The three month period ended March 31, 2007 has been an active time for Plazacorp. The Company invested $8.3 million during the three months on properties acquired and/or developed in 2006 and 2007. Three properties became income producing during the three month period contributing $17 thousand to FFO. The Company expects development activities commenced in 2006, and land acquired for developments during 2006 and thus far in 2007, to increase its income producing properties significantly over the next year. Currently there are 14 properties under development and one land assemblies in progress.

The key performance indicators discussed throughout the MD&A are summarized below. For a detailed explanation of the key performance indicators please refer to the appropriate section in this MD&A. Management believes that its key performance indicators allow it to track progress towards the achievement of Plazacorp's primary goal of providing a steady and increasing cash flow to our shareholders.

Funds From Operations (FFO)	For the quarter ended March 31, 2007, FFO was up $866 thousand over the prior reporting period for the three months ended April 30, 2006. On a per share basis FFO was up to 6.5¢ per share for March 31, 2007 compared to 4.8¢ per share for April 30, 2006, representing 35% growth.
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	For the quarter ended March 31, 2007, EBITDA was up $1.2 million over the prior reporting period for the three months ended April 30, 2006, representing 25% growth.
Debt Service Ratios	For the quarter ended March 31, 2007, interest coverage was up 0.2 times to 2.0 and debt service coverage was up 0.1 times to 1.6 over the prior reporting period for the three months ended April 30, 2006.
Same-Asset Net Property Operating Income	For the quarter ended March 31, 2007, same-asset net property operating income was up $197 thousand or 4.8% over the prior reporting period for the three months ended April 30, 2006.
Weighted Average Effective Cost of Debt	For the quarter ended March 31, 2007, the weighted average effective cost of mortgage debt dropped 41 basis points over the prior reporting period for the three months ended April 30, 2006.
Occupancy Levels	Increased to 96.5% for the quarter ended March 31, 2007 from 96.3% for the quarter ended April 30, 2006.

Plazacorp's ten largest tenants based upon current monthly gross rents as at March 31, 2007 represent approximately 44% of total revenues in place.

	% of Gross Revenue		**% of Gross Revenue**
1. Shoppers Drug Mart	19.0	6. Bulk Barn	2.2
2. Dollarama	6.0	7. Michaels	2.1
3. Marks Work Wearhouse	4.7	8. Empire Theatres	1.7
4. Staples	3.6	9. Canadian Tire	1.6
5. Reitmans	2.3	10. Winners	1.3

The leasing of the Company's portfolio has produced a mix of National, Regional, and Local tenancy that is well positioned to resist downturns in our markets and helps stability of continuing cash flows to fund operations and dividends.

As at	**March 31, 2007**	December 31, 2006
National	**84.3%**	83.4%
Regional	**6.2%**	6.6%
Local	**9.4%**	10.0%

OUTLOOK

The primary benefit to shareholders of the Company's performance and tenant profile is reliable cash flow and, over time, increasing dividends. Dividends to shareholders in 2006 were 12.5¢ per share and for 2007 dividends per share were increased to 15.0¢. Performance to date has demonstrated the strength of current strategies and operating capabilities and, barring any unforeseen events. Management is confident of delivering solid performance in 2007, as well as a significant growth to the size of the portfolio.

Year	**2007**	**2006**	**2005**	**2004**	**2003**
Dividend per share annually	15.0¢	12.5¢	10.5¢	9.0¢	8.0¢
Percentage increase	20.0%	19.0%	16.7%	12.5%	-

FUNDS FROM OPERATIONS (FFO) & EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION (EBITDA)

- ***KEY PERFORMANCE INDICATOR***

Plazacorp's Summary of FFO for the 3 months ended March 31, 2007, compared to the 3 months ended April 30, 2006, including the results of discontinued operations, are presented below:

(000's – except per share amounts) **For the Three Months Ended**		**March 31, 2007**		April 30, 2006
Total revenues	**$**	**9,734**	$	8,080
Basic earnings (loss) per share	**$**	**0.072**	$	(0.001)
Diluted earnings (loss) per share	**$**	**0.066**	$	(0.001)
Net income (loss)	**$**	**3,064**	$	(58)
Gain on disposal of income producing properties		**(2,786)**		-
Income tax expense (recovery)		**259**		(70)
Income tax expense included in income from discontinued operations		**28**		41
Amortization		**2,095**		1,955
Amortization included in income from discontinued operations		**85**		124
Non-controlling interests		**80**		17
Financing costs		**2,769**		2,382
Financing costs included in income from discontinued operations		**115**		159
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**5,709**		4,550
Less:				
Financing costs		**(2,884)**		(2,541)
Current income tax expense (recovery)		**2**		(35)
Non-cash debenture interest		**21**		20
Equity accounting and non-controlling interests adjustments to FFO		**(66)**		(75)
Corporate amortization		**(8)**		(11)
Basic FFO		**2,774**		1,908
Interest on dilutive convertible debentures		**109**		191
Diluted FFO	**$**	**2,883**	$	2,099
Basic weighted average shares outstanding		**42,766**		39,703
Basic FFO per share	**$**	**0.065**	$	0.048
Diluted shares outstanding per consolidated financial statements		**48,052**		40,144
Dilutive (antidilutive) effect of convertible debentures		**(1,250)**		6,074
Total diluted weighted average shares outstanding		**46,802**		46,218
Diluted FFO per share	**$**	**0.062**	$	0.045

Diluted FFO exclude the impact of convertible debentures not dilutive to earnings (see note 16c of the consolidated financial statements March 31, 2007)

➢ ***KEY PERFORMANCE INDICATOR***

Earnings before interest, taxes, depreciation and amortization (EBITDA)	**$**	**5,709**	$	4,550
Financing costs – including discontinued operations	**$**	**2,884**	$	2,541
Periodic mortgage principal repayments		**692**		594
Total debt service	**$**	**3,576**	$	3,135
Debt Coverage Ratios				
Interest coverage ratio		**2.0 times**		1.8 times
Debt service coverage ratio		**1.6 times**		1.5 times

The Company is continuing a significant development and redevelopment program. Funds invested in completed developments and re-developments contributed significantly to FFO in 2006 and thus far in 2007. The Company continues its development program and anticipates future additions will further enhance FFO.

For the 3 months ended March 31, 2007, FFO was up $866 thousand over the prior reporting period for the 3 months ended April 30, 2006. On a per share basis FFO was 6.5¢ per share (6.2¢ diluted per share) for the 3 months ended March 31, 2007 compared to 4.8¢ per share (4.5¢ diluted per share) for the 3 months ended April 30, 2006.

Debt services ratios are consistent with management's expectation, and are acceptable and indicative of the continued ability to adequately service the Company's debt and maintain stable cash flows. These ratios are in excess of required debt covenants in Company borrowing arrangements.

The following table includes properties that were developed or acquired subsequent to November 1, 2005 and became income producing properties as noted. Same-asset categorization refers to those properties which were owned and operated by Plazacorp for the entire 17 months ended March 31, 2007.

2007 Transactions **Property**	**Property Type**	**Square Footage**	**Ownership**	**Quarter Became Income Producing**
Boulevard Hebert Plaza, Edmundston, NB	Strip Plaza	26,689	100%	Q1 07
Kings Road Plaza, Sydney River, NS	Single	17,036	100%	Q1 07
Central Avenue Plaza, Greenwood, NS	Single	16,989	100%	Q1 07

Properties transferred to income producing property status in the 3 months ended March 31, 2007 have added $17 thousand to FFO - a partial years contribution.

Prior Transactions **Property**	**Property Type**	**Square Footage**	**Ownership**	**Quarter Became Income Producing**
Miramichi Power Center Phase 2, Miramichi, NB	Strip Plaza	19,239	100%	Q3 06
15260 Yonge Street, Aurora, ON	Strip Plaza	14,177	50%	Q3 06
UAS Plaza, Charlottetown, PE	Strip Plaza	23,386	100%	Q4 06
St. Anne Street Plaza, Bathurst, NB	Strip Plaza	25,213	100%	Q4 06
St. Peters Avenue Plaza, Bathurst, NB	Strip Plaza	22,848	100%	Q5 06
Conception Bay South Plaza, Conception Bay South, NL	Strip Plaza	21,220	100%	Q5 06
Bay Roberts Plaza, Bay Roberts, NL	Strip Plaza	20,468	100%	Q5 06
Major Brook Drive Plaza, Saint John, NB	Strip Plaza	40,263	100%	Q1 06
Champlain Plaza, Dieppe, NB	Strip Plaza	48,754	100%	Q1 06
Pleasant Street Plaza, Yarmouth, NS	Strip Plaza	22,586	100%	Q3 06
Crown Street, Saint John, NB	Strip Plaza	21,764	100%	Q4 06
Plaza TS Magog, Magog, QC	Single Use	17,452	50%	Q5 06
Village Shopping Centre, St. John's, NL	Enclosed	451,683	19.2%	Q2 06

Property transferred to income producing status in 2006 contributed $459 thousand to FFO for the 3 months ended March 31, 2007, excluding the Village Shopping Centre, St. John's, NL, which contributed $77 thousand to investment income.

The contribution to FFO growth by the same-asset pool was $105 thousand for the 3 months ended March 31, 2007, and as well, the year-to-date FFO was also influenced positively by $167 thousand in lease termination fees.

PROPERTY AND CORPORATE PERFORMANCE 2007 AND 2006

- ***KEY PERFORMANCE INDICATOR***

SAME-ASSET NET PROPERTY OPERATING INCOME

(000's) **For the Periods Ended**	**March 31, 2007**	April 30, 2006	Change $	Change %
Same-asset rental revenue	**$ 7,499**	$ 7,297	$ 202	2.8
Transaction rental revenue	**1,976**	677	1,299	191.9
Total rental revenue	**9,475**	7,974	1,501	18.8
Same-asset operating expenses	**1,874**	1,950	(76)	(3.9)
Transaction operating expenses	**375**	154	221	143.5
Total operating expenses	**2,249**	2,104	145	6.9
Same-asset realty tax expense	**1,324**	1,243	81	6.5
Transaction realty tax expense	**361**	213	148	69.5
Total realty tax expense	**1,685**	1,456	229	15.7
Total expenses	**3,934**	3,560	374	10.5
Same-asset net property operating income	**4,301**	4,104	197	4.8
Transaction net property operating income	**1,240**	310	930	300.0
Total net property operating income	**$ 5,541**	$ 4,414	$ 1,127	25.5
Operating margin for net property operating income	**58.5%**	55.3%		

The majority of the increase in revenue from properties was attributable to new acquisitions, developments and re-developments during 2007 and 2006.

For the 3 months ended March 31, 2007 same-asset net property operating income was up $197 thousand over the prior reporting period for the 3 months ended April 30, 2006.

Significant portions of the Company's leases (55%) have common costs recoveries, excluding taxes, linked to the consumer price index (CPI). As a result, certain costs may not be completely offset by cost recoveries in a period where the cost increase exceeds overall inflation. Municipal taxes are generally net and fully recoverable from tenants. Most tenants in strip plazas and single use properties are responsible for their own utilities and therefore these costs do not significantly impact on CPI or other cost recovery formulas. There were no material operational variances within the same asset pool.

INVESTMENT INCOME

For the 3 months ended March 31, 2007, investment income was up $153 thousand over the prior reporting period for the 3 months ended April 30, 2006. Operating income from the Village Shopping Centre Mall, St. John's, NL, Marche De L'Ouest, Dollard des Ormeaux, QC, Place Du Marche, Dollard des Ormeaux, QC, and Plaza des Recollets, Trois Rivieres, QC are above expectations and contributed $127 thousand to investment income for the 3 months ended March 31, 2007.

ADMINISTRATIVE EXPENSES

For the 3 months ended March 31, 2007, administrative expenses are up $1 thousand over the prior reporting period for the 3 months ended April 30, 2006. This was within management's expectations for the period. Given reporting and certification requirements for public entities such as Plazacorp, it is reasonable to conclude that administrative expenses will fluctuate and may escalate by rates exceeding general inflation during 2007.

GAIN ON DISPOSAL OF INCOME PRODUCING PROPERTIES

During the three months ended March 31, 2007, the Company disposed of interests in two income producing properties Staples Plaza, Dartmouth, NS and Lansdowne Place, Saint John, NB for an accounting gain of $2.8 million. The Company also disposed of 2 parcels of land during the period ended March 31, 2007 for no accounting gain.

AMORTIZATION

For the quarter ended March 31, 2007, amortization expense increased $140 thousand over the prior reporting period for the 3 months ended April 30, 2006

(000's) **For the Periods Ended**	**March 31, 2007**	April 30, 2006	Change	
Same-asset amortization	**$ 1,536**	$ 1,641	$ (105)	(6.4)%
Transactions	**559**	314	245	78.0
Total amortization	**$ 2,095**	$ 1,955	$ 140	7.2%

CAPITAL TAXES

The Company records capital taxes at the statutory rates on the net equity base of the Company after exemptions. For the 3 months ended March 31, 2007 the Company and it subsidiaries recorded $116 thousand in capital taxes compared to $108 thousand in the 3 months April 30, 2006. Capital taxes are a point-in-time calculation based on fiscal year end balances and are allocated over various provincial jurisdictions. Additions to assets attract capital tax at full annual rates regardless of when an asset is purchased and significant fluctuations in this expense may occur from time-to-time. Debt incurred on properties under development may attract capital taxes without a corresponding increase in income. The Federal, New Brunswick and Nova Scotia governments have announced the repeal or phase out of capital taxes and the Company expects a significant slowing of growth for these taxes, with a decline possible after 2008.

