PLAZA

PLAZACORP RETAIL PROPERTIES LTD.

QUARTERLY REPORT

MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2008 AND 2007

DATED: MAY 21, 2008

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PART I

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, 2008 should be read in conjunction with the Company's Interim Consolidated Financial Statements and the notes thereto for the three months ended March 31, 2008, along with the MD&A for the twelve months ended December 31, 2007, including the section on "Risks and Uncertainties", and with the Consolidated Financial Statements and the notes thereto for the twelve months ended December 31, 2007. 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 21, 2008 and Plazacorp assumes no obligation to update or revise them to reflect new events or circumstances, except for forward-looking information disclosed in a prior MD&A which, in light of intervening events, requires further explanation to avoid being misleading.

This MD&A has been reviewed and approved by management of the Company, and 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 interest costs - including those related to discontinued operations.
2. Debt Service Coverage Ratio is defined as the multiple by which EBITDA exceeds the total of interest 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). 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 that the value of real estate investments diminish predictably over time.

Readers are advised that changes in operating factors which impact FFO, with the principal exception of financing costs, directly affect EBITDA.

Property Net Operating Income (NOI) is an industry measure in widespread use. NOI as calculated by Plazacorp may not be comparable to similar titled measures reported by other entities. NOI should not be considered as an alternative to net income or any other operating or liquidity measure provided by GAAP. Plazacorp considers NOI a meaningful additional measure of operating performance of property assets, prior to financing considerations. Its calculation is total property revenue less total property operating costs, including operating ground rents. It is used primarily for performance comparison of assets held over the entire reporting period of the financial statements and this MD&A ("Same Asset NOI").

PART II ANNUAL PERFORMANCE SUMMARY

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.

The following chart details these statistics for the three months ended March 31, 2008 compared to the three months ended March 31, 2007.

Funds From Operations (FFO)	➢ FFO was 5.9¢ per share (5.8¢ diluted) compared to 6.5¢ (6.2¢ diluted) for the three months ended March 31, 2007 a 9.2% decrease. FFO decreased slightly to $2.75 million from $2.77 million for the three months ended March 31, 2007. These results are consistent with management expectation given stable NOI from the same-asset pool and transitioning development assets to income producing status, Principal influences on changes to reported FFO for the three months ended March 31, 2008 compared to the three months ended March 31, 2007 are: FFO was positively influenced by: ➢ $349 thousand in incremental FFO from properties transferred to income producing status in 2007. ➢ $22 thousand through the addition of 3 properties to income producing status in Q1 2008. FFO was negatively influenced by: ➢ $167 thousand of non-recurring lease termination fees recorded in Q1 2007 with none recorded in Q1 2008. ➢ $117 thousand due to sale of properties in Q1 2007. ➢ $76 thousand due to redevelopment at Grand Falls Shopping Centre and Starrs Road Plaza.
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	➢ EBITDA was up $670 thousand representing 11.7% growth over the three months ended March 31, 2007.
Debt Service Ratios	➢ Interest Coverage Ratio was down 0.2 times to 1.8 times and Debt Service Coverage ratio was down 0.1 times to 1.5 times compared to the three months ended March 31, 2007.
Same-Asset Net Property Operating Income	➢ Same-Asset net property operating income for the three months ended March 31, 2008 was down marginally by $13 thousand or 0.3% over the three months ended ending March 31, 2007, primarily the result of severe winter conditions compared to the prior year.
Weighted Average Cost of Debt	➢ The period end weighted average effective cost of mortgage debt dropped 23 basis points from 6.65% to 6.42% compared to March 31, 2007, resulting from favorable terms on new mortgage financings.
Occupancy Levels	➢ Occupancy increased to 96.8% from 96.5% compared to March 31, 2007 and is down 0.1% from December 31, 2007. Overall the portfolio is stable.

PROPERTY AND CORPORATE PERFORMANCE 2008 AND 2007

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

➢ ***KEY PERFORMANCE INDICATOR***

Plazacorp's summary of FFO for the three months ended March 31, 2008, compared to the three months ended March 31, 2007, including the results of discontinued operations, are presented below:

(000's – except per share amounts) **For the Periods Ended**	**3 Months Ended March 31, 2008**	3 Months Ended March 31, 2007
Total revenues	**$ 11,443**	$ 9,734
Basic earnings per share	**$ 0.004**	$ 0.072
Diluted earnings per share	**$ 0.004**	$ 0.066
Net income and comprehensive income	**$ 200**	$ 3,064
Gain on disposals of income producing properties and sale of surplus lands	**-**	(2,786)
Income tax expense	**129**	259
Income tax expense included in income from discontinued operations	**-**	28
Amortization	**2,395**	2,095
Amortization included in income from discontinued operations	**-**	85
Non-controlling interests	**101**	80
Interest costs	**3,555**	2,769
Interest costs included in income from discontinued operations	**-**	115
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**6,380**	5,709
Less:		
Interest costs	**(3,555)**	(2,884)
Current income tax (expense) recovery	**(15)**	2
Non-cash debenture interest	**10**	21
Non-controlling interest adjustment to FFO	**(200)**	(201)
Equity accounting adjustment to FFO	**131**	135
Corporate amortization	**(6)**	(8)
Basic FFO	**2,745**	2,774
Interest on dilutive convertible debentures before income tax	**21**	109
Diluted FFO	**$ 2,766**	$ 2,883
Basic Weighted Average Shares Outstanding	**46,312**	42,766
Basic FFO per share	**$ 0.059**	$ 0.065
Diluted FFO per share	**$ 0.058**	$ 0.062

➢ ***KEY PERFORMANCE INDICATOR***

Earnings before interest, taxes, depreciation and amortization (EBITDA)	**$ 6,380**	$ 5,709
Interest costs – including financing costs in discontinued operations	**$ 3,555**	$ 2,884
Periodic mortgage principal repayments	**727**	692
Total debt service	**$ 4,282**	$ 3,576
Debt coverage ratios		
Interest coverage ratio	**1.8 times**	2.0 times
Debt service coverage ratio	**1.5 times**	1.6 times

See also supplemental disclosure – Funds From Operations (FFO) – Page 24 of this MD&A

The three months ended March 31, 2008 was an active time for Plazacorp with the Company making $12.6 million of property investments, including $12.1 million invested in new developments. Three properties became income producing during the period.

The Company is continuing a significant development and redevelopment program which is adding high quality assets to the portfolio. As at March 31, 2008 there were ten properties under development and three land assemblies in progress, which upon completion, should contribute positively to income and FFO growth.

Funds from Operation decreased marginally to $2.75 million (5.9¢ per share) for the three months ended March 31, 2008 from $2.77 million (6.5¢ per share), a $30 thousand decrease, for the three months ended March 31, 2007 with interest cost offsetting growth in EBITDA during the transition of assets to income producing status.

EBITDA grew $670 thousand or 11.7% over the period ending March 31, 2007. This growth primarily resulted from the addition of new properties through development. EBITDA growth is consistent with expectations and indicative of the Company's continued ability to service its debt.

The Debt service ratios derived from EBITDA are within acceptable ranges. These ratios exceed the requirements under our borrowing arrangements.

TRANSACTIONS

The following table includes properties that were developed or acquired subsequent to January 1, 2007 and became income producing properties as noted. Same-asset categorization refers to those properties which were owned and operated by Plazacorp for the entire three months ended March 31, 2008 and the entire twelve months ended December 31, 2007 and excludes partial year results from assets included in the 2008 and 2007 transaction categories below and properties under significant redevelopment during 2008 and 2007.

2008 Transactions **Property**	**Property Type**	**Square Footage**	**Ownership**	**Income Producing During**
Victoria Street Plaza, Edmundston, NB	Strip Plaza	12,015	100%	Q1 08
St. Joseph Boulevard, Orleans, ON	Single Use	16,799	50%	Q1 08
Civic Centre Road, Petawawa, ON	Single Use	17,036	50%	Q1 08

2007 Transactions **Property**	**Property Type**	**Square Footage**	**Ownership**	**Income Producing During**
Plaza BDP, Deux Montagnes, QC	Single Use	16,940	37.5%	Q2 07
CPDRL, Riviere-du-Loup, QC	Single Use	41,568	50%	Q3 07
Boulevard Hebert Plaza, Edmundston, NB	Strip Plaza	26,689	100%	Q1 07
Main and Victoria, Shediac, NB	Single Use	10,287	100%	Q3 07
Kings Road Plaza, Sydney River, NS	Single Use	16,847	100%	Q1 07
Central Avenue Plaza, Greenwood, NS	Single Use	16,989	100%	Q1 07
Scott Street Plaza, St. Catharines, ON	Strip Plaza	21,532	50%	Q3 07
Kenmount Road Plaza, St. John's, NL	Strip Plaza	21,404	100%	Q2 07
Main & Western Street Plaza, Sussex, NB	Strip Plaza	14,300	100%	Q4 07
KGH Plaza, Miramichi, NB	Strip Plaza	16,845	100%	Q4 07
Joseph Howe Drive Plaza, Halifax, NS	Strip Plaza	25,519	100%	Q4 07
North Sydney Plaza, North Sydney, NS	Strip Plaza	20,807	100%	Q4 07
Plaza Jean XXIII, Trois-Rivières, QC	Single Use	16,721	50%	Q4 07
201 Main Street, Sussex, NB	Single Use	16,915	100%	Q4 07
Robie Street Truro Plaza, Truro, NS	Strip Plaza	21,890	100%	Q4 07
LeMarchant Road Plaza, St. John's, NL	Strip Plaza	18,309	100%	Q4 07

Properties under Development March 31, 2008

The following properties are under active development or active planning and are anticipated to become income producing at various points over the next two years as follows:

Property	Property Type	Square Footage	Ownership	Income Producing During
Plaza BBRF, Sherbrooke, QC	Strip Plaza	21,000	50%	Q3 08
Bedford Commons, Bedford, NS	Strip Plaza	70,000	100%	Q1 09
Port Hope Plaza, Port Hope, ON	Single Use	22,600	50%	Q3 08
641 King Street, Ganonoque, ON	Single Use	17,000	50%	Q2 08
Airport Blvd. Plaza, Gander, NL	Single Use	18,084	100%	Q2 08
Dufferin & Wilson (Perth), Perth, ON	Single Use	17,036	50%	Q4 08
Main & Sackville, Shediac, NB	Strip Plaza	24,536	100%	Q4 08
Fairville Boulevard, Saint John, NB	Single Use	47,000	100%	Q3 08
Commercial Street Plaza - Phase 2, New Minas, NS	In Planning	-	100%	Q1 09
90 Blvd. Tache Ouest, Montmagny, QC	In Planning	-	50%	Q1 09

- ***KEY PERFORMANCE INDICATOR***

SAME-ASSET NET PROPERTY OPERATING INCOME

(000's) **For the Periods Ended**	**3 Months Ended March 31, 2008**	3 Months Ended March 31, 2007
Same-asset rental revenue	**$ 8,541**	$ 8,419
Transaction rental revenue	**2,630**	1,056
Total rental revenue	**11,171**	9,475
Same-asset operating expenses	**2,059**	1,945
Transaction operating expenses	**660**	304
Total operating expenses	**2,719**	2,249
Same-asset realty tax expense	**1,546**	1,525
Transaction realty tax expense	**450**	160
Total realty tax expense	**1,996**	1,685
Total operating expenses	**4,715**	3,934
Same-asset net property operating income	**4,936**	4,949
Transaction net property operating income	**1,520**	592
Total net property operating income	**$ 6,456**	$ 5,541
Net property operating margin	**57.8%**	58.5%
Change in same-asset net property operating income	**(0.3%)**	
Net property operating income excluding land rent	**$ 6,972**	$ 5,942
Net property operating margin excluding land rent	**62.4 %**	62.7%

The majority of the increase in total rental revenue was attributable to new acquisitions, developments and re-developments, transferred to income producing status during 2008 and 2007 as noted in the prior chart on transactions.

There were no significant operational issues beyond severe winter conditions within the same-asset pool for the three months ending March 31, 2008. Three properties were transferred to Income Producing Property status during the period. Same asset net property operating income is down $13 thousand or 0.3% compared to the three months ended March 31, 2007. Same asset growth in the period was driven by minor occupancy improvement and contractual rent improvements and an increase in operating costs, primarily due to unfavorable winter conditions. Same-asset net property operating income was up marginally by $34 thousand when the impact of straight-line rent and above and below market rent amortization is excluded (see page 24 of the MD&A).

GAAP requires that contractual rental revenue reported be recorded on a straight-line over the term of the respective leases. As a result, growth in same-asset property operating income is derived primarily from changes in occupancy, cost containment and contractual rental increases on lease renewal.

Significant portions of the Company's leases (57.4%) 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 changes to these costs do not significantly impact net property operating income.

Due to the Company's use of land leases, operating margins excluding ground rent are more representative of industry norms and compare favorably with other public real estate entities specializing in retail shopping plazas. Net property operating margins are currently 57.8% (three months ended March 31, 2007 – 58.5%). These margins increase to 62.4% (three months ended March 31, 2007 – 62.7%) once the effect of land rent is excluded.

INVESTMENT INCOME

Investment income is made up of interest income ($73 thousand), income reported on a cost basis from Northwest Plaza ($5 thousand) and the income reported on equity accounting basis for Centennial Plaza, Marche De L'Ouest, Place Du Marche, Plaza des Recollets and the Village Shopping Centre ($194 million). This is below expectations due to vacancies at Place Du Marche and the timing of lease-up at the Village Shopping Centre.

GAIN ON DISPOSAL OF INCOME PRODUCING PROPERTIES AND SURPLUS LAND

There were no disposals during the three months ended March 31, 2008. For 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.

AMORTIZATION

Increases in amortization are primarily due to transfers to income producing status of properties under development in 2007 and 2008, offset by the sale of two income producing properties in March 2007.

(000's) **For the Periods Ended**	**3 Months Ended March 31, 2008**	3 Months Ended March 31, 2007
Same-asset amortization	**$ 1,627**	$ 1,536
Transactions	**768**	559
Total amortization	**$ 2,395**	$ 2,095

CAPITAL TAXES

The Company records capital taxes at the statutory rates on the net equity base of the Company after exemptions. For the three months ended March 31, 2008 the Company and its subsidiaries recorded $71 thousand in capital taxes compared to $116 thousand for the three months ended March 31, 2007. Several governments have announced the repeal or phase-out of capital taxes over the next several years favorably impacting capital taxes likely to be incurred.

INCOME TAX EXPENSE (CONTINUING OPERATIONS)

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 18 of the March 31, 2008 Interim Consolidated Financial Statements for a complete explanation of taxation balances.

(000's) For the Periods Ended	**3 Months Ended March 31, 2008**	3 Months Ended March 31, 2007
Current income taxes	**$ 15**	$ (2)
Future income taxes	**114**	261
Total income taxes	**$ 129**	$ 259

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 will be 17.5¢ per share for 2008 compared to 15.0¢ per share for 2007. Our efforts have produced a tenant profile across the portfolio which contributes to cash flow stability. Performance to date has demonstrated the strength of current strategies and operating capabilities and, barring unforeseen events management is confident of delivering solid performance in 2008, as well as a significant growth to the size of the portfolio.

Year	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**
Dividend per share	17.5¢	15.0¢	12.5¢	10.5¢	9.0¢	8.0¢
Percentage increase	16.7%	20.0%	19.0%	16.7%	12.5%	-

Plazacorp has built a portfolio with a high quality revenue stream. To date our leasing activities have produced a portfolio with the following broad credit classifications. Plazacorp's ten largest tenants based upon current monthly gross rents as at March 31, 2008 represent approximately 46.5% of total revenues in place.

		% of Gross Revenue			**% of Gross Revenue**
1.	Shoppers Drug Mart	22.4	6.	Bulk Barn	2.2
2.	Dollarama	5.7	7.	Reitmans	2.1
3.	Marks Work Wearhouse	3.9	8.	Michaels	1.7
4.	Staples	3.4	9.	Empire Theatres	1.4
5.	Sobeys	2.4	10.	Winners	1.3

The following mix of National, Regional, Local and Non-retail tenancy 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, 2008**	March 31, 2007
National	**86.0%**	83.5%
Regional	**5.6%**	6.4%
Local	**7.4%**	8.9%
Non-Retail	**1.0%**	1.2%

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 redevelops retail real estate throughout Atlantic Canada, Quebec and Ontario. The Company's portfolio as at March 31, 2008 includes interests in 90 properties totaling over 4.1 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. For 2008, and during 2007, Plazacorp's growth was primarily created through the development of new real estate assets. The Company has $32.9 million committed to new development for 2008 and 2009.

BUSINESS ENVIRONMENT

Leasing and investment markets were healthy in 2007 and 2008. Retail occupancies and rents have remained stable due to the strength of consumer spending. We witnessed moderate inflation in 2007. The predominance of single use and strip plazas offers significant protection from energy cost inflation which is anticipated in 2008. Low financing costs in comparison to long-term trends permitted Plazacorp to place its debt at favourable rates and terms. A 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. The current credit market volatility has increased lending spreads, reduced loan-to-value ratios and reduced loan repayment periods. This is against a backdrop of lower benchmark government bond yields, making overall mortgage interest rates attractive to continuing development. Within 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 completion of development.
In order to remain successful, the Company must:

- maintain access to cost effective sources of debt and equity capital to finance the acquisition of new developments;
- 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;
- redevelopment 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-08	Major Tenants
Strip Plazas					
Plaza Hotel de Ville	Rivière-du-Loup, QC	20,185	100%	92%	Bouclair, Yellow
Plaza Boulevard Royal	Shawinigan, QC	130,095	100%	100%	Rossy, l'Aubainerie
Les Promenades St. Francois	Laval, QC	54,738	100%	100%	Jean Coutu, Dollarama
Plaza Theriault	Rivière-du-Loup, QC	25,780	100%	100%	National Bank, Reitmans
Terrace Dufferin	Valleyfield, QC	17,567	50%	91%	Videotron, Mike's
Carrefour des Seigneurs	Terrebonne, QC	33,900	25%	100%	Jean Coutu
Exhibition Plaza	Saint John, NB	75,280	55%	100%	Empire Cinemas
Nashwaaksis Plaza	Fredericton, NB	57,549	100%	97%	Dollarama
Wedgewood Plaza	Riverview, NB	12,768	100%	100%	Dollarama
FHS Plaza	Fredericton, NB	24,280	100%	100%	Cleve's Sports, Bulk Barn
McAllister Drive Plaza	Saint John, NB	24,921	55%	100%	McDonald’s, Cleve’s
SCA Plaza	Saint John, NB	17,430	55%	100%	Bulk Barn
Empire Plaza	Fredericton, NB	13,743	100%	100%	Dollarama
Connell Road Plaza	Woodstock, NB	19,645	100%	100%	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	22,239	100%	100%	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	40,559	55%	100%	Michael's, Boston Pizza
Champlain Plaza	Dieppe, NB	48,815	100%	100%	Shoppers Drug Mart
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. Peters Avenue Plaza	Bathurst, NB	22,848	100%	89%	Shoppers Drug Mart
Boulevard Hebert Plaza	Edmundston, NB	26,689	100%	100%	Shoppers Drug Mart
Main and Western Street Plaza	Sussex, NB	14,300	100%	100%	Dollarama
KGH Plaza	Miramichi, NB	19,345	100%	100%	Shoppers Drug Mart
Victoria Street Plaza	Edmundston, NB	12,015	100%	43%	Reitmans, CitiFinancial
Staples Plaza	New Glasgow, NS	33,753	100%	93%	Staples
Tacoma Centre	Dartmouth, NS	160,991	100%	94%	Sobeys, Dollarama
Commercial Street Plaza - Phase 1	New Minas, NS	15,342	100%	100%	Swiss Chalet, Penningtons
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, Bulk Barn
201 Chain Lake Drive	Halifax, NS	118,505	50%	100%	McDonalds, Home Outfitters
303 Main Street Plaza	Antigonish, NS	21,484	100%	84%	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	60,072	100%	81%	Empire Theatres, Reitmans
Pleasant Street Plaza	Yarmouth, NS	22,586	100%	100%	Shoppers Drug Mart
Joseph Howe Drive Plaza	Halifax, NS	25,519	100%	92%	Shoppers Drug Mart
North Sydney Plaza	North Sydney, NS	20,807	100%	86%	Shoppers Drug Mart
Robie Street Plaza	Truro, NS	21,890	100%	100%	Shoppers Drug Mart
University Plaza	Charlottetown, PE	62,046	43%	100%	Dollarama, Smitty's
Belvedere Plaza	Charlottetown, PE	77,016	60%	100%	Marks Work Wearhouse
Granville Street Plaza	Summerside, PE	62,362	60%	100%	Dollarama, Pennington’s
Spring Park Plaza	Charlottetown, PE	49,734	85%	100%	Fabricville, Value Village
UAS Plaza	Charlottetown, PE	23,386	100%	100%	Shoppers Drug Mart
15260 Yonge Street	Aurora, ON	14,070	50%	86%	Dollarama
Scott Street Plaza	St. Catharines, ON	21,532	50%	100%	Shoppers Drug Mart
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
Kenmount Road Plaza	St. John’s, NL	21,404	100%	90%	XS Cargo, Montana’s
LeMarchant Road Plaza	St. John’s, NL	18,309	100%	100%	Shoppers Drug Mart