INCOME TAX EXPENSE (RECOVERY)

The Company records income taxes based on its estimate for the taxes for the full fiscal year and the impact of temporary differences between accounting and taxable income during the year. The financial statements include the current and future income taxes payable by consolidated subsidiaries. All current income taxes were those of subsidiaries. As a mutual fund corporation, the Company does not provide for current taxes on realized capital gains. See note 15 of the March 31, 2007 interim consolidated financial statements for a complete explanation of taxation balances.

(000's) **For the Periods Ended**	**March 31, 2007**	April 30, 2006	Change
Current income taxes	**$ (2)**	$ 35	$ (37)
Future income taxes	**261**	(105)	366
Total income taxes	**$ 259**	$ (70)	$ 329

SUPPLEMENTAL DISCLOSURE – FUNDS FROM OPERATIONS (FFO)

(000's) **For the Periods Ended**	**March 31, 2007**	April 30, 2006
Non Cash Items Included in FFO:		
Straight line rent included in revenue	**$ 146**	$ 77
Above and below market rent included in revenue	**56**	60
Amortization of deferred finance charges included in financing costs	**135**	110
Capital Expenditures for Properties Transferred to Income Producing Status:		
Square feet	**60,714**	-
Building cost per square foot (excluding land)	**$ 107.03**	$ -
Tenant acquisition costs per square foot	**26.81**	-
Total cost for properties transferred to income producing status	**$ 133.84**	$ -

There were no properties transferred to income producing status during the quarter ended April 30, 2006.

Tenant Acquisition Costs Detailed in Operating Activities per the Statement of Cash Flows:		
Tenant acquisition cost for same-asset properties – including anchor tenant relocations	**$ 401**	$ 745
Tenant acquisition costs for transactions	**1,648**	527
Total tenant acquisition cost	**$ 2,049**	$ 1,272

Additions from Property Acquisitions, Developments and Re-developments:		
Developments and re-developments	**$ 8,521**	$ 7,359
Property acquisitions	**2,659**	-
Total gross additions from property acquisitions, developments and re-developments	**$ 11,180**	$ 7,359

OVERVIEW OF THE BUSINESS

Plazacorp was incorporated on February 2, 1999 and commenced trading on the TSX Venture Exchange (PLZ) on July 30, 1999. On December 11, 2002 after receipt of shareholder and regulatory approval, Plazacorp filed articles of amendment to convert to a mutual fund corporation and retains that status.

Headquartered in Fredericton, New Brunswick, Plazacorp acquires, develops and re-develops retail real estate throughout Atlantic Canada, Quebec and Ontario. The Company's portfolio as at March 31, 2007 includes interests in 80 properties totaling over 3.9 million square feet and additional lands held for development. These include properties directly held by Plazacorp and its subsidiaries as well as investments in joint ventures. Thus far in 2007, and during 2006, Plazacorp was primarily involved in the development of new real estate assets. This trend will likely continue with $23 million committed thus far to new development in 2007.

BUSINESS ENVIRONMENT

Leasing and investment markets were healthy in 2006 and thus far in 2007. Retail occupancies and rents have remained stable due to the strength of consumer spending. We witnessed relatively low inflation in 2006 and thus far in 2007. This combined with a low cost of debt, in comparison to recent history, has permitted Plazacorp to place its debt at favourable rates and terms. The low interest rate environment has also resulted in a more competitive acquisition environment, resulting in higher asking prices for quality real estate assets with corresponding lower initial returns. Within in this business environment, Plazacorp remains committed to its disciplined purchase and development strategy.

STRATEGY

Plazacorp's principal goal is to deliver a reliable and growing yield to shareholders from a balanced portfolio of retail properties. To achieve this goal the Company's Board of Directors has set acquisition criteria for requiring a minimum of 16% leveraged returns after re-development or re-tenanting.

In order to remain successful, the Company must:

- maintain access to cost effective sources of debt and equity capital to finance acquisitions;
- acquire or develop properties at a price consistent with the Company's targeted returns on investment;
- maintain high occupancy rates on existing properties while sourcing tenants for properties under development and future acquisitions; and,
- diligently manage costs and maintain quality of the properties.

The Company invests in the following property types:

- development of new properties on behalf of existing clients or in response to demand;
- re-development of well located but significantly amortized shopping malls and strip plazas; and,
- strategic financial investments in existing properties that will provide stable recurring cash flows with opportunity for growth.

Management intends to achieve Plazacorp's goals by:

- acquiring or developing high quality properties with the potential for increases in future cash flows;
- focusing on property leasing, operations and delivering superior services to tenants;
- managing properties to maintain high occupancies;
- increasing rental rates when market conditions permit;
- managing debt to obtain both a low cost of debt and a staggered debt maturity profile;
- raising capital where required in the most cost effective manner; and,
- periodic review of the portfolio to determine if opportunities exist to re-deploy equity from slow growth properties into higher growth investments.

KEY PERFORMANCE DRIVERS AND INDICATORS

There are numerous performance drivers, many beyond Management's control, that affect Plazacorp's ability to achieve its goals. These key drivers can be divided into internal and external factors.

Management believes that the key internal performance drivers are:

- Occupancy rates;
- Rental rates;
- Tenant service; and,
- Maintaining competitive operational costs.

Management believes that the key external performance drivers are:

- The availability of new properties for acquisitions and developments;
- The availability of equity and debt capital; and,
- A strong growing retail market.

The key performance indicators by which Management measures Plazacorp's performance are as follows:

- Funds From Operations (FFO);
- Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA);
- Debt Service Ratios;
- "Same-Asset" Net Property Operating Income;
- Weighted Average Effective Cost of Debt; and,
- Occupancy Levels.

PROPERTIES OF THE COMPANY

Property	Location	Gross Leasable Area (sq. ft.)	Ownership Interest (%)	Occupied or Committed as at 31-Mar-07	Major Tenants
Strip Plazas					
Plaza Hotel de Ville	Rivière-du-Loup, QC	20,185	100%	92%	Bouclair,, Yellow Shoes, Le Grenier
Plaza Super C	Shawinigan, QC	130,095	100%	100%	Rossy, Super C, l'Aubainerie, Dollarama
Les Promenades St. Francois	Laval, QC	54,738	100%	100%	Jean Coutu, Dollarma, Caisse Populaire
Plaza Theriault	Rivière-du-Loup, QC	25,780	100%	100%	National Bank, Burger King, Reitmans
Terrace Dufferin	Valleyfield, QC	17,567	50%	91%	Videotron, Mike's Restaurant
Carrefour des Seigneurs	Terrebonne, QC	33,900	25%	100%	Jean Coutu
Exhibition Plaza	Saint John, NB	75,280	55%	100%	Empire Cinemas, Mark's Work Wearhouse
Nashwaaksis Plaza	Fredericton, NB	56,794	100%	97%	Dollarama, McDonalds
Wedgewood Plaza	Riverview, NB	12,768	100%	100%	Dollarama, Blockbuster
FHS Plaza	Fredericton, NB	24,280	100%	100%	Cleve's Sporting Goods, Bulk Barn
McAllister Drive Plaza	Saint John, NB	19,275	55%	100%	McDonald’s, Cleve’s Sporting Goods
SCA Plaza	Saint John, NB	17,430	55%	100%	Bulk Barn, Great Canadian Dollar Store
Empire Plaza	Fredericton, NB	13,743	100%	100%	Dollarama
Connell Road Plaza	Woodstock, NB	19,645	100%	100%	Dollarama, Mark's Work Wearhouse
Miramichi Power Center - Phase 1	Miramichi, NB	38,033	100%	100%	Staples, Bulk Barn
Miramichi Power Center - Phase 2	Miramichi, NB	19,239	100%	71%	Boston Pizza
Boulevard Plaza	Moncton, NB	83,021	100%	100%	Winners, Michael's
Madawaska Road Plaza	Grand Falls, NB	10,410	100%	100%	Pizza Delight, Tim Horton’s
Main Place	Fredericton, NB	31,284	100%	100%	Shoppers Drug Mart
Major Brook Drive Plaza	Saint John, NB	40,263	55%	100%	Michael's, Boston Pizza
Champlain Plaza	Dieppe, NB	48,754	100%	97%	Shoppers Drug Mart, Bulk Barn
Crown Street	Saint John, NB	21,764	100%	100%	Shoppers Drug Mart
St. Anne Street Plaza	Bathurst, NB	25,213	100%	96%	Dollarama, Reitmans
St. Peter Avenue Plaza	Bathurst, NB	22,848	100%	89%	Shoppers Drug Mart
Boulevard Hebert Plaza	Edmundston, NB	26,689	100%	100%	Shoppers Drug Mart, Boston Pizza
Staples Plaza	New Glasgow, NS	33,753	100%	100%	Staples
Tacoma Centre	Dartmouth, NS	160,991	100%	97%	Canadian Tire, Dollarama, Royal Bank
Commercial Street Plaza - Phase 1	New Minas, NS	15,342	100%	100%	Swiss Chalet, Penningtons, Movie Gallery
V-8 Plaza	New Glasgow, NS	13,400	100%	100%	Dollarama, Swiss Chalet
209 Chain Lake Drive	Halifax, NS	89,576	50%	100%	Value Village, Burger King, Bulk Barn
201 Chain Lake Drive	Halifax, NS	117,712	50%	100%	McDonalds, Home Outfitters
303 Main Street Plaza	Antigonish, NS	21,484	100%	83%	Shoppers Drug Mart
Welton Street Plaza	Sydney, NS	20,975	100%	100%	Dollarama, Bulk Barn
Tacoma Valley Field	Dartmouth, NS	25,325	100%	81%	Shoppers Drug Mart
Starr's Road Plaza	Yarmouth, NS	60,091	100%	78%	Price Copper, Empire Theatres
Pleasant Street Plaza	Yarmouth, NS	22,586	100%	100%	Shoppers Drug Mart, Cotton Ginny
University Plaza	Charlottetown, PE	62,046	43%	100%	Dollarama, Smitty's, Colour Your World
Belvedere Plaza	Charlottetown, PE	77,016	60%	100%	Marks Work Wearhouse, Indigo
Granville Street Plaza	Summerside, PE	62,362	60%	100%	Dollarama, Pennington’s
Spring Park Plaza	Charlottetown, PE	49,734	85%	100%	Co-op, Fabricville, Value Village
UAS Plaza	Charlottetown, PE	23,386	100%	100%	Shoppers Drug Mart, TD Bank
15260 Yonge Street	Aurora, ON	14,177	50%	86%	Dollarama
Conception Bay South Plaza	Conception Bay South, NL	21,220	100%	100%	Shoppers Drug Mart
Bay Roberts Plaza	Bay Roberts, NL	20,468	100%	100%	Shoppers Drug Mart
Sub-total		1,800,642		97.6%	

Plazacorp Retail Properties Ltd.

Property	Location	Gross Leasable Area (sq. ft.)	Ownership Interest (%)	Occupied or Committed as at 31-Mar-07	Major Tenants
Enclosed Malls					
Les Galeries Montmagny	Montmagny, QC	136,694	50%	99%	Maxi, Hart, Uniprix
Les Promenades du Cuivre	Rouyn-Noranda, QC	125,735	100%	97%	Hart, Uniprix, Royal Bank
Grand Falls Shopping Mall	Grand Falls, NB	133,213	100%	72%	Dollarama, Shoppers Drug Mart
Gateway Mall	Sussex, NB	164,761	25%	100%	Sobey's, Zellers
Oromocto Mall	Oromocto, NB	77,110	100%	95%	Shoppers Drug Mart, Dollarama
Sub-total		637,513		92.5%	
Single Use					
Bureau en Gros	Granby, QC	25,695	50%	100%	Staples
Bureau en Gros	Rimouski, QC	25,771	50%	100%	Staples
Plaza TS Magog	Magog, QC	17,452	50%	100%	Shoppers Drug Mart
681 Mountain Road	Moncton, NB	19,504	100%	100%	Shoppers Drug Mart
Staples	Saint John, NB	25,293	100%	100%	Staples
912 East River Road	New Glasgow, NS	16,912	100%	100%	Shoppers Drug Mart
Kings Road Plaza	Sydney River, NS	17,036	100%	100%	Shoppers Drug Mart
Central Avenue Plaza	Greenwood, NS	16,989	100%	100%	Shoppers Drug Mart
Sub-total		164,652		100.0%	
Income producing properties		2,602,807		96.5%	
Projects Under Development					
Plaza BDP	Deux Montagnes, QC	17,036	37.5%	100%	Shoppers Drug Mart
CPRDL	Riviere-du-Loup, QC	40,000	50%	100%	Caisse Populaire
Plaza Jean XXIII	Trois-Rivieres, QC	17,036	50%	100%	Shoppers Drug Mart
Main and Victoria	Shediac, NB	10,000	100%	100%	Dollarama
Main and Western Street Plaza	Sussex, NB	14,380	100%	70%	Dollarama
KGH Plaza	Miramichi, NB	17,036	100%	100%	Shoppers Drug Mart
Victoria Street Plaza	Edmundston, NB	16,000	100%	36%	Reitmans
201 Main Street	Sussex, NB	17,036	100%	100%	Shoppers Drug Mart
Commercial Street Plaza - Phase 2	New Minas, NS	10,000	100%	-	N/A
Joseph Howe Drive Plaza	Halifax, NS	25,500	100%	85%	Shoppers Drug Mart, Bulk Barn
North Sydney Plaza	North Sydney, NS	22,000	100%	77%	Shoppers Drug Mart
Scott Street Plaza	St Catherines, ON	21,500	75%	79%	Shoppers Drug Mart
LeMarchant Road Plaza	St. John's, NL	20,036	100%	100%	Shoppers Drug Mart
Kenmount Road Plaza	St. John's, NL	21,404	100%	73%	XS Cargo, Montana's
Sub-total		268,964		83.7%	
Total Excluding Non-Consolidated Trusts and Partnerships		2,871,771		95.3%	
Non-Consolidated Trusts and Partnerships					
Marche De L'Ouest	Dollard des Ormeaux, QC	125,907	20%	92%	IGA, SAQ
Plaza des Recollets	Trois Rivieres, QC	73,615	15%	100%	Winners, Smart Set, Laura, Jacob, Aldo
Place Du Marche	Dollard des Ormeaux, QC	35,278	10%	100%	Laurentian Bank, Starbucks
Centennial Plaza	Dollard-des-Ormeaux, QC	152,189	10%	87%	Value Village, Dormez-Vous, Jean Coutu
3550 Sources	Dollard des Ormeaux, QC	8,391	10%	100%	National Bank
Northwest Centre	Moncton, NB	177,741	10%	100%	Zellers, Pets Unlimited, Princess Auto
Village Shopping Centre	St. John's, NL	451,683	19.2%	85%	Sears, Urban Planet, Dollarama
Sub-total		1,024,804		90.5%	
Grand Total		3,896,575		94.1%	