Plazacorp Retail Properties Ltd.

Property	Location	Gross Leasable Area (sq. ft.)	Ownership Interest (%)	Occupied or Committed as at 31-Mar-08	Major Tenants
Sub-total		1,986,188		97.1%	
Enclosed Malls					
Les Galeries Montmagny	Montmagny, QC	137,341	50%	98%	Maxi, Hart, Uniprix
Les Promenades du Cuivre	Rouyn-Noranda, QC	125,735	100%	97%	Hart, Uniprix, Royal Bank
Grand Falls Shopping Centre	Grand Falls, NB	134,972	100%	82%	Staples, Shoppers Drug Mart
Gateway Mall	Sussex, NB	161,652	25%	98%	Sobey's, Canadian Tire
Oromocto Mall	Oromocto, NB	76,691	100%	96%	Shoppers Drug Mart
Sub-total		636,391		94.1%	
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
Plaza BDP	Deux Montagnes, QC	16,940	37.5%	100%	Shoppers Drug Mart
CPRDL	Riviere-du-Loup, QC	41,568	50%	100%	Caisse Populaire
Plaza Jean XXIII	Trois-Rivieres, QC	16,721	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
Main and Victoria	Shediac, NB	10,287	100%	100%	Dollarama
201 Main Street	Sussex, NB	16,915	100%	100%	Shoppers Drug Mart
912 East River Road	New Glasgow, NS	16,912	100%	100%	Shoppers Drug Mart
Kings Road Plaza	Sydney River, NS	16,847	100%	100%	Shoppers Drug Mart
Central Avenue Plaza	Greenwood, NS	16,989	100%	100%	Shoppers Drug Mart
St. Josephs Boulevard	Orleans, ON	16,799	50%	100%	Shoppers Drug Mart
Civic Center Road	Petawawa, ON	17,036	50%	100%	Shoppers Drug Mart
Sub-total		300,729		100.0%	
Income producing properties		2,923,308		96.8%	
Projects Under Development					
Plaza BBRF	Sherbrooke, QC	21,000	50%	100%	Shoppers Drug Mart
Bedford Commons	Bedford, NS	70,000	100%	76%	Bulk Barn, Dollarama
Port Hope Plaza	Port Hope, ON	22,600	50%	100%	Shoppers Drug Mart
641 King Street	Ganonoque, ON	17,000	50%	100%	Shoppers Drug Mart
Airport Blvd. Plaza	Gander, NL	18,084	100%	100%	Shoppers Drug Mart
Dufferin & Wilson (Perth)	Perth, ON	17,036	50%	100%	Shoppers Drug Mart
Main & Sackville	Shediac, NB	24,536	100%	100%	Shoppers Drug Mart
Fairville Blvd.	Saint John, NB	47,000	100%	100%	Sobeys
90 Blvd. Tache Ouest	Montmagny, QC	-	-	-	Under Planning
Commercial Street Plaza-Phase 2	New Minas, NS	-	-	-	Under Planning
Sub-total		237,256		92.8%	
Total Excluding Non-Consolidated Trusts and Partnerships		3,160,564		96.5%	
Non-Consolidated Trusts and Partnerships					
Marche De L'Ouest	Dollard des Ormeaux, QC	125,845	20%	90%	IGA, SAQ
Plaza des Recollets	Trois Rivieres, QC	73,730	15%	100%	Winners/Home Sense
Place Du Marche	Dollard des Ormeaux, QC	35,278	10%	70%	Laurentian Bank, Starbucks
Centennial Plaza	Dollard-des-Ormeaux, QC	151,826	10%	93%	Value Village, Jean Coutu
3550 Sources	Dollard des Ormeaux, QC	8,391	10%	100%	National Bank
Northwest Centre	Moncton, NB	177,239	10%	100%	Zellers, Princess Auto
Village Shopping Centre	St. John's, NL	447,306	19.2%	60%	Hart, Labels, Dollarama
Sub-total		1,019,615		79.3%	
Grand Total		4,180,179		92.3%	

Subsequent to March 31, 2008 the Company acquired one new property to bring total properties as at May 21, 2008 to 91.

PART III

SUMMARY OF ANNUAL INFORMATION

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

($000's except per share amounts)	**12 Months Ended December 31, 2007**	14 Months Ended December 31, 2006	12 Months Ended October 31, 2006	12 Months Ended October 31, 2005
Total revenue	**$ 40,920**	$ 39,213	$ 32,999	$ 28,716
Net income (loss) and comprehensive income	**3,605**	3,019	2,804	(224)
Dividends per share	**15.0¢**	12.5¢	12.5¢	10.5¢
Earnings (loss) per share – basic	**8.2¢**	7.5¢	7.0¢	(0.6¢)
Earnings (loss) per share – diluted	**8.1¢**	7.5¢	6.9¢	(0.6¢)
FFO per share – Basic	**23.6¢**	25.3¢	21.5¢	16.5¢
FFO per share – Diluted	**23.1¢**	24.0¢	20.2¢	15.9¢
Total assets	**269,888**	229,888	219,940	172,444
Total mortgages, bonds, debentures, notes and bank indebtedness	**225,734**	190,550	183,050	141,470
Basic weighted average shares outstanding	**44,109**	40,151	39,872	35,212
Properties under development	**10**	10	12	5
Income producing properties	**77**	64	59	50
Total properties in portfolio	**87**	74	71	55
Rentable Sq Ft.(excluding investment properties and properties under development)				
Strip	**1,963**	2,152	2,069	1,820
Enclosed Malls	**631**	635	627	689
Single Use	**267**	131	113	113
Total	**2,861**	2,918	2,809	2,622
Occupancy % (excluding investment properties and properties under development)				
Strip	**97.4**	97.0	97.0	97.3
Enclosed Malls	**94.0**	95.0	94.5	94.9
Single Use	**100.0**	100.0	100.0	100.0
Total	**96.9**	96.7	96.5	96.8

The summary of yearly results is influenced by significant acquisition, development and re-development activities over the four 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.

Fluctuations in income and assets are also caused by asset dispositions and the related gains or losses. The following gains (losses) on income producing properties and surplus land dispositions, before tax, are included in net income on the above chart: twelve months ended December 31, 2007 - $3,072 thousand; fourteen months ended December 31, 2006 - $3,108 thousand; twelve months ended October 31, 2006 - $3,112 thousand.

SUMMARY OF SELECTED QUARTERLY INFORMATION

May 1, 2006 to March 31, 2008

(000's except per share and other data)	Q1'08	Q4'07	Q3'07	Q2'07	Q1'07	Q5'06 [1]	Q4'06	Q3'06
Total revenue	**$ 11,443**	$ 10,927	$ 10,321	$ 9,937	$ 9,734	$ 6,239	$ 8,678	$ 8,230
Net income (loss) and comprehensive Income	**200**	(330)	704	165	3,064	215	378	1,366
Dividends per share	**4.38¢**	3.75¢	3.75¢	3.75¢	3.75¢	-	3.13¢	3.13¢
Earnings (loss) per share - basic	**0.4¢**	(0.7¢)	1.6¢	0.4¢	7.2¢	0.5¢	0.9¢	3.2¢
Earnings (loss) per share - diluted	**0.4¢**	(0.7¢)	1.6¢	0.4¢	6.6¢	0.5¢	0.9¢	3.2¢
Funds From Operations per share -basic	**5.9¢**	6.0¢	5.7¢	5.4¢	6.5¢	3.8¢	6.2¢	5.0¢
Funds From Operations per share - diluted	**5.8¢**	5.9¢	5.5¢	5.2¢	6.2¢	3.6¢	5.9¢	4.8¢
Total assets	**283,248**	269,888	262,182	248,124	233,029	229,888	219,940	207,627
Total mortgages, bonds, debentures, notes and bank indebtedness	**236,284**	225,734	214,788	197,766	185,932	190,550	183,050	170,418
Basic weighted average shares Outstanding	**46,312**	45,707	44,287	43,640	42,766	41,816	41,557	41,013
Properties under development	**10**	10	16	17	14	10	12	12
Income producing properties	**80**	77	69	66	66	64	59	55
Total properties in portfolio	**90**	87	85	83	80	74	71	67
Rentable Sq Ft.(excluding investment properties and properties under development)								
Strip Plazas	**1,986**	1,963	1,845	1,821	1,801	2,152	2,069	1,998
Enclosed Malls	**636**	631	631	631	638	635	627	622
Single Use	**301**	267	233	181	165	131	113	113
Total	**2,923**	2,861	2,709	2,633	2,604	2,918	2,809	2,733
Occupancy % (excluding investment properties and properties under development)								
Strip Plazas	**97.1**	97.4	97.9	97.5	97.6	97.0	97.0	97.2
Enclosed Malls	**94.1**	94.0	93.0	92.4	92.5	95.0	94.5	95.9
Single Use	**100.0**	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total	**96.8**	96.9	97.0	96.5	96.5	96.7	96.5	97.0

(1) 2 month period November 1, 2006 to December 31, 2006 reported as result to the change in year-end to December 31.

The summary of quarterly information highlights increasing total assets, gross revenues and indebtedness relating to asset additions during a period of solid growth. Occupancy has been very stable which contributes to stability in cash flow.

Seasonal fluctuations primarily relate to winter costs and yearly repair and maintenance activities which typically occur in spring and early summer. Leases tied to CPI cost recovery formula's (57.4%) and anchor tenant leases, may restrict Common Area Cost (CAM) recovery revenue in any given period creating variations in income and cash flow.

Fluctuations in income and assets are also caused by asset dispositions and the related gains or losses. The following gains (losses) on income producing properties and surplus land dispositions are included in net income on the above chart: Quarter 4 - 2007 – ($549) thousand; Quarter 3 - 2007 - $831 thousand; Quarter 2 - 2007 - $3 thousand; Quarter 1 - 2007 - $2,786 thousand; Quarter 3 – 2006 - $1,169 thousand; Quarter 4 – 2006 - $27 thousand.

The change in the year-end and quarters used for comparison may introduce fluctuations, which do not reflect operational changes. These fluctuations are not readily quantifiable. Comparative figures are affected by changes in Generally Accepted

Accounting Principles. The selected information is as reported and has not been restated for subsequent discontinued operations or other accounting policy changes.

PART IV

OPERATING LIQUIDITY AND WORKING CAPITAL

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.

Cash flow from operations is dependent upon occupancy levels of properties owned, rental rates achieved, effective collection of rents, 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, the overall debt level on existing properties is reduced year-over-year. The Company maintains cash flows from properties after debt repayment to ensure sufficient funds are available to pay anticipated dividends. New debt or equity capital raised is directed to continuing development activities, which are discretionary, based on the availability of such capital.

The Company has no exposure to asset backed securities (ABS) typically used for short-term investment of cash balances.

CAPITAL RESOURCES, EQUITY AND DEBT ACTIVITIES

BANK FINANCING

(000's)	**$8.4 Million Operating**	**$35 Million Development**	**$15 Million Development**	**$9.4 Million Development**
Balance December 31, 2007	$3,568	$23,941	$8,406	-
Draw (repayments) net	2,582	(7,849)	(2,029)	-
Balance March 31, 2008	$6,150	$16,092	$6,377	-
Interest rate	Prime + ¾%	Prime + 5/8%	Prime + 1/2%	BA + 175
Maturity	November 30/09	April 23/09	July 31/08	March 31, 2010
Security	First charges on pledged property	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	Debt service, occupancy & equity maintenance covenants
Line reservations available for letters-of-credit	$2.0 million	$1.5 million	$1.5 million	-
Issued and outstanding	$509	$331	$930	-

The Company has an additional $500 thousand letter-of-credit facility maturing September 30, 2008 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, 2008. 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, 2008.

As of May 21, 2008, all debt covenants in respect of the above facilities have been maintained.

Despite recent volatility, the market for obtaining long-term mortgage funding for the Company's properties is adequate with many sources of real estate debt financing available. Management is confident that all short-term financings relating to the bank facilities maturing in 2008 will be renewed or converted to long-term debt upon maturity on reasonable terms and conditions.

DEBENTURES

During the three months ended March 31, 2008, $800 thousand of the Series III convertible debentures were converted to share capital and 500 thousand shares were issued. No new debentures were issued during the period.

The 7% subordinate debentures require the Company to maintain debt service ratios based on EBITDA in excess of a fixed threshold. As of March 31, 2008, the ratio had been maintained.

MORTGAGE BONDS

There were no redemptions of mortgage bonds during 2008. The Company is in compliance with the terms and covenants of various indentures covering mortgage bonds.

SHORT TERM SUBORDINATED NOTES

During the period the Company issued $3.5 million 8% short term subordinated notes with the maturity dates of September 13, 2008 and September 18, 2008.

MORTGAGES

There are $3.7 million long-term mortgages maturing in 2008 and a $5.1 million loan maturing whose retirement is funded by a prior defeasance in 2006. An additional $22.7 million of short-term development debt matures at various times throughout 2008.

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 being financed, at current market rates, in order 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 redevelopment. The Company places new mortgage debt when the debt parameters and repayment terms are most favorable. Fixed rate debt represents 88% 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% - 75% of the appraised market value of the underlying property. The success of this mortgage strategy is dependant upon debt market parameters, and the particular features and quality of the underlying assets being financed, in the period.

From January 1, 2008 to March 31, 2008, the Company funded $16.2 million of mortgage debt with an average rate of 5.74%, a term of 15 years and average amortization of 25 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, 2008.

LAND LEASES

Return on invested cash or equity is one measure Plazacorp uses to evaluate development and strategic acquisitions. The minimum return criterion for Plazacorp to undertake a project is a return on invested cash of 16% after development.

Investing in a project subject to a land lease reduces the cash equity required for an individual project and increases the number of projects which can be undertaken with available capital. This spreads risk and enhances overall shareholder return. In some instances use of a land lease will enhance project feasibility where a project might not be undertaken without use of a land lease. On the downside, long-term land leases tend to have a minor negative impact on project valuation, but in many instances, an option to purchase the land at a future dates can offset this factor.

Currently Plazacorp has 23 long-term land leases with total annual rent of $2.5 million.

➢ ***KEY PERFORMANCE INDICATOR***

At March 31, 2008 and March 31, 2007, the Company's cost of debt was as follows:

As at (000's)	Balance Outstanding	Effective Rates March 31, 2008	Effective Rates March 31, 2007
Fixed rate mortgage loans	**$ 169,892**	**6.42%**	6.65%
Variable rate loans	**1,125**	**Prime + 3/4%**	Prime + 3/4 %
Other fixed rate loans with periodic repayments	**1,428**	**9.07%**	9.77%
Bank operating facility	**6,154**	**Prime + 3/4%**	Prime + 3/4 %
Bank development facilities	**22,469**	**Prime + 5/8%**	Prime + 5/8%

The weighted average effective cost of fixed rate mortgage loans is 6.42% as at March 31, 2008 compared to 6.65% as at March 31, 2007. The change resulted from more favourable rates on mortgages placed in 2008.

The weighted average term to maturity for the long-term mortgages is 7.5 years. The average remaining amortization or repayment period on long-term mortgage debt is 23.9 years.

COMMITMENTS AND CONTINGENT LIABILITIES

The Company is committed for future periods to $32.9 million in respect of acquisitions, developments and redevelopments. Management believes that Plazacorp has sufficient unused bank line availability, and mortgage bond deployment potential, to fund these commitments.

Plazacorp's future contractual commitments, and the estimated timing of these commitments, without adjustment for deferred financing charges deducted under GAAP, are outlined below:

(000's)		Payments Due by Year			
Contractual obligations	**Total**	**Year 1**	**Years 2-3**	**Years 4-5**	**After 5 years**
Mortgages	**$ 194,914**	$ 34,541	$ 12,533	$ 23,306	$ 124,534
Mortgage bonds and debentures	**31,634**	-	23,634	8,000	-
Short term subordinated notes	**3,500**	3,500	-	-	-
Operating land leases	**150,637**	2,517	5,129	5,042	137,949
Development activities	**32,854**	29,454	3,400	-	-
Total contractual obligations	**$ 413,539**	$ 70,012	$ 44,696	$ 36,348	$ 262,483

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

The Company also has contingent liability 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 $15.7 million as at March 31, 2008. This sale did not relieve the Company's obligations as original borrower in respect of these mortgages. See note 25c of the March 31, 2008 Interim 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 $757 thousand. See note 25c of the March 31, 2008 Interim Consolidated Financial Statements.

The Company assumed a guarantee for a $18.9 million development line-of-credit held by the Village Shopping Centre Limited Partnership for the completion of construction. As at March 31, 2008 the remaining budgeted development costs are $2.7 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 the portfolio. At March 31, 2008, The Company held interests in 90 properties spread geographically among six provinces in Canada. See note 24 to the Interim Consolidated Financial Statements.

INTEREST RATE, FINANCING AND REFINANCING 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.

Despite current volatility in debt markets, market conditions remain reasonable for obtaining mortgage financing for both the fixed rate and floating rate facilities. Interest rate spreads over Government of Canada Bonds had been relatively stable until August 2007, but the Company experienced increased lending spreads and tightening of other lending conditions on financings undertaken for the balance of the year and into 2008. The Company's terms for short-term development financing has not been impacted by volatility in the credit markets

At existing financing rates, the Company is able to obtain positive returns from debt financing. The continuing 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. Refinancing debt at maturity with conventional financing is generally limited to 65%-75% of appraised value. Management is confident all maturing debts will be financed or refinanced as they come due for the foreseeable future. Notwithstanding our confidence, the Company has an ongoing requirement to access the debt markets to refinance maturing debt as it comes due. There is a risk that lenders will not refinance such maturing debt on terms and conditions acceptable to the Company 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 heavily weighed to national tenants 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 22.4% of current monthly gross rents in place. The top 10 tenants collectively represent approximately 46.5% 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.