PART III

SUMMARY OF ANNUAL INFORMATION

Plazacorp's Summary of Selected Annual Information for the prior three completed fiscal years and the 12 months ended October 31, 2006 are presented below:

($000's except per share amounts)		**14 Months Ended December 31, 2006**	12 Months Ended October 31, 2006	12 Months Ended October 31, 2005	12 Months Ended October 31, 2004
Total revenue		**$ 41,998**	$ 35,364	$ 28,716	$ 25,253
Net income (loss)		**3,019**	2,804	(224)	2,437
Dividends		**5,042**	5,042	3,752	2,799
Dividends per share		**0.125**	0.125	0.105	0.090
Total assets		**229,888**	219,940	172,444	138,161
Mortgages payable		**149,944**	143,282	109,645	82,651
Mortgage bonds payable		**17,500**	17,500	12,525	5,050
Debentures payable		**16,543**	17,119	16,734	17,300
Notes payable		**3,604**	3,070	2,566	2,053
Bank indebtedness		**2,959**	2,079	-	69
Earnings (loss) per	**Basic**	**0.075**	0.070	(0.006)	0.077
	Diluted	**0.075**	0.069	(0.006)	0.075
FFO Per share	**Basic**	**0.253**	0.215	0.165	0.157
	Diluted	**0.240**	0.202	0.159	0.147
Basic weighted average shares outstanding		**40,151**	39,872	35,212	31,702

The real estate assets of the Company have grown from 37 properties at November 1, 2003 to 80 properties at March 31, 2007. The summary of yearly results is influenced by significant acquisition, development and re-development activities over the last three years and highlights the increasing total assets and revenues resulting from these activities. Similarly, mortgage and bank debt reflects financing activities relating to both asset additions and ongoing financing activities for the existing portfolio.

SUMMARY OF QUARTERLY INFORMATION

January 1, 2007 to March 31, 2007

($000's except per share and other data)

		Q1'07	Q5'06 (1)	Q4'06	Q3'06	Q2'06	Q1'06	Q4'05	Q3'05
Total revenue		**$ 9,734**	$ 6,634	$ 9,286	$ 8,822	$ 8,674	$ 8,582	$ 8,091	$ 6,969
Net income (loss)		**3,064**	215	378	1,366	(56)	1,116	(44)	(69)
Dividends		**1,590**	-	1,301	1,294	1,250	1,196	963	938
Dividends per share		**0.0375**	-	0.0313	0.0313	0.0313	0.0313	0.0263	0.0263
Total assets		**233,029**	229,888	219,940	207,627	190,038	180,306	172,444	158,395
Mortgages payable		**152,091**	149,944	143,282	133,530	117,778	115,602	109,645	96,345
Mortgage bonds payable		**17,377**	17,500	17,500	17,500	17,525	12,525	12,525	12,525
Debentures payable		**14,970**	16,543	17,119	15,668	13,944	15,923	16,734	15,909
Notes payable		**1,494**	3,604	3,070	3,720	2,160	2,426	2,566	2,001
Bank indebtedness		**-**	2,959	2,079	-	-	-	-	-
Earnings (loss) per share									
	Basic	**0.072**	0.005	0.009	0.033	(0.001)	0.030	(0.001)	(0.002)
	Diluted	**0.066**	0.005	0.009	0.032	(0.001)	0.028	(0.001)	(0.002)
FFO per share	**Basic**	**0.065**	0.038	0.062	0.050	0.048	0.054	0.050	0.040
	Diluted	**0.062**	0.036	0.059	0.048	0.045	0.050	0.046	0.038
Basic weighted average shares outstanding		**42,766**	41,816	41,557	41,013	39,703	37,172	36,255	35,659

(1) 2 month period November 1, 2006 to December 31, 2006. Results are comparable to the prior three months adjusting for property additions.

The summary of quarterly results reflect activities occurring in the periods together with seasonal variation caused by the fixed common cost recovery patterns and changes due to the timing of acquisition, development and re-development activities.

The quarterly information highlights the increasing total assets and gross revenues over the eight quarters and is reflective of significant growth in acquisitions, developments, and re-developments. Similarly, mortgage and bank debt reflects financing activities relating to both asset additions and ongoing financing activities for the existing portfolio during a period of solid growth.

PART IV

LIQUIDITY, WORKING CAPITAL AND CAPITAL RESOURCES

Cash flow, in the form of recurring rent generated from the portfolio, represents the primary source of liquidity to service debt including recurring monthly amortization of mortgage debt, to pay operating, leasing, property tax costs, and to fund dividends. Costs of development activity are funded by a combination of debt, equity and cash flow. Liquidity is a concern only as it relates to the availability of debt and equity to fund new developments and acquisitions.

Cash flow from operations is dependent upon occupancy levels of properties owned, rental rates achieved, collectability of rent, efficiencies built into leases and efficiencies in operations as well as other factors.

Plazacorp's cash distribution policy reflects repayment of recurring mortgage principal payments from cash flow. Accordingly, Plazacorp attempts to reduce the overall debt level on existing properties year-over-year in order to strengthen the balance sheet, rather than incur new debt or raise equity capital to cover recurring monthly mortgage principal payments. The Company maintains cash flows from properties after debt repayment to ensure sufficient funds are available to pay anticipated dividends.

EQUITY AND DEBT ACTIVITIES

BANK FINANCING

(000's)	**Operating**	**$35 Million Development**	**$15 Million Development**
Balance December 31, 2006	$2,396	$13,173	$3,291
Draw (repayments)	(2,396)	(5,707)	(1,396)
Balance March 31, 2007	-	7,466	1,894
Line reservations for letters-of-credit	$500	-	$200
Interest rate	Prime + 3/4%	Prime + 5/8%	Prime + 1/2%
Maturity	November 30/07	April 23/08	July 31/08
Security	First charges on pledged property	First charges on pledged property	First charges on pledged property
Other terms	Debt service, occupancy & equity maintenance covenants	Debt service, occupancy & equity maintenance covenants	Debt service, occupancy & equity maintenance covenants

The Company has a $500 thousand letter-of-credit facility maturing September 30, 2007 with a Canadian Chartered Bank, secured by Personal Property Security Act (PPSA) charges in various provinces. This line was fully drawn as at March 31, 2007. A Company subsidiary also has a $150 thousand unsecured operating line with a chartered bank upon which no funds were drawn as at March 31, 2007.

As of May 17, 2007, all debt covenants in respect of the above facilities have been maintained and management is confident the covenants will be maintained for the foreseeable future.

The current market for obtaining long-term mortgage funding for the Company's properties is favourable with many sources of real estate debt financing available. Management is confident that all short-term financings relating to the bank facilities maturing in 2007 will be renewed or converted to long-term debt upon maturity at favourable terms.

DEBENTURES

During the 3 months ended March 31, 2007, $174 thousand of the Series II convertible debentures, and $1.3 million of Series III convertible debentures were converted to share capital and 966 thousand shares were issued. No new debentures were issued during the period.

The 8% subordinate debentures require the Company to maintain debt service ratios based on EBITDA in excess of fixed threshold. As of March 31, 2007, the ratio has been maintained and management is confident the ratio will be maintained for the foreseeable future.

MORTGAGE BONDS

The Company issued $1.8 million of 7.5%, 5 year mortgage bonds on April 25, 2007 and a further $1.2 million on May 16, 2007.

Mortgage bond funds were deployed to fund property development as at March 31, 2007, as detailed in note 10 of the March 31, 2007 interim consolidated financial statements.

MORTGAGES

There are no long-term mortgages maturing in 2007.

The Company's strategy is to balance maturities and terms on new fixed debt with existing debt maturities to minimize maturity exposure in any one year and to reduce overall interest costs. Maintaining or improving the average cost of debt will be dependent on capital market conditions at the time of refinancing. Plazacorp's debt strategy involves maximizing the term of long-term debt available based on the tenant profiles for the assets, at current market rates to stabilize cash flow available for reinvestment and dividend payments.

The Company's use of floating rate debt has generally been limited to assets under development or re-development. The Company fixes new mortgages debt when the debt parameters and repayment terms are most favorable. Fixed rate debt represents 92.5% of total mortgage debt, including bank development facilities. Management is of the view that such a strategy results in the most conservative interest rate risk management practice. Current market parameters for conventional mortgage debt are in the range of 65% - 80% of the appraised market value of the underlying property. The success of this strategy is depended upon debt market parameters existing at that time as well as the particular features and quality of the underlying assets being financed in the period.

From January 1, 2007 to March 31, 2007, the Company funded $17.9 million of mortgage debt with an average rate of 5.3%, term of 10 years and average amortization of 29 years. This funding contributed to improvements in the weighted average interest cost of mortgage debt, term to maturity and remaining amortization period of mortgages outstanding as at March 31, 2007.

➢ ***KEY PERFORMANCE INDICATORS***

At March 31, 2007 and April 30, 2006, the Company's weighted average effective cost of debt was as follows:

(000's)	**Amount**	**March 31, 2007**	April 30, 2006
Fixed rate mortgage loans	**$ 137,141**	6.56%	6.97%
Variable rate loans	**970**	6.75%	6.50%
Other fixed rate loans with periodic repayments	**5,964**	9.77%	9.65%
Bank operating facility	**-**	Prime + 3/4%	Prime + 3/4%
Bank development facilities	**10,701**	Prime + 5/8%	Prime + 5/8%

The weighted average term to maturity for the long-term mortgages is 7.1 years. The average remaining amortization or repayment period on long-term mortgage debt is 23.3 years.

COMMITMENTS AND CONTINGENT LIABILITIES

Plazacorp's current commitments for acquisitions, developments and re-developments scheduled for future periods is $23 million. Management believes that Plazacorp has sufficient unused bank line availability, and mortgage bond deployment potential, to fund these future commitments.

Plazacorp's future contractual commitments, and the estimated timing of these commitments, are outlined below:

(000's)	**Payments Due by Year**				
	Total	**Year 1**	**Years 2-3**	**Years 4-5**	**After 5 years**
Contractual obligations					
Mortgages	**$ 154,776**	**$ 14,252**	$ 21,096	$ 15,690	$ 103,738
Mortgage bonds and debentures	**32,820**	**-**	5,161	27,659	-
Operating land leases	**99,904**	**1,882**	3,826	3,856	90,340
Development activities	**23,246**	**23,246**	-	-	-
Total contractual obligations	**$ 310,746**	**$ 39,380**	$ 30,083	$ 47,205	$ 194,078

(1) Operating land leases expire on dates ranging from 2011 to 2070 with renewal options ranging from 10 to 60 years.
(2) The yearly totals are based on a rolling 12 months with the first term based on April 1, 2007 to March 31, 2008.

The Company also has contingent liabilities as original borrower on mortgages assumed by the purchaser of two properties on March 7, 2007. These commitments are subject to indemnity agreements. The balance outstanding on these loans is $16.2 million as at March 31, 2007. This sale will not relieve the Company's obligations as original borrower in respect of these mortgages. See note 19c of the March 31, 2007 consolidated financial statements.

The Company guarantees mortgage debt in excess of its pro-rata position in joint ventures and non-consolidated subsidiaries in the amount of $791 thousand. See note 19c of the March 31, 2007 interim consolidated financial statements.

The Company assumed a guarantee for a $15.8 million development line-of-credit held by the Village Shopping Centre Limited Partnership for the completion of construction. As at March 31, 2007 the remaining budgeted costs are $6.1 million.

The Company has provided an unlimited indemnity related to certain matters, principally environmental, in relation to a mortgage granted to Centennial Plaza Limited Partnership.

The Company has determined that potential obligations under the above guarantees are nil.

PART V

RISKS AND UNCERTAINTIES

All property investments are subject to a degree of risk and uncertainty. Property investments are affected by various factors including general economic conditions and local market circumstances. Local business conditions such as oversupply of space or a reduction in demand particularly affect property investments. Management attempts to manage these risks through geographic and asset class diversification in Plazacorp's portfolio. At March 31, 2007, Plazacorp held interests in 80 properties spread geographically among six provinces in Canada.

INTEREST RATE AND FINANCING RISK

Management attempts to lock in cash returns on assets for the longest period consistent with exposure to debt maturing and leases expiring in any given year.

Current market conditions are favourable for obtaining mortgage financing in both the fixed rate and floating rate facilities. Interest rate spreads over Government of Canada Bonds have been relating stable over the last twelve months. At existing rates, the Company is able to obtain positive returns from debt financing. The availability of debt financing makes management highly confident of obtaining suitable long-term financing for projects on completion of development as well as the maturity of existing debt. Re-financing debt at maturity with conventional financing is generally limited to 65%-80% of appraised value. Management is of the view that such level of indebtedness is achievable in the market place and is confident all maturing debts will be financed or refinanced as they come due for the foreseeable future.