During 2008, Management completed 146 thousand square feet (2007 – 517 thousand square feet) of new leasing deals at market rates. The 146 thousand square feet of new leasing was comprised of 114 thousand square feet on new developments and acquisitions, and 32 thousand square feet on same-asset properties.

Management attempts to stagger the lease expiry profile so that Plazacorp is not faced with a disproportionate amount of square footage of leases 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.

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 not reduced by vacancy. Certain costs such as utilities and janitorial costs and, in certain municipalities realty tax, would not decline with occupancy.

The hypothetical impact to net property operating income of a change in occupancy of 1% would be approximately $463 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 97.1% as at March 31, 2008, compared to 97.6% as at March 31, 2007.
- Average occupancy in the enclosed malls was 94.1% as at March 31, 2008, compared to 92.5% as at March 31, 2007 due primarily to anchor repositioning at the Grand Falls Shopping Centre.
- Occupancy for single use assets remained stable at 100%.
- Pre-leased space in properties under development is 92.8%.
- Overall the portfolio occupancy, excluding non-consolidated trusts and partnerships and properties under development as at March 31, 2008 was 96.8%, up 0.2% from March 31, 2007 and down marginally from December 31, 2007.

These occupancy rates are within management's expectations in view of continuing development in the portfolio and continuing lease-up of properties transferred to income producing status over the last year.

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 manages environmental exposures in a proactive manner during every aspect of the property life cycle including extensive due diligence in respect of environment risk before purchase.

LITIGATION RISK

The Company and its property manager, Plaza Atlantic Limited, are involved in litigation and claims in relation to its income producing properties and other business matters from time to time.

A minority shareholder of Plaza Atlantic Limited has initiated a commercial action against Plaza Atlantic Limited and its two principal beneficial shareholders, Earl Brewer and Michael Zakuta, alleging infringement of its minority shareholder rights under the New Brunswick Business Corporations Act. Certain remedies sought in this action, if granted, could temporarily restrict the ability of Messer's Brewer and Zakuta from acting as officers and directors of Plaza Atlantic Limited pending

judgment of the matter. No date for trial has been set. The management agreement between the Company and Plaza Atlantic Limited automatically renews on April 1, 2009, unless terminated by six-months notice from either party.

Plazacorp is not a named party in the lawsuit. The Company's independent directors are monitoring the action for potential impacts on the Company.

In Management's opinion, any liability that may arise from such current or pending litigation, including the above noted action, 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 21, 2008	Shares	Share Capital
Current Outstanding Shares	46,656,515	38,495,110
Employee and Director Share Options	987,138	2,102,227
Series III Convertible Debentures	609,375	975,000
Series IV Convertible Debentures	1,250,000	5,000,000
Total adjusted shares outstanding	49,503,028	46,572,337

RELATED PARTY TRANSACTIONS

MANAGEMENT COMPANY

Plaza Atlantic Limited and Les Immeubles Plaza Z-Corp Inc. have managed the Company's properties since 1999 under a management contract that will automatically renew on April 1, 2009, unless either party gives six-months notice of their intention to terminate the agreement. In Quebec, staff of Les Immeubles Plaza–Z Limited 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 Le Immeubles Plaza-Z Corp. These companies employ 77 people in the accounting, finance, engineering, development, leasing, and other administrative capacities that excludes property specific staff.

Plaza Atlantic Limited is controlled by two directors of Plazacorp namely Michael Zakuta, Earl Brewer. Mr. Brewer is Chairman of the Board of Plazacorp, Michael Zakuta is President and Chief Executive Officer of the Company. Les Immeubles 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, and allow 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 did not receive any direct compensation from the Company for performing their duties as Chairman and President respectively, or as Directors, during 2007.

A committee of independent board members will review the management options available to Plazacorp going forward and make recommendations to the Board of Directors with respect to the contract during 2008.

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 three months ended March 31, 2008 and the three months ended March 31, 2007 the following amounts were charged under the contracts:

(000's) **For the Periods Then Ended** **Fee Category**	**Included for Reporting Purposes In**	**3 Months Ended March 31, 2008**	3 Months Ended March 31, 2007
Management fees	Property operating expenses	**$ 376**	$ 322
Leasing fees	Tenant acquisition costs and property operating costs	**266**	394
Development fees	Income producing properties	**41**	100
Financing fees	Deferred charges and income producing properties	**113**	65
Acquisition and land lease fees	Income producing properties	**78**	30
Disposition fees	Gain on disposal of income producing properties	**-**	102
Legal services	Varies depending on nature of service	**113**	90
Total fees billed by the Property Manager		**$ 987**	$ 1,103

NOTES PAYABLE TO RELATED PARTIES

Notes payable as at March 31, 2008 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 interim or long-term debt or sale of the property to which the note relates.

As at **(000's)**	**Interest Rate**	**March 31, 2008**	December 31, 2007
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%	**$ 1,617**	$ 1,617
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	**337**	262
Total		**$ 1,954**	$ 1,879

Two directors directly or beneficially share interests in common with the Company in the Gateway Mall, Sussex, NB 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 nine parcels of land to Plazacorp at a total annual rent of $875 thousand. The land leases expire at various times from October 2043 to March 2047, subject to options to renew. The business purpose of the leases is to enhance levered equity returns on the affected development assets.

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, 2008 and December 31, 2007.

As at (000's)	**March 31, 2008**	December 31, 2007
Richard Hamm, Director	**$ 325**	$ 325
Michael Zakuta, Director	**1,200**	1,200
Edouard Babineau, Director	**700**	700
Earl Brewer, Director	**438**	438
Stephen Johnson, Director	**1,220**	1,220
Barbara Trenholm, Director	**364**	364
Total	**$ 4,247**	$ 4,247

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management maintains appropriate information systems, procedures and controls to ensure that information that is publicly disclosed is complete, reliable and timely. Management is also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A, the Interim Consolidated Financial Statements for March 31, 2008 and all related public filings.

In contrast to the certificate required under Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (MI 52-109), the venture Issuer Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in MI 52-109. In particular, the certifying officers filing certificates for venture issuers are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificate(s).

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

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. See note 23 to the December 31, 2007 Consolidated Financial Statements for further information on the Company's joint venture activities.

CRITICAL ACCOUNTING POLICIES

CRITICAL ACCOUNTING ESTIMATES

Plazacorp's significant accounting policies are described in the 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 2007 and 2008. 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 on surplus land has been recognized in the three months ended March 31, 2008 (December 31, 2007 –$547 thousand).

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.

FINANCIAL INSTRUMENTS

The Company reviews all significant contracts to determine if they contain embedded derivatives pursuant to the provisions of CICA Handbook Section 3855. As at March 31, 2008 there are no embedded derivatives in the Company's financial instruments that require separation and measurement.

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, 2008 compared to December 31, 2007.

Readers should refer to the March 31, 2008 Interim Consolidated Financial Statements and the December 31, 2007 Consolidated Financial Statements for a full description of the Company's accounting policies.

CHANGES TO ACCOUNTING POLICIES

Capital Disclosures

On December 1, 2006, the CICA issued Handbook Section 1535 *Capital Disclosures*. Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The new standard covers disclosure only and had no effect on the financial results of the company (see note 26 of the March 31, 2008 Interim Consolidated Financial Statements)

Financial Instruments – Disclosures and Presentation

On December 1, 2006, the CICA issued two new accounting standards: Handbook Section 3862 *Financial Instruments – Disclosures*, and Handbook Section 3863 *Financial Instruments – Presentation.* The new Sections 3862 and 3863 replace Handbook Section 3861 *Financial Instruments – Disclosure and Presentation*, revising and enhancing disclosure requirements, and carrying forward, unchanged, existing presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The new standard covers disclosure only and had no effect on the financial results of the company (see note 26 of the March 31, 2008 Interim Consolidated Financial Statements)

FUTURE ACCOUNTING POLICY CHANGES

In February 2008, the CICA issued a new accounting standard: Handbook Section 3064 *Goodwill and Intangible Assets*. The new standard will be effective for the Company in the first quarter of 2009. Section 3064 will replace Handbook Section 3062 *Goodwill and Other Intangible Assets* and Handbook Section 3450 *Research and Development Costs.* Section 3064 establishes standards to the recognition, measurement and disclosure of goodwill and intangible assets.

In 2011, the Company will be required to implement International Financing Reporting Standards (IFRS) and show comparative figures for 2010.

The Company is assessing the impact of these changes in its financial reporting.

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.

SUPPLEMENTAL DISCLOSURE – FUNDS FROM OPERATIONS (FFO)

Non Cash Items Included in FFO:

(000's) For the Periods Ended	**3 Months Ended March 31, 2008**	3 Months Ended March 31, 2007
Straight-line rent included in revenue	**$ 247**	$ 137
Above and below market rent amortized in rental revenue	**30**	56
Deferred finance charges amortized in financing costs	**205**	133
Deferred recoverable expenses amortized in operating costs	**7**	-

Same-Asset Net Property Operating Income excluding non-cash revenue

(000's) For the Periods Ended	**3 Months Ended March 31, 2008**	3 Months Ended March 31, 2007
Same-asset net property operating income	**$ 4,936**	$ 4,949
Deduct: Same-asset straight line rent	**(45)**	(95)
Same-asset above & below market rent	**(22)**	(19)
Adjusted same-asset net property operating income	**$ 4,869**	$ 4,835
Change in same-asset net property operating income	**0.7%**	

Tenant Acquisition Costs Detailed in Operating Activities per the Statement of Cash Flows:

(000's) For the Periods Ended	**3 Months Ended March 31, 2008**	3 Months Ended March 31, 2007
Tenant acquisition costing for same-asset properties	**$ 159**	$ 401
Anchor tenant repositioning costs for same-asset properties	**136**	-
Tenant acquisition costs for transactions	**781**	1,648
Total tenant acquisition costs	**$ 1,076**	$ 2,049

Gross Additions including Tenant Acquisition Costs:

(000's) For the Periods Ended	**3 Months Ended March 31, 2008**	3 Months Ended March 31, 2007
Same-asset - maintenance capital expenditures	**$ 218**	$ 206
Anchor tenant repositioning costs for same-asset properties	**290**	2,735
Gross addition for transactions	**12,127**	8,239
Total gross additions	**$ 12,635**	$ 11,180

Maintenance Capital Expenditures *are costs related to tenancy changes and capital expenditures that do not change the income earning potential of the property. These are typically financed from operating cash flows.*

Anchor Tenant Repositioning Costs *include expenditures related to moving or expanding anchor tenants that increase the income producing potential of an existing property. These costs are typically financed through development lines of credit.*

Weighted Average Shares Outstanding – Per Share FFO

(000's) For the Periods Ended	**3 Months Ended March 31, 2008**	3 Months Ended March 31, 2007
Weighted Average Shares Outstanding	**46,312**	42,766
Dilutive impact of stock options	**473**	755
Dilutive impact of convertible debentures	**609**	3,281
Diluted Weighted Average Shares Outstanding-FFO	**47,394**	46,802

Convertible Debentures which are dilutive for purpose of calculating funds from operations (FFO) may not be dilutive for purpose of calculating earnings per share (EPS).

NOTICE OF NO AUDITOR REVIEW

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying un-audited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these consolidated financial statements (in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor).

Plazacorp Retail Properties Ltd.
Interim Consolidated Balance Sheets
(In thousands of Canadian dollars)
As at

	March 31, 2008	December 31, 2007
Assets		
Income producing properties (Note 3)	**$ 226,941**	$ 218,160
Properties under development (Note 4)	**22,307**	20,763
Surplus lands (Note 5)	**2,145**	2,079
Intangible assets (Note 6)	**2,353**	2,512
Deferred charges (Note 7)	**254**	271
Cash	**2,042**	1,978
Receivables (Note 8)	**7,569**	6,102
Prepaid expenses and deposits (Note 9)	**5,791**	4,006
Future income tax asset (Note 17)	**580**	580
Investments (Note 10)	**10,118**	10,344
Goodwill	**2,025**	2,025
Deficits of subsidiaries (Note 11)	**1,123**	1,068
	$ 283,248	$ 269,888
Liabilities		
Mortgages payable (Note 12)	**$ 191,917**	$ 187,449
Mortgage bonds payable (Note 13)	**20,364**	20,356
Debentures payable (Note 14)	**10,932**	11,704
Notes payable (Note 15)	**3,417**	2,657
Short Term Subordinated Notes payable (Note 16)	**3,500**	-
Bank indebtedness (Note 17)	**6,154**	3,568
Accounts payable and accrued liabilities	**8,742**	5,688
Income taxes payable	**224**	186
Future income tax liability (Note 18)	**9,516**	9,403
Below market leases (Note 19)	**628**	674
	$ 255,394	$ 241,685
Shareholders' Equity		
Equity portion of convertible debt (Note 14)	**205**	241
Share capital (Note 20)	**38,419**	36,932
Contributed surplus (Note 21)	**86**	78
Deficit	**(10,856)**	(9,048)
	27,854	28,203
	$ 283,248	$ 269,888

Contingencies, commitments, guarantees, indemnities and litigation – see interim consolidated financial statement Note 25.
Subsequent events – see interim consolidated financial statement Note 28.

Michael Zakuta, Director

Earl Brewer, Director

See accompanying notes to the interim consolidated financial statements

Plazacorp Retail Properties Ltd.
Interim Consolidated Statements of Deficit
For the Three Months Ended

(In thousands of Canadian dollars)	**March 31, 2008**	March 31, 2007
Deficit, beginning of the period	**$ (9,048)**	$ (6,456)
Effect of adoption of accounting policy changes	**-**	394
Net income and comprehensive income	**200**	3,064
Dividends	**(2,008)**	(1,590)
Deficit, end of the period	**$ (10,856)**	$ (4,588)

See accompanying notes to the interim consolidated financial statements

Plazacorp Retail Properties Ltd.
Interim Consolidated Statements of Income
For the Three Months Ended
(In thousands of Canadian dollars, except per share amounts)

	March 31, 2008	March 31, 2007
Rental revenues	**$ 11,171**	$ 9,475
Operating expenses	**4,715**	3,934
Net property operating income	**6,456**	5,541
Investment income	**272**	259
Income from properties and investments	**6,728**	5,800
Interest costs	**3,555**	2,769
Income before undernoted	**3,173**	3,031
Administrative expenses	**277**	243
Amortization	**2,395**	2,095
Capital taxes	**71**	116
Income before undernoted income taxes, non-controlling interests and discontinued operations	**430**	577
Income tax expense (recovery) (Note 18)		
– current	**15**	(2)
– future	**114**	261
	129	259
Income before non-controlling interests and discontinued operations	**301**	318
Non-controlling interests	**101**	80
Income from continuing operations	**200**	238
Gain on disposal of income producing properties (Note 22)	**-**	2,786
Income from discontinued operations (Note 22)	**-**	40
Net income and comprehensive income	**$ 200**	$ 3,064
Net earnings per share – basic		
Continuing operations	**$ 0.004**	$ 0.006
Discontinued operations	**-**	0.066
Net earnings (Note 20c)	**$ 0.004**	$ 0.072
Net earnings per share – diluted		
Continuing operations	**$ 0.004**	$ 0.006
Discontinued operations	**-**	0.060
Net earnings (Note 20c)	**$ 0.004**	$ 0.066

See accompanying notes to the interim consolidated financial statements

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

(In thousands of Canadian dollars)	**March 31, 2008**	March 31, 2007
Cash obtained from (used for):		
Operating activities		
Net income and comprehensive income	**$ 200**	$ 3,064
Items not affecting cash:		
Non-cash investment income	**(194)**	(198)
Amortization (see cash flow supplemental – Note 1)	**2,577**	2,275
Gain on disposal of income producing properties (see cash flow supplemental – Note 2)	**-**	(2,786)
Stock option compensation	**15**	9
Interest relating to debenture accretion	**10**	21
Non-controlling interests	**101**	80
Future income taxes	**114**	289
Straight-line rent revenue	**(247)**	(137)
Tenant acquisition costs (see cash flow supplemental – Note 3a)	**(1,076)**	(2,049)
Change in non-cash working capital (see cash flow supplemental – Note 4)	**(336)**	708
	1,164	1,276
Financing activities		
Increase (decrease) in notes payable	**759**	(1,813)
Issue of common shares, pursuant to employee option agreements (see cash flow supplemental - Note 5)	**213**	268
Dividends paid by subsidiaries to non-controlling interests	**(156)**	(139)
Dividends paid to shareholders (see cash flow supplemental – Note 6)	**(1,566)**	(1,415)
Net proceeds from short term notes payable	**3,483**	-
Net proceeds from mortgage financing (see cash flow supplemental – Note 7)	**23,040**	22,904
Mortgage payouts (see cash flow supplemental – Note 8)	**(18,017)**	(10,959)
Mortgage principal repayments (see cash flow supplemental – Note 8)	**(727)**	(692)
	7,029	8,154
Investing activities		
Acquisitions (see cash flow supplemental – Note 3b)	**-**	(1,207)
Developments and redevelopments (see cash flow supplemental – Note 3a)	**(11,559)**	(6,472)
Net proceeds from disposal of income producing properties and sale of surplus lands (see cash flow supplemental - Note 2)	**-**	7,474
Investments		
Bonds – contributions from bond fund	**114**	75
Distributions received	**306**	252
Decrease (increase) in deposits for acquisition and financing	**423**	(320)
Other	**1**	(9)
	(10,715)	(207)
Net (decrease) increase in cash	**(2,522)**	9,223
Cash less bank indebtedness, beginning of the period	**(1,590)**	(2,396)
Cash less bank indebtedness, end of the period (see cash flow supplemental – Note 9)	**$ (4,112)**	$ 6,827

See accompanying notes to the interim consolidated financial statements

1) Amortization

	March 31, 2008	March 31, 2007
Amortization of income producing properties	**$ 1,113**	$ 910
Amortization of tenant acquisition costs	**1,128**	991
Amortization of intangible assets (except above-market tenant leases)	**144**	185
Amortization of other deferred charges	**10**	9
Amortization expense per the Statement of Income	**2,395**	2,095
Amortization of financing charges (included with interest costs)	**205**	133
Amortization of above/below market leases (included with revenue)	**(30)**	(56)
Amortization of deferred recoverable expenses (included with operating expenses)	**7**	5
Amortization of discontinued operations	**-**	98
Total amortization charged to income	**$ 2,577**	$ 2,275

2) Gain on Disposal of Income Producing Properties and Sale of Surplus Lands

There were no disposals for the three months ended March 31, 2008. During the three months ended March 31, 2007 the Company disposed of income producing properties in Saint John, NB and Dartmouth, NS and land in St. John's, NL, and Sydney River, NS. These dispositions resulted in a cumulative gain on disposal of $2.8 million.