Plazacorp has an ongoing requirement to access the debt markets to re-finance maturing debt as it comes due. There is a risk that lenders will not re-finance such maturing debt on terms and conditions acceptable to Plazacorp, or on any terms at all.

CREDIT RISK

Credit risk arises from the possibility that tenants may be unable to fulfill their lease commitments. Management mitigates this risk by ensuring that Plazacorp's tenant mix is diversified and by ensuring any significant individual revenue exposure is to tenants of significant credit worthiness. Plazacorp also maintains a portfolio that is diversified geographically so that exposure to local business is lessened.

Currently, no one tenant represents more than 19% of current monthly gross rents in place. The top 10 tenants collectively represent approximately 44% of total revenues in place.

LEASE ROLL-OVER RISK

Lease roll-over risk arises from the possibility that Plazacorp may experience difficulty renewing leases as they expire or in releasing space vacated by tenants.

In 2007, management completed 166 thousand square feet (2006 – 157 thousand square feet) of new leasing deals at market rates thus decreasing our occupied or committed space by 232 thousand square feet (2006 – 127 thousand square feet) net of all expires, renewals and vacated space. The decrease is due to the sale of two income producing properties reducing our committed space by 344 thousand square feet. The 166 thousand square feet of new leasing was made up of 115 thousand square feet on developments and acquisitions and 51 thousand square feet on same-asset properties.

Management attempts to stagger the lease expiry profile so that Plazacorp is not faced with disproportionate amounts of space expiring in any one year. Management further mitigates this risk by maintaining a diversified portfolio mix both by asset type and geographic location and ensuring that the property manager maintains a well staffed and highly skilled leasing department to deal with all leasing issues.

LEASE ROLL-OVER BY ASSET CLASS

The average lease terms to maturity for the various asset types are as follows:

	Average Term	Square Footage Expiring in 2007
Strip Plazas	8.57	74,418
Enclosed Malls	5.36	70,685
Single Use	11.09	-
Overall	7.94	145,193

On average, Plazacorp's embedded or contractual gross rents expiring in 2007 would be at or below current market rates. Plazacorp's financial exposure to vacancies and lease roll-overs differs among the three asset types, as gross rental rates differ dramatically by asset class.

OCCUPANCY RISK

One of Plazacorp's performance drivers is related to occupancy levels. The majority of Plazacorp's leases in place are referred to as net leases, meaning tenants reimburse Plazacorp for their share of property operating costs (subject to consumer price index adjustments in many cases) and realty taxes. Many of Plazacorp's operating costs and tax expenses are generally of a fixed nature, although Plazacorp does experience a variable element as it relates to utilities, janitorial costs, and in certain municipalities realty tax.

The hypothetical impact to net property operating income of a change in occupancy of 1% would be approximately $427 thousand per annum. The analysis does not identify a particular cause of such changing occupancy and as a result, it does not reflect the actions management may take in relation to the changes.

➢ ***KEY PERFORMANCE INDICATOR***

Occupancy in the strip plazas was 97.6% as at March 31, 2007, compared to 96.9% as at April 30, 2006.

Average occupancy in the enclosed malls was 92.5% as at March 31, 2007, compared to 93.8% as at April 30, 2006. Occupancy for single use assets remained stable at 100%. The pre-leased space in properties under development is 83.7%.

Overall the portfolio, excluding non-consolidated trusts and partnerships and properties under development as at March 31, 2007 was 96.5% which was up 0.2% from April 30, 2006. These occupancy rates are within management's expectations in view of continuing development in the portfolio and transfers of partially leased development properties to income producing status during the last 12 months.

DEVELOPMENT AND ACQUISITIONS RISK

Plazacorp's external growth prospects will depend in large part on identifying suitable development and acquisition opportunities, pursuing such opportunities, conducting necessary due diligence, consummating acquisitions (including obtaining necessary consents) and effectively operating the retail facilities acquired by the Company. If Plazacorp is unable to manage its growth and integrate its acquisitions effectively, its business, operating results and financial condition could be adversely affective. Developments and acquisitions may not meet operational or financial expectations due to unexpected costs or market conditions, which could impact the Company's performance.

ENVIRONMENTAL RISK

Plazacorp is subject to various laws relating to the environment which deal primarily with the costs of removal and remediation of hazardous substances such as asbestos or petroleum products. Environmental risk is relevant to Plazacorp's ability to sell or finance affected assets and could potentially result in liabilities for the costs of removal and remediation of hazardous substances or claims against Plazacorp. Management is not aware of any material non-compliance with environmental laws or regulations with regard to Plazacorp's portfolio, or of any pending or threatening actions,

investigations or claims against Plazacorp relating to environmental matters. Plazacorp has formal policies and procedures to manage environmental exposures in a proactive manner during every aspect of the property life cycle.

LITIGATION RISK

Plazacorp is involved in litigation and claims in relation to its income producing properties from time-to-time. In Management's opinion, any liability that may arise from such litigation would not have a significant adverse effect on these financial statements.

PART VI

SHARES OUTSTANDING

If all share options and rights to convert shares under the provisions of convertible debt were exercised the impact on shares outstanding would be as follows:

As At May 17, 2007	Shares	Share Capital
Current Outstanding Shares	43,733,460	$ 33,036,503
Employee and Director Share Options	1,181,554	2,235,337
Series II Convertible Debentures	200,000	240,000
Series III Convertible Debentures	2,653,125	4,245,000
Series IV Convertible Debentures	1,250,000	5,000,000
Total adjusted shares outstanding	49,018,139	$ 44,756,840

The Company has the right to redeem the Series II, Series III and Series IV outstanding convertible debentures at maturity, through the issuance of shares, based on 95% of the 20 day weighted average trading price ending 5 days before redemption. Details of conversions and options exercising during the year are detailed in notes 9 and 17 of the interim consolidated financial statements.

RELATED PARTY TRANSACTIONS

MANAGEMENT COMPANY

Plaza Atlantic Limited manages the Company's properties under a management contract that expires April 30, 2009 and has managed the properties since 1999. In Quebec, staff of Les Immeubles Plaza–Z Corp handles management duties under sub-contracting arrangements with Plaza Atlantic Limited. The majority of employees engaged in the property management, development, leasing and property accounting activities are employees of Plaza Atlantic Limited or Plaza Z Corp. These companies employ 77 people in the accounting, finance, engineering, development, leasing, and other administrative capacities excluding property specific staff.

Plaza Atlantic Limited is owned by two directors of Plazacorp namely Michael Zakuta, Earl Brewer and a former director, Paul Leger. Mr. Brewer is Chairman of the Board of Plazacorp, Michael Zakuta is President and Chief Executive Officer of the Company. Plaza–Z Corp is effectively controlled by Michael Zakuta.

The purpose of the management arrangement is to provide the Company the services of a fully staffed and professional management company in all geographic areas which allows Plazacorp access to significant professional management services at reasonable cost. Both Plaza Atlantic Limited and Les Immeubles Plaza Z–Corp manage properties for third parties. Mr. Brewer and Mr. Zakuta do not receive any direct compensation from the Company for performing their duties as Chairman and President, respectively or as Directors, during 2007.

The basis of fee payment under the management agreement is as follows:

Property Management	4% of gross rents paid.
Leasing	4% of rental revenue per year for first five years of a lease term. 2% of rental revenue per year for years six to ten of a lease term. Leasing fees for renewal are at 50% of the above rate.
Development	4% of costs of construction on development projects. 10% of tenant improvement costs on non-development projects.
Financing	¾ % of loan amount where no outside broker is involved. ¼ % of loan amount where an outside broker is involved.
Acquisitions	2% of the purchase price of assets or capitalized value of third party land leases.
Dispositions	1 ½ % of the proceeds of disposition on assets.
Legal Services	Cost recovery basis, currently $142 per hour.

During the 3 months ended March 31, 2007 and the 3 months ended April 30, 2006 the following amounts were billed under the contacts:

For the Periods Ended (000's) **Fee Category**	**Included for Reporting Purposes In**	**March 31, 2007**	April 30, 2006
Management fees	Property operating expenses	**$ 322**	$ 261
Leasing fees	Tenant acquisition costs and property operating	**394**	466
Development fees	Income producing properties	**100**	129
Financing fees	Deferred charges and income producing	**65**	225
Acquisition fees	Income producing properties	**30**	97
Land lease fees	Income producing properties	**-**	94
Disposition fees	Gain on disposal of income producing	**102**	-
Legal services	Varies depending on nature of service	**90**	120
Total fees billed by the Property Manager		**$ 1,103**	$ 1,392

NOTES PAYABLE TO RELATED PARTIES

Notes payable as at March 31, 2007 fall into two categories:

- Non–interest bearing notes that existed at the time of acquisition of properties in September 2000. Certain of the notes are owed to parties controlled directly or indirectly by Michael Zakuta. The notes are repayable on sale or refinancing of the related asset.

- Interest bearing unsecured notes that are advanced from time-to-time to assist in financing property acquisitions and development costs and are retired on funding of long-term debt or sale of the property to which the note relates.

(000's) **As at**	**Interest Rate**	**March 31, 2007**	December 31, 2006
Interest bearing notes:			
Les Immeubles Plaza Z Corp and related entities controlled by Michael Zakuta, President and Chief Executive Officer of the Company	Prime +1%	**$ 756**	$ 2,289
Non-Interest bearing notes:			
Various companies owned (directly and indirectly), controlled or significantly influenced by Michael Zakuta, President and Chief Executive Officer of the Company	n/a	**180**	286
Total		**$ 936**	$ 2,575

Two directors directly or beneficially share interests in common with the Company in the Gateway Mall, Sussex, NB property being Earl Brewer (25%) and Michael Zakuta (21.5%). There are no loans outstanding or fees charged by the related parties as a result of the joint ownership.

TC Land LP, a wholly owned subsidiary of TC Land REIT, an entity controlled by Michael Zakuta and Earl Brewer, leases land to Plazacorp at a total annual rent of $466 thousand. The land leases expire at various times from October 2043 to January 2047.

BONDS AND DEBENTURES HELD

Below is a summary of convertible debentures and mortgage bonds of the Company held at face value directly or indirectly by related parties as at March 31, 2007 and December 31, 2006.

(000's) **Related Party**	**March 31, 2007**	December 31, 2006
Richard Hamm, Director	**$ 325**	$ 325
Michael Zakuta, Director	**1,200**	1,200
Edouard Babineau, Director	**600**	600
Earl Brewer, Director	**438**	658
Stephen Johnson, Director	**1,120**	1,275
Barbara Trenholm, Director	**264**	264
Total	**$ 3,947**	$ 4,322

DISCLOSURE CONTROLS

We maintain appropriate information systems, procedures and controls to ensure that information that is publicly disclosed is complete, reliable and timely. Our Chief Executive Officer and Chief Financial Officer evaluated, or caused an evaluation under their direction supervision of, the design and effectiveness of our disclosure controls and procedures (as defined in Multilateral Instruments 52-109, Certification and Disclosure in Issuers' Annual and Interim Filings) as at March 31, 2007, and have concluded that such disclosure controls and procedures operated effectively during the reporting periods.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Our Chief Executive Officer and Chief Financial Officer assessed, or caused an assessment under their direct supervision of, the design of our internal controls over financial reporting as at March 31, 2007. No changes were made in the Company's internal control over financial reporting during the 3 months ended March 31, 2007, that materially affected, or are reasonably likely to materially affect Plazacorp's internal control over financial reporting.

INTERESTS IN JOINT VENTURES

The Company uses joint ventures for several reasons, principally:

i) Obtain interests in properties where 100% ownership is beyond the capital capability of the Company but where it can apply development skills required by the joint-venture;
ii) Share development risk with equity partners; and,
iii) Limit the total exposure to the risks of any one asset.

The effect of terminating the arrangements would be the same as those involved in sale of the asset or the foreclosure of a mortgage loan. If the equity interest, net of debt, assumed by the buyer differs from the carrying value of the asset a loss or gain could arise. In the case of a foreclosure or third party sale there could be continuing liability as the original borrower under a mortgage arrangement.

CRITICAL ACCOUNTING POLICIES

CRITICAL ACCOUNTING ESTIMATES

Plazacorp's significant accounting policies are described in the Interim Consolidated Financial Statements. Management chooses the accounting policies and estimates that it believes are appropriate to fairly report the Company's operating results and financial position. Management regularly assesses its critical accounting estimates in light of current and forecasted economic conditions and reviews these estimates with its Audit Committee. The following outlines the more significant judgments and estimates used in the preparation of the financial statements:

PROPERTY ACQUISITIONS

Management is required to allocate the purchase price to acquired tangible and intangible assets and in-place leases. The allocation may change as new information emerges on the appropriateness of estimates made during 2006 and 2007. This estimate is critical insofar as it may impact the corresponding amortization period of the related assets and net income.

ASSET VALUE IMPAIRMENT

Income producing properties are carried at cost. If events or circumstances indicate that the carrying value of the income producing properties may be impaired, a recoverability analysis is performed based upon estimated undiscounted cash flows generated from the income producing properties. If the analysis indicates that the carrying value is not recoverable from future cash flows, the income producing properties are written down to estimated fair value and an impairment loss is recognized. No impairment has been recognized in the 3 months ended March 31, 2007 (April 30, 2006 – nil).

The estimate is critical insofar as it may impact on the classification and book value of income producing properties held and net income should impairment be present.