3) Acquisitions, Developments and Redevelopments

a) Cash and Non-Cash Additions

	March 31, 2008	March 31, 2007
Gross additions to income producing properties and intangible assets and below market leases	**$ 12,635**	$ 8,521
Less: total tenant acquisition costs (operating activity)	**(1,076)**	(2,049)
Cash additions from developments, and redevelopments	**$ 11,559**	$ 6,472

b) Acquisitions

There were no acquisitions during the three months ended March 31, 2008. During the three months ended March 31, 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.

	March 31, 2008	March 31, 2007
Real estate assets		
Land	-	$ 1,015
Building	-	909
Parking lot	-	226
Tenants acquisition costs	-	230
Net intangible assets	-	557
Less: below market leases	-	(278)
Gross additions from acquisitions	-	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

	March 31, 2008	March 31, 2007
Receivables	**$ (1,220)**	$ (1,486)
Prepaid expenses and mortgage deposits	**(2,208)**	(641)
Accounts payable and accrued liabilities	**3,053**	2,822
Income taxes payable, net of refundable capital gains tax	**39**	13
Total cash from change in non-cash working capital	**$ (336)**	$ 708

5) Issue of Common Shares

	March 31, 2008	March 31, 2007
Total from shares issued through exercise of stock options	**$ 220**	$ 277
Less: transfer of equity from contributed surplus	**(7)**	(9)
Cash raised from issuance of common shares, pursuant to employee option agreement	**$ 213**	$ 268

6) Dividends

	March 31, 2008	March 31, 2007
Dividends declared during the period	**$ 2,008**	$ 1,590
Dividend reinvestment through reinvestment plan	**(442)**	(175)
Dividends paid in cash	**$ 1,566**	$ 1,415

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

7) Net Proceeds from Mortgage Financing

	March 31, 2008	March 31, 2007
Proceeds from development lines-of-credit	**$ 6,874**	$ 5,196
Proceeds from long-term mortgages	**16,175**	19,347
Gross mortgage proceeds	**23,049**	24,543
Less: assumed mortgages	**-**	(1,452)
financing charges incurred	**(9)**	(187)
Net proceeds from mortgage financing	**$ 23,040**	$ 22,904

8) Mortgage Principal Repayments

	March 31, 2008	March 31, 2007
Repayment of development lines-of-credit	**$ 16,753**	$ 10,959
Repayment of long-term mortgages	**1,991**	8,752
Gross mortgage repayments	**18,744**	19,711
Less: mortgages assumed by purchaser on sale	**-**	(10,959)
repayments at maturity	**(18,017)**	(8,060)
Mortgage principal repayments	**$ 727**	$ 692

9) Cash, Less Bank Indebtedness

As at March 31,	**2008**	2007
Cash	**$ 2,038**	$ 6,827
Bank indebtedness from operating lines-of-credit	**(6,150)**	-
Cash less bank indebtedness	**$ (4,112)**	$ 6,827

10) Interest

	March 31, 2008	March 31, 2007
Interest costs expensed	**$ 3,555**	$ 2,769
Plus: interest costs grouped with discontinued operations	**-**	115
Total interest costs	**3,555**	2,884
Plus: interest capitalized to properties	**272**	373
Less: amortization of finance charges	**(205)**	(133)
Interest costs charged	**3,622**	3,124
Adjustment for accrued interest	**(85)**	50
Interest paid in cash	**$ 3,537**	$ 3,174

11) Income and Capital Taxes

	March 31, 2008	March 31, 2007
Income and capital taxes paid	**$ 48**	$ 105

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.

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, 2008 and December 31, 2007, and the results of operations for the three months ended March 31, 2008 and March 31, 2007 and the changes in cash flows for the three months then ended. While the Company believes that disclosures presented are adequate to make the information not misleading, it is suggested that these financial statements 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, 2007.

The results of operations for the three months ended March 31, 2008 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

Capital Disclosures

On December 1, 2006, the CICA issued Handbook Section 1535 *Capital Disclosures*. Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The new standard covers disclosure only and had no effect on the financial results of the company (see note 27)

Financial Instruments – Disclosures and Presentation

On December 1, 2006, the CICA issued two new accounting standards: Handbook Section 3862 *Financial Instruments – Disclosures*, and Handbook Section 3863 *Financial Instruments – Presentation.* The new Sections 3862 and 3863 replace Handbook Section 3861 *Financial Instruments – Disclosure and Presentation,* revising and enhancing disclosure requirements, and carrying forward, unchanged, existing presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The new standard covers disclosure only and had no effect on the financial results of the company (see note 12, 13, 14, 15, 16, 17, 25 and 26)

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, 1600, 3051, 3055 and the provisions of Accounting Guideline #15 (Consolidation of Variable Interest Entities).

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

	Ownership Interest	
	2008	2007
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%
LeMarchant Property Holdings Inc	100%	100%
Plaza LPC Commercial Trust	100%	100%
Les Promenades St-Francois, QC (1)	100%	100%
Scott Street Plaza, ON (2)	50%	50%
St Josephs Boulevard, ON (2)	50%	50%
Civic Centre Road, ON (2)	50%	50%
Ontario Street Port Hope, ON (2)	50%	50%
615 King Street, ON (2)	50%	50%
Dufferin & Wilson (Perth), ON (2)	50%	-
Accounting Method – Proportionate Consolidation		
Les Galeries Montmagny and Plaza Tache, QC	50%	50%
University Plaza, PE	43%	43%
RBEG Limited Partnership, QC	50%	50%
Bureau en Gross, QC	50%	50%
Terrace Dufferin, QC	50%	50%
Carrefour des Seigneurs, QC	25%	25%
Staples Plaza – Woodlawn, NS (3)	-	-
Lansdowne Place, NB (3)	-	-
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%	50%
15260 Yonge Street, ON	50%	50%
Plaza BDP, QC	37.5%	37.5%
CPDRL, QC	50%	50%
Plaza Jean XXIII, QC	50%	50%
Plaza BBRF, QC	50%	50%
90 Boulevard Tache Ouest, QC	50%	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%	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) Property is consolidated as a Variable Interest Entity.
(3) Staples Plaza-Woodlawn and Lansdowne Place – The Company's 50% interest in these properties were sold on March 7, 2007.

d) Use of Estimates

The preparation of the Company's financial statements in conformity with Canadian Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from such estimates. The significant areas of estimation include impairment of assets, capitalization of interest to properties under development, useful lives of assets to calculate amortization and allocation of the purchase price on property acquisition.

e) Cash and Cash Equivalents

Cash and cash equivalents represent cash in bank accounts and short-term deposits where the deposit could be turned into cash within three months of acquisition. The company's cash balance does not include any instruments related to asset-backed securities or commercial paper programs.

f) Future Accounting Policy Changes

Goodwill and Intangible Assets

On January 31, 2008, the CICA issued a new accounting standard: Handbook Section 3064 *Goodwill and Intangible Assets*. Section 3064 will replace Handbook Section 3062 *Goodwill and Other Intangible Assets* and Handbook Section 3450 *Research and Development Costs*. Section 3064 establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. This new standard will be effective for the Company the first quarter of 2009.

The Company is currently in the process of evaluating the potential impact of these new standards on the consolidated financial statements.

3. Income Producing Properties

	March 31, 2008			December 31, 2007		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Land	**$ 49,598**	**$ -**	**$ 49,598**	$ 46,124	$ -	$ 46,124
Buildings	**159,268**	**(17,689)**	**141,579**	153,383	(16,701)	136,682
Tenant acquisition costs	**44,508**	**(14,158)**	**30,350**	43,602	(13,201)	30,401
Furnishings and equipment	**970**	**(478)**	**492**	950	(463)	487
Parking lot	**6,350**	**(1,428)**	**4,922**	5,783	(1,317)	4,466
Total income producing properties	**$ 260,694**	**$ (33,753)**	**$ 226,941**	$ 249,842	$ (31,682)	$ 218,160

4. Properties Under Development

Costs for properties under development include land, construction costs, tenant acquisition costs and other costs related to development including capitalized interest.

The Company capitalized $272 thousand of interest for the three months ended March 31, 2008 (for the twelve months ended December 31, 2007 - $1.8 million).

5. Surplus Lands

Surplus lands are made up of land parcels that become surplus after assembly and subdivision of parcels used for development of income producing properties. These lands are held in 100% owned subsidiaries of the Company. During the period no impairment on surplus land was recognized (for the twelve months ended December 31, 2007 - $547 thousand).

6. Intangible Assets

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:

	March 31, 2008			December 31, 2007		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Above-market leases	**$ 373**	**$ (217)**	**$ 156**	$ 373	$ (201)	$ 172
Value of in place leases	**2,196**	**(1,297)**	**899**	2,196	(1,209)	987
Tenant relationships	**1,934**	**(636)**	**1,298**	1,934	(581)	1,353
Total intangible assets	**$ 4,503**	**$ (2,150)**	**$ 2,353**	$ 4,503	$ (1,991)	$ 2,512

7. Deferred Charges

Deferred charges consist of the following:

	March 31, 2008			December 31, 2007		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Deferred recoverable charges	**$ 369**	**$ (312)**	**$ 57**	$ 369	$ (305)	$ 64
Other deferred charges	**344**	**(147)**	**197**	344	(137)	207
Total deferred charges	**$ 713**	**$ (459)**	**$ 254**	$ 713	$ (442)	$ 271

8. Receivables

Receivables consist of the following:

	March 31, 2008	December 31, 2007
Tenant accounts receivable	**$ 1,683**	$ 110
Straight-line rent receivable	**2,875**	2,628
Accrued tenant common costs and property tax recoveries	**244**	205
Tenant loans	**2,197**	2,147
Excise tax	**404**	692
Other receivables	**166**	320
Total receivables	**$ 7,569**	$ 6,102

Tenant loans with a national retail tenant have 5 to 10 year terms, and interest rates ranging from 7.24% to 9.45%.