VARIABLE INTEREST ENTITIES

The Company evaluates all joint-venture relationships and partial ownership interests to determine whether or not they are subject to the variable interest entity guidelines as directed by AcG-15 in respect of applying consolidation, equity accounting, joint-venture accounting or cost accounting. The Company had determined that there are no significant changes required to the financial statement presentation of its consolidated subsidiaries, proportionately consolidated joint ventures or investments in non-consolidated partnerships and trusts as at March 31, 2007 compared to December 31, 2006.

Readers should refer to the March 31, 2007 and December 31, 2006 Consolidated Financial Statements for a full description of the Company's accounting policies.

CHANGES IN ACOUNTING POLICIES

Effective January 1, 2007 the Company adopted the following new accounting standards issued by the CICA. Handbook Section 1520, Comprehensive Income, Handbook Section 3855, Financial Instruments – Recognition and Measurement, Handbook Section 3865, Hedges, and Handbook Section 3251, Equity. The new standards are not applied retroactively and accordingly, comparative amounts for prior periods, if any, have not been restated, except for adjustments required to reclassify the impact of the recording of deferred financing charges on the effective interest rate basis.

Comprehensive Income Section 1530 introduces Comprehensive income, which consists of Net Income and Other Comprehensive Income (OCI). OCI represents changes in shareholders equity during a period arising from transactions and other events with non-owner sources and includes unrealized gains and losses on financial assets classified as "available for sale", and changes the fair value of the effective portion of cash flow hedging instruments. There was no impact on Plazacorp as a result of implementing this change.

i) Financial Instruments – Recognition and Measurement

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and financial derivatives. It requires that financial assets and financial liabilities, including derivatives, be recognized on the Consolidated Balance Sheet upon entering into a financial instrument or a financial derivative contract. Under this standard, all financial instruments are required to be measured at fair value on initial recognition except for certain related party transactions. Re-measurement in subsequent periods depends on whether the financial instrument has been classified as "held for trading", "available for sale", "held to maturity", loans and receivables, or other financial liabilities. Transaction costs are expensed as incurred for financial instruments classified or designated as "held for trading". For other financial instruments, transaction costs are capitalized on initial recognition.

Financial assets and financial liabilities classified as "held for trading", if any, are measured at fair value with changes in those fair values recognized in the determination of Net Income. Financial assets classified as "held to maturity", loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method. "Available for sale" assets are presented separately on the Consolidated Balance Sheet and measured at fair value with unrealized gains and losses being recognized in OCI. Plazacorp has no "held for trading" or "available for sale" financial assets as at March 31, 2007. Derivative instruments are recorded on the Consolidated Balance Sheet at fair value, including those derivatives that are embedded in financial or non-financial contracts that do not meet certain criteria. Changes in fair values of derivative instruments are recognized in Net Income. Plazacorp had no embedded derivatives in its contracts as at March 31, 2007.

Other accounting implications arising upon the adoption of Section 3855 include the use of the effective interest method for any transaction costs or fees earned or incurred for financial instruments measured at amortized cost. And the recognition of the fair value of the obligation undertaken in issuing a guarantee that meets the definition of a guarantee pursuant to Accounting Guideline 14, Disclosure of Guarantees (AcG 14). No subsequent re-measurement at fair value is required unless the financial guarantee qualifies as a derivative. If the financial guarantee meets the definition of a derivative, it is re-measured at fair value at each balance sheet date.

The Company designated its notes receivable, accounts receivable as "loans and receivables" and its mortgages payable, debentures payable, bank loan, notes payable and accounts payable as "other liabilities" pursuant to CICA Handbook Section 3855, all of which are reflected on the Consolidated Balance Sheet at amortized cost using the effective interest method of measurement.

ii) Equity

With the introduction of the new standards relating to financial instruments, the CICA has replaced previous Section 3250, Surplus with Section 3251, Equity. This new section establishes standards for the presentation of equity and changes in equity during the reporting period. The following components of equity are presented separately:

1) retained earnings or deficit;
2) accumulated other comprehensive income, showing each component to revenue, expense, gain and loss that, in accordance with primary sources of GAAP, is recognized in other comprehensive income categorized in the same components as require by Comprehensive Income, paragraph 1530.04 (b), and the total of the components at the end of the period;
2) the total of (1) and (2);
3) contributed surplus;
4) Share Capital; and,
5) Reserves.

The Company has no accumulated or current Comprehensive Income.

iii) Financing Costs

Prior to January 1, 2007, external fees and costs incurred to obtain debt financing were deferred and amortized on a straight-line basis over the term of the respective indebtedness, or expensed in full in the event the property securing the indebtedness was sold or the indebtedness was discharged prior to its maturity. The unamortized balance was included in deferred financing costs. Pursuant to CICA Handbook Section 3855, effective January 1, 2007, financing costs are capitalized to the related asset or liability and are measured at amortized cost using the effective interest method.

FUTURE ACCOUNTING POLICY CHANGES

On December 1, 2006 the CICA issued three new accounting standards: Handbook Section 1535, Capital Disclosures, Handbook Section 3862. Financial Instruments – Disclosures, and Handbook Section 3863, Financial Instruments – Presentation. These new standards will be effective for years beginning on or after October 31, 2007.

OTHER

Additional information relating to Plazacorp including the Management Information Circular, Material Change reports and all other continuous disclosure documents required by the securities regulators, are filed on the System for Electronic Document Analysis and Retrieval (SEDAR) and can be accessed electronically at www.sedar.com or on the Plazacorp web site at www.plaza.ca.

Plazacorp Retail Properties Ltd.
Consolidated Balance Sheet

As at (000's)	**March 31, 2007**	December 31, 2006
Assets		
Income producing properties (Note 3)	**$ 179,145**	$ 181,097
Properties under development	**20,760**	22,110
Intangible assets (Note 4)	**3,187**	2,834
Deferred charges (Note 5)	**282**	3,502
Cash	**6,827**	563
Receivables (Note 6)	**4,406**	2,909
Prepaid expenses and deposits (Note 7)	**5,043**	4,081
Refundable capital gains tax (Note 15)	**809**	152
Future income tax asset (Note 15)	**413**	413
Investments (Note 8)	**9,029**	9,158
Goodwill	**2,025**	2,025
Deficits of subsidiaries (Note 9)	**1,103**	1,044
	$ 233,029	$ 229,888
Liabilities		
Mortgages payable (Note 10)	**$ 152,091**	$ 149,944
Mortgage bonds payable (Note 11)	**17,377**	17,500
Debentures payable (Note 12)	**14,970**	16,543
Notes payable (Note 13)	**1,494**	3,604
Bank indebtedness (Note 14)	**-**	2,959
Accounts payable and accrued liabilities	**8,928**	6,106
Income taxes payable (Note 15)	**812**	142
Future income tax liability (Note 15)	**8,435**	8,146
Below market leases (Note 4)	**805**	601
	204,912	205,545
Shareholders' Equity		
Equity portion of convertible debt (Note 12)	**390**	456
Share capital (Note 16)	**32,263**	30,292
Contributed surplus (Note 17)	**52**	51
Deficit	**(4,588)**	(6,456)
	28,117	24,343
	$ 233,029	$ 229,888

Contingencies, commitments, guarantees, indemnities, and litigation – see interim consolidated financial statement Note 19.
Subsequent events – see interim consolidated financial statement Note 21.

Michael Zakuta, Director

Earl Brewer, Director

See accompanying notes to the interim consolidated financial statements

Plazacorp Retail Properties Ltd.
Consolidated Statement of Deficit
For the Three Months Ended
(000's)

	March 31, 2007	April 30, 2006
Deficit, beginning of the period	**$ (6,456)**	$ (4,513)
Effect of adoption of accounting policy changes (Note 2b)	**394**	-
Deficit, beginning of the period, as restated	**(6,062)**	(4,513)
Net income (loss)	**3,064**	(58)
Dividends	**(1,590)**	(1,250)
Deficit, end of the period	**$ (4,588)**	$ (5,821)

See accompanying notes to the interim consolidated financial statements

Plazacorp Retail Properties Ltd.

Consolidated Statement of Income (Loss)

For the Three Months Ended (000's) –Except Per Share Amounts	**March 31, 2007**	April 30, 2006
Rental revenues	**$ 9,475**	$ 7,974
Operating expenses	**3,934**	3,560
Net property operating income	**5,541**	4,414
Investment income	**259**	106
Income from properties and investments	**5,800**	4,520
Financing costs	**2,769**	2,382
Income before undernoted	**3,031**	2,138
Administrative expenses	**243**	242
Amortization	**2,095**	1,955
Capital taxes	**116**	108
Income (loss) before income taxes, non-controlling interests and discontinued operations	**577**	(167)
Income tax expense (recovery) (Note 15) – current	**(2)**	35
– future	**261**	(105)
	259	(70)
Income (loss) before non-controlling interests and discontinued operations	**318**	(97)
Non-controlling interests	**80**	17
Income (loss) from continuing operations	**238**	(114)
Gain on disposal of income producing properties (Note 22)	**2,786**	-
Income from discontinued operations (Note 22)	**40**	56
Net income (loss)	**$ 3,064**	$ (58)
Basic earnings (loss) per share (Note 16c)	**$ 0.072**	$ (0.001)
Diluted earnings (loss) per share (Note 16c)	**$ 0.066**	$ (0.001)

See accompanying notes to the interim consolidated financial statement

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

(000's)	**March 31, 2007**	April 30, 2006
Cash obtained from (used for):		
Operating activities		
Net income (loss)	**$ 3,064**	$ (58)
Items not affecting cash:		
Non-cash investment income	**(198)**	(71)
Amortization (see cash flow supplemental – Note 1)	**2,275**	2,182
Gain on disposals of income producing properties (see cash flow supplemental – Note 2)	**(2,786)**	-
Stock option compensation	**9**	9
Interest relating to debenture accretion	**21**	20
Non-controlling interests	**80**	17
Future income taxes	**289**	(64)
Tenant acquisition costs (see cash flow supplemental – Note 3a)	**(2,049)**	(1,272)
Change in non-cash working capital (see cash flow supplemental – Note 4)	**571**	877
	1,276	1,640
Financing activities		
Decrease in notes payable	**(1,813)**	(266)
Issue of common shares, pursuant to employee option agreement (see cash flow supplemental - Note 5)	**268**	275
Dividends paid to non-controlling interests	**(139)**	(44)
Dividends paid to shareholders (see cash flow supplemental – Note 6)	**(1,415)**	(1,038)
Proceeds from bonds and debentures	**-**	5,000
Proceeds from mortgage financing (see cash flow supplemental – Note 7)	**22,904**	7,229
Mortgage payouts (see cash flow supplemental – Note 8)	**(10,959)**	(4,458)
Mortgage principal repayments (see cash flow supplemental – Note 8)	**(692)**	(594)
	8,154	6,104
Investing activities		
Acquisitions, developments and re-developments (see cash flow supplemental – Note 3a)	**(7,679)**	(6,087)
Net proceeds from disposals of income producing properties (see cash flow supplemental - Note 2)	**7,474**	-
(Increase) decrease in investments		
Bonds	**75**	-
Contributions made	**-**	(2,200)
Distributions received	**252**	93
(Increase) decrease in deposits on properties	**(320)**	201
Increase in deferred charges	**(9)**	(386)
	(207)	(8,379)
Net increase (decrease) in cash	**9,223**	(635)
Cash less bank indebtedness, beginning of the period	**(2,396)**	1,568
Cash less bank indebtedness, end of the period	**$ 6,827**	$ 933
Cash deficiency is made up of:		
Cash	**$ 6,827**	$ 1,038
Bank indebtedness	**-**	(105)
	$ 6,827	$ 933

See accompanying notes to the interim consolidated financial statement

1) Amortization

For the Three Months Ended (000's)	**March 31, 2007**	April 30, 2006
Amortization of income producing properties	**$ 910**	$ 811
Amortization of tenant acquisition costs	**991**	908
Amortization of intangible assets (except above market tenant leases)	**185**	216
Amortization of other deferred charges	**9**	20
Amortization expense per the Statement of Income (Loss)	**2,095**	1,955
Amortization of deferred financing charges (included with financing costs)	**133**	107
Amortization of above/below market tenant leases (included with revenue)	**(56)**	(60)
Amortization of deferred recoverable expenses (included with operating expenses)	**5**	53
Amortization of discontinued operations	**98**	127
Total amortization charged to income	**$ 2,275**	$ 2,182

2) Gain on Disposals of Income Producing Properties and Lands

For the period ended March 31, 2007 the Company disposed of income producing properties in Saint John, NB, Dartmouth, NS and land in St. John's, NL and Sydney River, NS for net proceeds of $15.5 million, resulting in a gain on disposal of $2.8 million. As part of the sale agreements the purchaser assumed mortgages totalling $8.0 million, resulting in net cash proceeds of $7.5 million.

3) Acquisitions, Developments and Re-developments

a) Cash and Non-Cash Additions

For the three Months Ended (000's)	**March 31, 2007**	April 30, 2006
Gross additions from property acquisitions, developments, and re-developments	**$ 11,180**	$ 7,359
Less: assumed mortgages	**(1,452)**	-
Cash additions to income producing properties and intangible assets/liabilities	**9,728**	7,359
Less: total tenant acquisition costs (operating activity)	**(2,049)**	(1,272)
Cash additions from property acquisitions, developments, and re-developments	**$ 7,679**	$ 6,087

b) Acquisitions

On March 7, 2007 the Company acquired the remaining 50% interest in Les Promenades St. Francois, a property located in Laval, Quebec through the acquisition of 50% of the net assets.

For the Three Months Ended (000's)	**March 31, 2007**	April 30, 2006
Real estate assets		
Land	**$ 1,015**	$ -
Building	**909**	-
Parking lot	**226**	-
Tenants acquisition costs	**230**	-
Net intangible assets	**557**	-
Less: Below market leases	**(278)**	-
	2,659	-
Net liabilities		-
Assumed mortgage	**1,452**	-
	1,452	-
Net assets acquired, funded from cash	**$ 1,207**	$ -

4) Change in Non-Cash Working Capital

For the Three Months Ended (000's)		**March 31, 2007**		April 30, 2006
Receivables	**$**	**(1,623)**	$	(1,045)
Prepaid expenses and mortgage deposits		**(641)**		(1,836)
Accounts payable and accrued liabilities		**2,822**		3,684
Income taxes payable net of refundable capital gains tax		**13**		74
Total cash from change in non-cash working capital	**$**	**571**	$	877

5) Issue of Common Shares

For the Three Months Ended (000's)		**March 31, 2007**		April 30, 2006
Total from shares issued through exercise of stock options	**$**	**277**	$	284
Less: transfer of equity from contributed surplus		**(9)**		(9)
Cash raised from issuance of common shares, pursuant to employee stock options	**$**	**268**	$	275

6) Dividends

For the Three Months Ended (000's)		**March 31, 2007**		April 30, 2006
Dividends declared during the period	**$**	**1,590**	$	1,250
Adjustment for accrued dividends		**-**		(54)
Dividends paid		**1,590**		1,196
Dividend re-investment through share subscriptions		**(175)**		(158)
Dividends paid in cash	**$**	**1,415**	$	1,038

There is no contractual requirement to pay dividends. All dividends declared are at the discretion of the Board of Directors.

7) Proceeds from Mortgage Financing

For the Three Months Ended (000's)		**March 31, 2007**		April 30, 2006
Proceeds from development lines of credit	**$**	**5,196**	$	7,229
Proceeds from long term mortgages		**19,347**		-
Gross mortgage proceeds		**24,543**		7,229
Less: assumed mortgages		**(1,452)**		-
deferred financing costs incurred		**(187)**		-
Net proceeds from mortgage financing	**$**	**22,904**	$	7,229

8) Mortgage Repayments

For the Three Months Ended (000's)		**March 31, 2007**	April 30, 2006
Repayment of development lines of credit		**$ 10,959**	$ 4,458
Repayment of long term mortgages		**8,752**	594
Gross mortgage repayments		**19,711**	5,052
Less: repayment of development lines of credit		**(10,959)**	(4,458)
long term mortgages repayments at maturity		**(8,060)**	-
Periodic long term mortgages principal repayments		**$ 692**	$ 594

9) Debentures Converted to Share Capital

For the Three Months Ended (000's) (except per share amounts)		**March 31, 2007**	April 30, 2006
Series I debentures converted to share capital	Face value	**$ -**	$ 120
	Conversion	**$ 1.00**	$ 1.00
	Shares issued	**-**	120
Series II debentures converted to share capital	Face value	**$ 174**	$ 1,130
	Conversion	**$ 1.20**	$ 1.20
	Shares issued	**145**	942
Series III debentures converted to share capital	Face value	**$ 1,313**	$ 800
	Conversion	**$ 1.60**	$ 1.60
	Shares issued	**821**	500
Total debentures converted to share capital		**$ 1,487**	$ 2,050
Total shares issued		**966**	1,562

10) Interest

For the Three Months Ended (000's)	**March 31, 2007**	April 30, 2006
Financing costs expensed	**$ 2,769**	$ 2,382
Plus: Financing costs grouped with discontinued operations	**115**	159
Total financing costs	**2,884**	2,541
Plus: interest capitalized to properties	**373**	184
Less: amortization of deferred finance charges	**(133)**	(110)
Interest costs charged	**3,124**	2,615
Adjustment for accrued interest	**50**	(20)
Interest paid in cash	**$ 3,174**	$ 2,595

11) Income and Capital Taxes

For the Three Months Ended (000's)	**March 31, 2007**	April 30, 2006
Income and capital taxes paid	**$ 105**	$ 94

1. Nature of Operations

The Company operates a retail real estate ownership and development business in Ontario, Quebec, and the Atlantic Provinces. The Company was incorporated under the New Brunswick Business Corporations Act on February 2, 1999. On December 11, 2002 the Company amended its articles of incorporation to become a Mutual Fund Corporation as defined in the Income Tax Act of Canada.

The Company has changed the prior year's fiscal year end for financial reporting purpose from October 31 to December 31, 2006. As a result the interim consolidated financial statements comparative figures will be for period ends, that are different then for the period being reported on.

2. Basis of Presentation

The Company's accounting policies and its standards of financial disclosure are in accordance with Generally Accepted Accounting Principles (GAAP) as prescribed by the Canadian Institute of Chartered Accountants (CICA), the more significant policies of which are described below.

a) Interim Financial Statements

In the opinion of the Company the accompanying interim consolidated financial statements contain all the adjustments necessary to present fairly the financial position as at March 31, 2007, and December 31, 2006, and the results of operations for the three months ended March 31, 2007 and April 30, 2006 and the changes in cash flows for the three months ended March 31, 2007 and April 30, 2006. While the Company believes that disclosures presented are adequate to make the information not misleading, it is suggested that these financial statement be read in conjunction with the audited financial statements and notes included in the Company's Annual Report for the fiscal year ended December 31, 2006.

The results of operations for the three months ended March 31, 2007 are not necessarily indicative of the results for the full year and are influenced by seasonal cost variances on the properties with fixed common cost recovery formulas. The term "period" or "in the period" when used herein means the three month period then ended.

b) Changes in Accounting Policies

On January 1, 2007 the Company adopted four new accounting standards that were issued by the CICA. Handbook Section 1520, Comprehensive Income, Handbook Section 3855, Financial Instruments – Recognition and Measurement, Handbook Section 3865, Hedges, and Handbook Section 3251, Equity. The new standards are not applied retroactively and accordingly, comparative amounts for prior periods, if any, have not been restated, except for adjustments required to reclassify the impact of the recording of deferred financing charges on the effective interest rate basis.

Comprehensive Income Section 1530 introduces Comprehensive Income, which consists of Net Income and Other Comprehensive Income (OCI). OCI represents changes in shareholder's equity during a period arising from transactions and other events with non-owner sources and includes unrealized gains and losses on financial assets classified as "available for sale", and changes the fair value of the effective portion of cash flow hedging instruments. There was no impact on Plazacorp as a result of implementing this change.

i) Financial Instruments – Recognition and Measurement

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and financial derivatives. It requires that financial assets and financial liabilities, including derivatives, be recognized on the Consolidated Balance Sheet upon entering into a financial instrument or a financial derivative contract. Under this standard, all financial instruments are required to be measured at fair value on initial recognition except for certain related party transactions. Re-measured in subsequent periods depends on whether the financial instrument has been classified as "held for trading", "available for sale", "held to maturity", loans and receivables, or other financial liabilities. Transaction costs are expensed as incurred for financial instruments classified or designated as "held for trading". For other financial instruments, transaction costs are capitalized on initial recognition.

Financial assets and financial liabilities classified as "held for trading", if any, are measured at fair value with changes in those fair values recognized in the determination of Net Income. Financial assets classified as "held to maturity", loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method. "Available for sale" assets are presented separately on the Consolidated Balance Sheet and measured at fair value with unrealized gains and losses being recognized in OCI. Plazacorp had no "held for trading", "available for sale" or financial assets as at March 31, 2007. Derivative instruments are recorded on the Consolidated Balance Sheet at fair value, including those derivatives that are embedded in financial or non-financial contracts that do not meet certain criteria. Changes in fair values of derivative instruments are recognized in Net Income. Plazacorp had no embedded derivatives in its contracts as at March 31, 2007.

Other accounting implications arising upon the adoption of Section 3855 include the use of the effective interest method for any transaction costs or fees earned or incurred for financial instruments measured at amortized cost, and the recognition of the fair value of the obligation undertaken in issuing a guarantee that meets the definition of a guarantee pursuant to Accounting Guideline 14, Disclosure of Guarantees (AcG 14). No subsequent re-measurement at fair value is required unless the financial guarantee qualifies as a derivative. If the financial guarantee meets the definition of a derivative, it is re-measured at fair value at each balance sheet date.

The Company designated its notes receivable and accounts receivable as "loans and receivables" and its mortgages payable, debentures payable, bank loan, notes payable and accounts payable as "other liabilities" pursuant to CICA Handbook Section 3855, all of which are reflected on the Consolidated Balance Sheet at amortized cost using the effective interest method of measurement.

ii) Equity

With the introduction of the new standards relating to financial instruments, the CICA has replaced previous Section 3250, Surplus with Section 3251, Equity. This new section establishes standards for the presentation of equity and changes in equity during the reporting period. The following components of equity are presented separately:

1) retained earnings or deficit;
2) accumulated other comprehensive income, showing each component to revenue, expense, gain and loss that, in accordance with primary sources of GAAP, is recognized in other comprehensive income categorized in the same components as required by Comprehensive Income, paragraph 1530.04 (b), and the total of the components at the end of the period;
2) the total of (1) and (2);
3) contributed surplus;
4) Share Capital; and,
5) Reserves.

The Company has no accumulated or current Comprehensive Income.

iii) Financing Costs

Prior to January 1, 2007, external fees and costs incurred to obtain debt financing were deferred and amortized on a straight-line basis over the term of the respective indebtedness, or expensed in full in the event the property securing the indebtedness was sold or the indebtedness was discharged prior to its maturity. The unamortized balance was included in deferred financing costs. Pursuant to CICA Handbook Section 3855, effective January 1, 2007, financing costs are capitalized to the related asset or liability and are measured at amortized cost using the effective interest method.

c) Principles of Consolidation

The interim consolidated financial statements include the accounts of Plazacorp Retail Properties Ltd., its subsidiaries and its proportionate interest in joint ventures in accordance with the pronouncements of CICA 1590, 3051, 3055, the provisions of Accounting Guideline #15 (Consolidation of Variable Interest Entities).

The chart below details the Company's accounting treatment of indirect investments and co-ownership in real estate assets.

	Ownership Interest	
	March 31 2007	December 31, 2006
Accounting Method – Consolidation		
Exhibition Plaza Inc.	**55%**	55%
Plaza MDO Commercial Trust	**100%**	100%
Spring Park Plaza Inc.	**85%**	85%
Granville Street Properties Limited Partnership	**60%**	60%
Wildan Properties Limited Partnership	**60%**	60%
Plaza Tacoma Centre Limited Partnership	**100%**	100%
Commercial Street Plaza Trust	**100%**	100%
Plazacorp Real Estate Investment Trust	**100%**	100%
Plazacorp Operating Trust	**100%**	100%
Plaza Retail Limited Partnership #1	**100%**	100%
Plazacorp Master Limited Partnership	**100%**	100%
Plazacorp Property Holdings Inc.	**100%**	100%
Plaza LPC Commercial Trust	**100%**	100%
Scott Street Plaza, ON	**75%**	-
Accounting Method – Proportionate Consolidation		
Les Galeries Montmagny, QC	**50%**	50%
University Plaza, PE	**43%**	43%
RBEG Limited Partnership	**50%**	50%
Bureau en Gross, QC	**50%**	50%
Terrace Dufferin, QC	**50%**	50%
Carrefour des Seigneurs, QC	**25%**	25%
Les Promenades St-Francois, QC (1)	**100%**	50%
Staples Plaza – Woodlawn, NS (2)	**0%**	50%
Lansdowne Place, NB(2)	**0%**	50%
201 Chain Lake Drive, NS	**50%**	50%
209 Chain Lake Drive, NS	**50%**	50%
Fundy Retail Ltd., NB	**50%**	50%
Plaza TS Magog, QC	**50%**	-
15260 Yonge Street, ON	**50%**	-
Plaza BDP, QC	**37.5%**	-
CPDRL, QC	**50%**	-
Accounting Method – Equity		
Centennial Plaza Limited Partnership	**10%**	10%
MDO Limited Partnership	**20%**	20%
Trois Rivieres Limited Partnership	**15%**	15%
Village Shopping Centre Limited Partnership	**19.2%**	-
Accounting Method – Cost		
Northwest Plaza Commercial Trust	**10%**	10%

(1) Les Promenades St. Francois – The remaining 50% interest in this property was acquired March 7, 2007. Results after March 7, 2007 were fully consolidated.

(2) Staples Plaza-Woodlawn and Lansdowne Place – The Company's 50% interest in these properties were sold on March 7, 2007.

d) Financial 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.

The fair value of the Company's financial assets and liabilities that represent net working capital, including cash and cash equivalents, receivables, accounts payable and accrued liabilities, dividends payable and bank indebtedness, approximate their recorded values due to their short-term nature.

The estimated fair value of the Company's long-term debt including mortgage payable, mortgage bonds payable, non-convertible debentures payable, convertible debentures (debt portion), and notes payable is estimated based on the values derived using current interest rates for each related instrument with similar terms and conditions. As at March 31, 2007, the fair value of the Company's long-term debt exceeds the recorded value by $4.1 million (fair value exceeded recorded value by $4.9 million at December 31, 2006).

The Company's fair value of the exposure from mortgage guarantees and indemnities are not readily determinable (note 18c).

As at March 31, 2007, the fair value of the Company's investment in bonds of $5.7 million ($5.7 million - December 31, 2006) exceeded its recorded value by $40 thousand ($34 thousand - December 31, 2006).

3. Income Producing Properties

As at	**March 31, 2007**			December 31, 2006		
(000's)	**Cost**	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Land	**$ 35,234**	**$ -**	**$ 35,234**	$ 34,281	$ -	$ 34,281
Buildings	**127,767**	**(14,124)**	**113,643**	130,880	(14,134)	116,746
Tenant acquisition costs	**38,053**	**(11,256)**	**26,797**	38,529	(11,474)	27,055
Furnishings and equipment	**807**	**(413)**	**394**	790	(400)	390
Parking lot	**4,156**	**(1,079)**	**3,077**	3,665	(1,040)	2,625
Total income producing properties	**$ 206,017**	**$ (26,872)**	**$ 179,145**	$ 208,145	$ (27,048)	$ 181,097

During the 3 month period the Company capitalized $373 million of interest and nil of operational losses from properties under development to the cost of land or buildings (for the 14 months ended December 31, 2006 – $1.3 million and $59 thousand respectively).

4. Intangible Assets and Below Market Leases

Intangible assets represent the unamortized costs of acquired above market tenant leases, the value of in place tenant leases, and the value of existing tenant relationships for income producing properties. Details of amounts are as follows:

As at	**March 31, 2007**			December 31, 2006		
(000's)	**Cost**	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Above market leases	**$ 386**	**$ (137)**	**$ 249**	$ 250	$ (118)	$ 132
Value of in place leases	**2,370**	**(1,090)**	**1,280**	2,141	(964)	1,177
Tenant relationships	**2,085**	**(427)**	**1,658**	1,894	(369)	1,525
Total intangible assets	**$ 4,841**	**$ (1,654)**	**$ 3,187**	$ 4,285	$ (1,451)	$ 2,834

Below market leases represent the unamortized cost of acquired below market tenant leases for income producing properties, details are as follows:

As at (000's)	**March 31, 2007**			December 31, 2006		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Below market leases	**$ 1,387**	**$ (582)**	**$ 805**	$ 1,109	$ (508)	$ 601

5. Deferred Charges

Deferred charges consist of the following:

As at (000's)	**March 31, 2007**			December 31, 2006		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Deferred finance charges	**$ -**	**$ -**	**$ -**	$ 4,708	$ (1,505)	$ 3,203
Other deferred charges	**633**	**(351)**	**282**	650	(351)	299
Total deferred charges	**$ 633**	**$ (351)**	**$ 282**	$ 5,358	$ (1,856)	$ 3,502

Included with amortization expense is $9 thousand (for the 14 months ended December 31, 2006 - $50 thousand) relating to other deferred charges and included with operating expenses is $17 thousand (for the 14 months ended December 31, 2006 - $248 thousand) relating to deferred recoverable amortization expense.

6. Receivables

Receivables consist of the following:

As at (000's)	**March 31 2007**	December 31, 2006
Tenant accounts receivables	**$ 1,593**	$ 75
Straight-line rent receivables	**2,161**	2,107
Accrued tenant common costs and property tax recoveries	**263**	447
Other receivables	**389**	280
Total receivables	**$ 4,406**	$ 2,909

7. Prepaid Expenses and Deposits

Prepaid expenses and deposits consist of the following:

As at (000's)	**March 31, 2007**	December 31, 2006
Prepaid expenses – operations	**$ 3,405**	$ 1,319
Deposits for acquisitions	**787**	466
Deposits for mortgages	**851**	2,296
Total prepaid expenses and deposits	**$ 5,043**	$ 4,081

8. Investments

Investments consist of the following:

As at (000's)	Ownership Position	Preferred Return	Profit After Payment of Preferred Return	March 31, 2007	December 31, 2006
Limited Partnership					
Centennial Plaza Limited Partnership	**10%**	**10%**	**20%**	**$ 545**	$ 562
Commercial Trusts and Trust Subsidiaries					
Northwest Plaza Commercial Trust	**10%**	**-**	**-**	**260**	260
MDO Limited Partnerships[(1)]	**20%**	**10%**	**30%**	**522**	528
Village Shopping Centre Limited Partnership	**19.2%**	**8%**	**50%**	**1,743**	1,786
Trois Rivieres Limited Partnership[(1)]	**15%**	**10%**	**30%**	**321**	308
				2,846	2,882
				3,391	3,444
Other Investments					
Bonds – substituted for mortgage security	**100%**	**3.45%**	**-**	**5,638**	5,714
Total investments				**$ 9,029**	$ 9,158

(1) The Company's ownership position in MDO Limited Partnership and Trois Rivieres Limited Partnership is from it's 100% ownership in Plaza MDO Commercial Trust.

The Company has provided an unlimited indemnity related to certain matters, principally environmental, in relation to a mortgage granted to Centennial Plaza Limited Partnership.

The Company has provided a construction completion guarantee for the Village Shopping Centre Limited Partnership.

Bonds are made up of three Government of Canada Bonds totaling $5,555 thousand maturing June 1, 2007, December 1, 2007 and June 1, 2008 with yields of 4.06%, 4.04% and 4.03% respectively. The balance of $83 thousand is made up of restricted cash that is utilized for monthly mortgage payments. The bonds have been pledged as substituted security on a mortgage.

9. Deficits of Subsidiaries

Deficit of subsidiaries (non controlling interest in net assets) consist of the following:

As at (000's)	March 31, 2007	December 31, 2006
Exhibition Plaza Inc.	**$ 101**	$ 38
Granville Street Properties Limited Partnership	**365**	368
Wildan Properties Limited Partnership	**637**	638
Total deficits of subsidiaries	**$ 1,103**	$ 1,044

For the three months ended March 31, 2007 the excess of draws for Spring Park Plaza Inc. exceeded underlying contractual guarantees by $5 thousand and this amount was charged to consolidated net income (14 months December 31, 2006 - $26 thousand).

10. Mortgages Payable

As at (000's)	Average Rate	Maturity Dates	March 31, 2007	December 31, 2006
Fixed rate loans	**6.36%**	**Up to Apr 2020**	**$ 137,141**	$ 126,467
Other fixed rate loans	**9.65%**	**Dec 2009**	**5,964**	6,034
Variable rate loans – regular long term mortgage	**Prime plus 3/4%**	**Oct 2007**	**970**	980
Total long-term mortgages			**144,075**	133,481
Variable rate loans - development lines of credit	**Prime plus 5/8%**	**Apr 2008 and Jul 2008**	**10,701**	16,463
Gross mortgage payable			**154,776**	149,944
Less: unamortized deferred finance charges			**(2,685)**	-
Net mortgages payable			**$ 152,091**	$ 149,944

To assist in development activities the Company has two acquisition and development facilities with Canadian Chartered banks totaling $50.0 million, $35.0 million and $15.0 million respectively to fund acquisition and development projects with a limit of $5.0 million and $6.0 million respectively per asset funded. The interest rate on funds drawn is prime plus 5/8% and 1/2%. Standby fees are charged on the unused portion of available funding. Funding is secured by first mortgage charges on properties funded under the facility from time to time. The lines of credit mature on April 23, 2008 and July 31, 2008 respectively.

All long term mortgages are secured by charges against specific assets.

For details on annual principal repayments, see consolidated financial statement note 18b.

The unamortized deferred finance charge amount is made up of fees and costs incurred to obtain the mortgage financing less the accumulated amortization amount. See change in accounting policy, interim consolidated financial statements note 2b. Included with financing costs is $133 thousand (for the 14 months ended December 31, 2006 - $713 thousand) of amortization expense relating to deferred finance charges utilizing the effective interest cost basis for amortization.

11. Mortgage Bonds Payable

Mortgage bonds payable of $17.5 million are secured by the following properties:

As at (000's)	March 31, 2007			December 31, 2006
	Series II	Series III	Total	
Tri County, Starrs Road Plaza, Yarmouth, NS, 1st Mortgage	**$ -**	**$ 2,450**	**$ 2,450**	$ 2,500
Miramichi Power Center-Phase 2, Miramichi, NB, 2nd Mortgage	**538**	**-**	**538**	487
Kenmount Road Plaza, St John's, NL, 2nd Mortgage	**1,457**	**-**	**1,457**	2,900
Grand Falls Mall, Grand Falls, NB, 2nd Mortgage	**-**	**4,661**	**4,661**	4,661
LeMarchant Road Plaza, St. John's, NL, 1st Mortgage	**2,020**	**-**	**2,020**	1,449
KGH Plaza, Miramichi, NB, 2nd Mortgage	**558**	**-**	**558**	1,444
Victoria Street Plaza, Edmundston, NB, 1st Mortgage	**-**	**389**	**389**	-
Scott Street Plaza, St. Catherines, ON, 2nd Mortgage	**1,044**	**-**	**1044**	-
Main & Western Plaza, Sussex, NB, 1st Mortgage	**265**	**-**	**265**	-
North Sydney Plaza, North Sydney, NS, 1st Mortgage	**695**	**-**	**695**	-
Robie Street Truro Plaza, Truro, NS, 1st Mortgage	**934**	**-**	**934**	-
Main & Victoria, Shediac, NB, 1st Mortgage	**505**	**-**	**505**	-
Commercial Street-Phase2, New Minas, NS, 1st Mortgage	**309**	**-**	**309**	-
201 Main Street, Sussex, NB, 1st Mortgage	**1,675**	**-**	**1,675**	-
Mortgages redeployed during 2007			**-**	4,059
Gross mortgage bonds outstanding	**$ 10,000**	**$ 7,500**	**17,500**	17,500
Less: unamortized deferred finance charges			**(123)**	-
Net mortgage bonds outstanding			**$ 17,377**	$ 17,500

Series II and Series III mortgage bonds pay interest at 8.5% and 8% per annum. Series II mature March 31, 2010 and Series III mature between May 26, 2011 and July 15, 2011.

The mortgage bonds have been secured by a first or second charges against the properties.

The Company may redeem up to one-half of the bonds on the third and fourth anniversaries of the initial closing date of the bonds at a price equal to the principal amount.

The unamortized deferred finance charge amount is made up of fees and costs incurred to obtain the mortgage bond financing less the accumulated amortization amount. See change in accounting policies, interim consolidated financial statements note 2b.

12. Debentures Payable and Equity Portion of Convertible Debt

Debentures payable consist of the following:

As at (000's)			**March 31, 2007**		December 31, 2006	
Debentures	**Maturity Date**	**Interest Rate**	**Debt Component Outstanding**	**Value of Option to Convert**	Debt Component Outstanding	Value of Option to Convert
Convertible						
Series II	October 31, 2008	9.5%	**$ 263**	**$ 12**	$ 433	$ 19
Series III	April 30, 2009	8.5%	**4,809**	**220**	6,086	279
Series IV	July 31, 2011	7.0%	**4,875**	**158**	4,865	158
Total convertible debentures			**9,947**	**390**	11,384	456
Non convertible subordinate debentures	July 31, 2010	8.0%	**5,159**	**-**	5,159	-
Gross debentures			**15,106**	**390**	16,543	456
Less: unamortized deferred finance charges			**(136)**	**-**	-	-
Net debentures			**$ 14,970**	**$ 390**	$ 16,543	$ 456

Convertible and non convertible debentures are unsecured.

Convertible debenture terms are as follows:

	Series II	**Series III**	**Series IV**
Conversion price	$1.20	$1.60	$4.00
Company's first redemption date	November 1, 2006	May 1, 2007	August 1, 2009
First maturity date	October 31, 2008	April 30, 2009	July 31, 2011
Face value outstanding, March 31, 2007 (000's)	$266	$4,895	$5,000

Convertible debentures can be converted by the shareholder in whole or in part in denominations of $1,000 into common shares of the Company at the conversion price, at any time up to the maturity date.

Convertible debentures may only be redeemed by the Company during the year immediately following the first redemption date 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. After one year from the Company's first redemption date the debentures are redeemable at any time. At the Company's option the principal may be redeemed by the issuance of common shares. The number of common shares issued shall be priced at 95% of the then current market price.

During three month period, holders of $1.5 million (for the 14 months ended December 31, 2006 - $6.6 million) of convertible debentures at face value exercised their option to convert to common shares. Of these amounts $66 thousand (for the 14 months ended December 31, 2006 - $288 thousand) was recorded as a reduction to the original equity component and $1.5 million (for the 14 months ended December 31, 2006 - $6.5 million) was recorded as a reduction to the debt component; this ratio is consistent with the original equity and debt ratio. A total of 1.0 million (for the 14 months ended December 31, 2006 – 5.0 million) common shares were issued on these conversions.

The unamortized deferred finance charge amount is made up of fees and costs incurred to obtain the debenture financing less the accumulated amortization amount. See change in accounting policies, interim consolidated financial statements note 2b.

13. Notes Payable

Notes payable consists of the following:

As at (000's)	**Maturity Date**	**Interest Rate**	**March 31, 2007**	December 31, 2006
Interest bearing notes:				
Les Immeubles Plaza Z Corp and related entities controlled by Michael Zakuta, President, CEO and Director of the Company	(1)	Prime plus 1%	**$ 756**	$ 2,289
Non-interest bearing notes:				
Various companies owned (directly and indirectly), controlled or significantly influenced by Michael Zakuta, President, CEO and Director of the Company	(1)	n/a	**180**	286
Unrelated parties and non-controlling interests	(1)	n/a	**558**	1,029
Total notes payable			**$ 1,494**	$ 3,604

1) Notes payables are due on sale or refinancing of the property funded through the note.

For the three months ended March 31, 2007 the Company expensed $25 thousand (for the 14 months ended December 31, 2006 - $89 thousand) in related party interest.

14. Bank Indebtedness

The Company has a $4.8 million operating line of credit facility with a Canadian chartered bank at the rate of prime plus ¾%, maturing November 30, 2007. $500 thousand of this operating line of credit is reserved for letters-of-credit. This operating line of credit is secured by mortgage charges on Plaza Hotel de Ville and Plaza Theriault in Rivieres-du-Loups, Quebec and the Staples Building in Saint John, New Brunswick.

15. Income Taxes

As a mutual fund corporation, the Company is entitled to a refund of income taxes paid in respect of realized qualifying capital gains upon payment of sufficient dividends to affect a refund. The Company has earned $690 thousand in refundable capital gains tax of which $33 thousand has been triggered for a refund from the payment of a capital gains dividend. The difference of $809 thousand (December 31, 2006 - $152 thousand) has been recognized as a refundable capital gains tax that will be receivable after payment of $3.9 million in qualifying capital gains dividends.

As at December 31, 2006, the Company and its consolidated subsidiaries had income tax loss carry-forwards in the amount of $14.8 million, expiring as follows:

(000's) Year	Consolidated Subsidiaries	Plazacorp Retail Properties Ltd.	Total
2007	$ 17	$ 721	**$ 738**
2008	87	303	**390**
2009	299	-	**299**
2013	11	1,607	**1,618**
2014	302	-	**302**
2015	75	-	**75**
2025	272	-	**272**
2026	5,744	5,328	**11,072**
Total	$ 6,807	$ 7,959	**$ 14,766**

The income tax benefit of these losses has been recognized in the financial statements by reducing the future income tax liability arising from the difference between the tax and book values of income producing properties and other assets.

16. 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*

For the Periods Ended	March 31, 2007		December 31, 2006	
(000's)	Shares	Amounts	Shares	Amounts
Common shares outstanding, beginning of the period	**42,087**	**$ 30,292**	36,684	$ 22,679
Issuance of common shares:				
Shares issued through exercise of stock options	**156**	**277**	270	476
Shares issued through dividend re-investment plan	**41**	**175**	178	474
Shares issued through debt conversion				
- face value debentures	**966**	**1,487**	4,955	6,642
- accumulated interest accretion net of finance charges	**-**	**32**	-	21
Common shares outstanding, end of the period	**43,250**	**$ 32,263**	42,087	$ 30,292

Pursuant to the Company's Dividend Re-Investment Plan, during the 3 month period ended March 31, 2007, shareholders were issued 41 thousand shares at a weighted average price of $4.27 per share (for the 14 months ended December 31, 2006 – 178 thousand shares at a weighted average of $2.67 per share).

c) Earnings per Share

Basic earnings per share are calculated based on the weighted average number of shares outstanding for the period. Diluted earnings per share consider the potential exercise of outstanding stock options, as well as the potential conversion of convertible debentures that have a negative impact to earnings per share. Stock options or convertible debentures that do not reduce earnings per share are anti-dilutive, and are excluded from the dilution per share calculation. As at March 31, 2007 all convertible debentures are dilutive (December 31, 2006 $15.6 million in debentures which equates to 5.5 million shares were antidilutive).

A reconciliation between the weighted average number of shares used to calculate basic and diluted earnings per share is as follows:

For the Three Months Ended (000's)	**March 31, 2007**	April 30, 2006
Weighted average number of shares	**42,766**	39,703
Effect of dilutive stock options	**755**	441
Effect of dilutive convertible debentures	**4,531**	-
Weighted average number of diluted shares	**48,052**	40,144
Net income (loss)	**$ 3,064**	$ (58)
Diluted net income (loss)	**$ 3,190**	$ (58)

17. Stock Options / Contributed Surplus

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.

During 2005 the Company granted options for 1,615 thousand shares to both directors (255 thousand shares) and employees (1,360 thousand shares) and are detailed herein as Series III options. Series III options vest equally in February 2006, 2007, and 2008. During 2006 the Company granted options for 100 thousand shares to employees and are detailed herein as Series IV Options. Series IV options vest equally in April 2007, 2008, and 2009.

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

	Directors Options		**Employees Options**	
For the Periods Ended (000's)	**March 31, 2007**	December 31, 2006	**March 31, 2007**	December 31, 2006
Options outstanding, start of the period	**145**	255	**1,306**	1,391
Options granted	**-**	-	**-**	100
Options expired	**-**	-	**-**	(25)
Options exercised	**(25)**	(110)	**(131)**	(160)
Options outstanding, end of the period	**120**	145	**1,175**	1,306
Outstanding options that are exercisable	**60**	25	**622**	299

Details of options outstanding are as follows:

(000's) - Except exercise price	**Exercise Price**	**Options Outstanding**	**Expiry Date**	**Options Exercisable**
Series III	$1.72	1,175	February 2, 2010	612
Series III	$1.85	20	April 14, 2010	10
Series IV	$2.75	100	April 11, 2011	-

The Company recorded $10 thousand in compensation expense related to stock options for the three month period ended March 31, 2007 (for the 14 months ended December 31, 2006 - $40 thousand).

The amount of compensation expensed for Series III options not exercised at the end of the period is $42 thousand (December 31, 2006 - $43 thousand). The amount of compensation expensed from Series IV options not exercised at the end of the period is $10 thousand (December 31, 2006 – $8 thousand). The cumulative amount of $52 thousand (December 31, 2006 - $51 thousand) is accounted for as Contributed Surplus.

The weighted average fair value of all options vesting during the period was determined on the grant date using the Black-Scholes model with the following assumptions at the grant date:

	Series III	Series IV
Expected life of options	5 years	5 years
Volatility	16%	17%
Risk free rate of return	3.58%	4.34%
Dividend rate	6.10%	4.55%

The weighted average grant date fair value of option issued during the three month period ended March 31, 2007 is nil thousand (14 months ended December 31, 2006 - $26 thousand).

18. Related Party Transactions

Plaza Atlantic Limited (the "Property Manager"), a private Corporation controlled by some of the Company's directors, namely Earl Brewer and Michael Zakuta are 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. These fees charged by Plaza Atlantic Limited are part of the normal course of business operations.

The basis of fee payment under the management agreement is as follows:

Property Management	4% of gross rents paid. (November 1, 2005 to December 31, 2006) 5% of gross rents paid. (November 1, 2004 to October 31, 2005)
Leasing	4% of rental revenue per year for first five years of a lease term. 2% of rental revenue per year for year's six to ten of a lease term. Leasing fees for renewal are at 50% of the above.
Development	4% of costs of construction on development projects. 10% of tenant improvement costs on non-development projects.
Financing	¾ % of loan amount where no outside broker is involved. ¼ % of loan amount where an outside broker is involved.
Acquisitions	2% of the purchase price of assets or capitalized value of third party land leases.
Dispositions	1 ½ % of the gross proceeds on disposition of assets.
Legal Services	Cost recovery basis, currently $142 per hour.

For properties that are consolidated, the consolidated fees charged by the Property Manager are as follows:

(000's) **For the Three Months Ended** **Fee Category**	**Included for Reporting Purposes In**	**March 31, 2007**	April 30, 2006
Management fees	Property operating expenses	**$ 322**	$ 261
Leasing fees	Tenant acquisition costs and property operating expense	**394**	466
Development fees	Income producing properties	**100**	129
Financing fees	Deferred charges and income producing properties	**65**	225
Acquisition fees	Income producing properties	**30**	97
Disposition fees	Gain on disposal of income producing properties	**102**	94
Legal services	Varies depending on nature of service	**90**	120
Total fees billed by the Property Manager		**$ 1,103**	$ 1,392

For properties that are consolidated, the consolidated fees owing to the Property Manager are as follows:

As at (000's)	**March 31, 2007**	December 31, 2006
Included with accounts payable and accrued liabilities	**$ 247**	$ 1,304

The Directors own directly or indirectly the following mortgage bonds and debentures of the Company:

As at (000's)	**March 31, 2007**	December 31, 2006
Richard Hamm, Director	**$ 325**	$ 325
Michael Zakuta, Director	**1,200**	1,200
Edouard Babineau, Director	**600**	600
Earl Brewer, Director	**438**	658
Stephen Johnson, Director	**1,120**	1,275
Barbara Trenholm, Director	**264**	264
Total related party mortgage bonds and debentures held	**$ 3,947**	$ 4,322

For the three months ended March 31, 2007, $275 thousand of Series III debentures were converted by Directors of the Company, or companies owned and controlled by Directors. During the period the following conversions took place; Earl Brewer ($120 thousand), and Stephen Johnson ($155 thousand) resulting in the issuance of 172 thousand shares.

TC Land LP, a wholly owned subsidiary of TC Land REIT, an entity controlled by Michael Zakuta and Earl Brewer purchased land in the amount of $2.3 million. The Company has entered into a ground leases with TC Land LP, and are now the lessee under the leases at an annual rent of $488 thousand.

Two directors directly or beneficially through companies they control share interests in common with the Company having a 25% interest in the Gateway Mall, Sussex, NB property being Earl Brewer (25%) and Michael Zakuta (21.5%). There are no loans outstanding or fees charged by the related parties as a result of the joint ownership.

19. Contingencies, Commitments, Guarantees, Indemnities and Litigation

a) Contingencies

The Company's bankers have issued letters-of-credit in support of the Company's obligations under certain long-term mortgages. The facility is secured by Personal Property Security Act (PPSA) charges in each province and matures September 2007. The facility, under which the letters-of-credit are issued, requires that the Company maintain certain financial ratios to comply with the facility. As at March 31, 2007, $500 thousand (December 31, 2006 - $500 thousand) of such letters-of-credit were issued and outstanding and the Company was in compliance with the terms of the credit facility.

b) Commitments

The Company's estimated commitments in respect of certain projects under development and other long-term obligations are:

(000's)	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**After 5 Years**	**Total**
Mortgages	$ 14,252	$ 10,575	$ 10,521	$ 5,520	$ 10,170	$ 103,738	**$ 154,776**
Bonds and debentures – face value	-	266	4,895	15,159	12,500	-	**32,820**
Operating land leases [(1)]	1,882	1,891	1,935	1,942	1,914	90,340	**99,904**
Development activities	23,246	-	-	-	-	-	**23,246**
Total contractual obligations	**$ 39,380**	**$ 12,732**	**$ 17,351**	**$ 22,621**	**$ 24,584**	**$ 194,078**	**$ 310,746**

(1) Operating land leases expire on dates ranging from 2011 to 2070 with renewal options ranging from 10 to 60 years

c) Guarantees and Indemnities

The Company continues to guarantee certain debt assumed by purchasers in connection with historical dispositions of properties. These guarantees will remain until the debt is modified, refinanced or extinguished. The Company has recourse under these guarantees in the event of default by the purchaser, in which case the Company would have a claim against the underlying property. The estimated amount of the debt subject to such guarantees at March 31, 2007 is $16.2 million (December 31, 2006 – $8.1 million) with an estimated weighted average remaining term of 5.5 years (December 31, 2006 – 5.7 years).

The mortgage on Lansdowne Place contains cross-default provisions with the mortgages of Nashwaaksis Plaza and Spring Park Plaza. The total outstanding under these two loans is $3.5 million (December 31, 2006 - $3.5 million). Plazacorp indemnifies its former co-venturer in respect of the cross-default.

The Company is contingently liable for certain obligations of a co-venturer. 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. As at December 31, 2006 the total exposure on this cross-guarantee is $790 thousand (December 31, 2006 - $799 thousand).

The Company has provided an unlimited indemnity related to certain matters, principally environmental, in relation to a mortgage granted to Centennial Plaza Limited Partnership.

The Company assumed a guarantee for the completion of construction for a $15.8 million development line of credit held by the Village Shopping Centre Limited Partnership.

d) Litigation

Plazacorp is involved in litigation and claims in relation to its income producing properties from time-to-time. In Management's opinion, any liability that may arise from such litigation would not have a significant adverse effect on these financial statements.

20. Risk Management

In the normal course of its business, the Company is exposed to a number of risks that can affect its operating performance. These risks and the action taken to manage them are as follows:

a) Interest Rate Risk

Interest rate risk arises for every 100 basis points increase to interest rates, it would increase interest expense and decrease pre-tax earnings in the annual amount of $1.9 million.

The Company minimizes their exposure to interest risk by staggering the maturities in order to avoid excessive amounts of debt maturing in any one year. Whenever possible the Company also locks into long-term fixed mortgage contracts.

b) Credit Risk

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. The Company mitigates the risk of credit loss by ensuring that its tenant mix is diversified and by limiting its exposure to any one tenant. The Company also initiates thorough credit assessments on all new leasing.

21. Subsequent Events

Between March 31, 2007 and May 22, 2007, the following material activities have taken place:

Financing

The Company issued $3.0 million of $7.5% mortgage bonds, maturing in 2012.

Acquisition

The Company purchased land in Truro and Halifax, NS for future development for a total investment of $4.2 million.

Debentures and Shares

$676 thousand of Series II and III debentures were converted to 428 thousand common shares.

Land Leases

On April 1, 2007 the Company signed a 40 year ground lease with annual lease payments of $222 thousand with TC Land REIT, a related party.

22. Discontinued Operations

On March 7, 2007, the Company sold its 50% interest in Lansdowne Place, Saint John, NB and Staples-Woodlawn, Dartmouth, NS. These two transactions generated gross proceeds of $13.5 million resulting in a gain on disposal of $2.8 million.

The results of operations for these two discontinued properties are as follows:

For the Three Months Ended (000's)	**March 31, 2007**	April 30, 2006
Rental revenues	**$ 449**	$ 594
Operating expenses	**181**	213
Net property operating income	**268**	381
Financing costs	**115**	160
Amortization	**85**	124
Income before income taxes	**68**	97
Income tax expense	**28**	41
Income from discontinued operations	**$ 40**	$ 56

23. Comparative Figures

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

24. Involvement with the Company's Auditors

The Company's auditors have not reviewed these interim consolidated financial statements.