The Company determines its allowance for doubtful accounts on a tenant-by-tenant basis taking account of lease terms, industry conditions, and status of the tenant's account, among other factors. Accounts are written off only when all collection efforts have been exhausted. Allowance for doubtful accounts balance as at March 31, 2008 is $41 thousand (December 31, 2007 - $58 thousand). This amount is netted with tenant accounts receivable.

9. Prepaid Expenses and Deposits

Prepaid expenses and deposits consist of the following:

	March 31, 2008	December 31, 2007
Prepaid expenses	**$ 4,718**	$ 1,337
Deposits for acquisitions and financing	**413**	836
Deposits under mortgage agreements	**660**	1,833
Total prepaid expenses and deposits	**$ 5,791**	$ 4,006

10. Investments

Investments consist of the following:

	Ownership Position	**Preferred Return**	**Residual Return**	**March 31, 2008**	December 31, 2007
Equity Accounting Investments					
Centennial Plaza Limited Partnership	**10%**	**10%**	**20%**	**$ 539**	$ 550
MDO Limited Partnerships[(1)]	**20%**	**10%**	**30%**	**498**	537
Village Shopping Centre Limited Partnership	**19.2%**	**8%**	**50%**	**1,379**	1,452
Trois Rivieres Limited Partnership[(1)]	**15%**	**10%**	**30%**	**361**	351
				2,777	2,890
Cost Accounting Investments					
Northwest Plaza Commercial Trust	**10%**	**-**	**-**	**170**	170
				2,947	3,060
Held to Maturity Investments		**Effective Interest Rate**			
Bonds – substituted for mortgage security		**4.68%**		**1,839**	1,876
Bonds – substituted for mortgage security		**3.45%**		**5,332**	5,408
				7,171	7,284
Total investments				**$ 10,118**	$ 10,344

(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.

Bonds are made up of eight Government of Canada Bonds totaling $6.7 million ($7.1 million – December 31, 2007) maturing between April 17, 2008 and December 1, 2009, with yields between 4.03% and 4.70% respectively. The balance of $103 thousand ($226 thousand – December 31, 2007) is made up of restricted cash that is utilized for monthly mortgage payments. The bonds have been pledged as substitute security for a mortgage.

11. Deficits of Subsidiaries

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

	March 31, 2008	December 31, 2007
Exhibition Plaza Inc.	**$ 76**	$ 2
Granville Street Properties Limited Partnership	**363**	362
Wildan Properties Limited Partnership	**689**	694
Scott Street Plaza	**(2)**	10
St. Joseph's Boulevard	**3**	-
Civic Centre Road	**(6)**	-
Total deficits of subsidiaries	**$ 1,123**	$ 1,068

For the three months ended March 31, 2008 the excess of distributions for Spring Park Plaza Inc. exceeded underlying contractual guarantees by $6 thousand and this amount was charged to consolidated net income (for the twelve months ended December 31, 2007 - $3 thousand). Scott Street Plaza, St. Josephs Boulevard and Civic Centre Road were consolidated at March 31, 2008 as variable interest entities.

12. Mortgages Payable

	Rate Range	**Weighted Average**	**Maturity Dates**	**March 31, 2008**	December 31, 2007
Fixed rate loans	**5.12% - 8.46%**	**6.55%**	**Up to Apr 2022**	**$ 169,892**	$ 154,363
Less: unamortized finance charges				**(2,958)**	(3,091)
				166,934	151,272
Other fixed rate loans	**0% and 10.0%**	**9.07%**	**Up to Dec 2009**	**1,428**	1,498
Total net fixed rate mortgage loans				**168,362**	152,770
	BA plus 275		**March 31, 2008**	**-**	1,264
Variable rate mortgage loans	**Prime plus 3/4%**		**October 31, 2008**	**1,125**	1,135
Total net variable rate mortgage loans				**1,125**	2,399
Total net long-term mortgages				**169,487**	155,169
Variable rate loans - development line of credit	**Prime plus 5/8%**		**April 29, 2009**	**16,092**	23,941
- development line of credit	**Prime plus 1/2%**		**July 31, 2008**	**6,377**	8,406
- development line of credit	**BA plus 175**		**March 31, 2010**	**-**	-
Less: unamortized finance charges				**(39)**	(67)
Total net variable rate loans				**22,430**	32,280
Net mortgages payable				**$ 191,917**	$ 187,449

All mortgages are secured by charges against specific assets. For details on annual principal repayments, see interim consolidated financial statement note 25b. The unamortized finance charge amount is made up of fees and costs incurred to obtain the mortgage financing less accumulated amortization.

To assist in development activities the Company has three acquisition and development facilities with Canadian Chartered banks of $35.0 million, $15.0 million and $9.4 million respectively to fund acquisition and development projects for a total of $59.4 million, available upon pledging of the asset under the respective line. These facilities have a limit of $5.0 million, $6.0 million and $9.4 million respectively per asset funded. Standby fees are charged on the unused portion of available funding. Funding is secured by first mortgage charges on properties funded under the facility.

13. Mortgage Bonds Payable

Mortgage bonds payable of $20.5 million are secured by the following properties:

	March 31, 2008				December 31, 2007
	Series II	**Series III**	**Series IV**	**Total**	Total
Tri County, Starrs Road Plaza, Yarmouth, NS, 2nd Mortgage	**$ -**	**$ 1,375**	**$ -**	**$ 1,375**	$ 2,450
Power Center-Phase 2, Miramichi, NB, 2nd Miramichi Mortgage	**252**	**-**	**-**	**252**	197
Kenmount Road Plaza, St John's, NL, 2nd Mortgage	**1,107**	**-**	**-**	**1,107**	1,037
Grand Falls Shopping Mall, Grand Falls, NB, 2nd Mortgage	**-**	**6,125**	**-**	**6,125**	5,050
LeMarchant Road Plaza, St. John's, NL, 1st Mortgage	**1,652**	**-**	**-**	**1,652**	1,652
KGH Plaza, Miramichi, NB, 2nd Mortgage	**-**	**-**	**-**	**-**	1,537
Victoria Street Plaza, Edmundston, NB, 1st Mortgage	**1,596**	**-**	**-**	**1,596**	1,431
North Sydney Plaza, North Sydney, NS, 2nd Mortgage	**-**	**-**	**-**	**-**	390
Robie Street Truro Plaza, Truro, NS, 2nd Mortgage	**-**	**-**	**-**	**-**	725
Commercial Street-Phase 2, New Minas, NS, 1st Mortgage	**370**	**-**	**-**	**370**	309
201 Main Street, Sussex, NB, 2nd Mortgage	**-**	**-**	**-**	**-**	458
Joseph Howe Drive Plaza, Halifax, NS, 2nd Mortgage	**-**	**-**	**-**	**-**	371
Bedford Commons Plaza, Bedford, NS, 1st and 2nd Mortgage	**590**	**-**	**3,000**	**3,590**	3,300
Plaza Tracadie, Tracadie, NB, 1st Mortgage	**1,199**	**-**	**-**	**1,199**	1,093
Civic Centre Road, Petawawa, ON, 2nd Mortgage	**555**	**-**	**-**	**555**	500
St. Joseph Boulevard, Orleans, ON, 2nd Mortgage	**785**	**-**	**-**	**785**	-
Port Hope, Port Hope, ON, 1st Mortgage	**270**	**-**	**-**	**270**	-
Airport Boulevard, Gander, NL, 1st Mortgage	**405**	**-**	**-**	**405**	-
641 King St., Gananoque, ON, 2nd Mortgage	**180**	**-**	**-**	**180**	-
Main & Sackville, Shediac, NB, 2nd Mortgage	**174**	**-**	**-**	**174**	-
Fairville Boulevard, St. John, NB, 2nd Mortgage	**865**	**-**	**-**	**865**	-
Gross mortgage bonds outstanding	**$ 10,000**	**$ 7,500**	**$ 3,000**	**20,500**	20,500
Less: unamortized finance charges				**(136)**	(144)
Net mortgage bonds outstanding				**$ 20,364**	**$ 20,356**

	Series II	**Series III**	**Series IV**
Interest Rate	8.5%	8.0%	7.5%
Company's First Redemption Date	February 28, 2008	April 26, 2009	April 25, 2010
Maturity Date			
Tranche 1	March 31, 2010	May 26, 2011	June 30, 2012
Tranche 2	July 16, 2010	July 15, 2011	June 30, 2012

The mortgage bonds have been secured by 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. Unamortized finance charges are made up of fees and costs incurred to obtain the mortgage bond financing less accumulated amortization.

14. Debentures Payable and Equity Portion of Convertible Debt

Debentures payable consist of the following:

			March 31, 2008		December 31, 2007	
	Maturity Date	**Interest Rate**	**Debt Component Outstanding**	**Value of Option to Convert**	Debt Component Outstanding	Value of Option to Convert
Convertible						
Series III	April 30, 2009	8.5%	**$ 967**	**$ 47**	$ 1,755	$ 83
Series IV	July 31, 2011	7.0%	**4,909**	**158**	4,902	158
Total convertible debentures			**5,876**	**205**	6,657	241
Non convertible debentures	July 31, 2010 – February 24, 2011	8.0%	**5,159**	**-**	5,159	-
Gross debentures			**11,035**	**205**	11,816	241
Less: unamortized finance charges			**(103)**	**-**	(112)	-
Net debentures			**$ 10,932**	**$ 205**	$ 11,704	$ 241

Convertible and non-convertible subordinate debentures are unsecured. Convertible debenture terms are as follows:

	Series III	**Series IV**
Conversion price	$1.60	$4.00
Company's first redemption date	May 1, 2007	July 1, 2009
Maturity date	April 30, 2009	July 31, 2011
Face value outstanding December 31, 2007	$975	$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 the three months ended March 31, 2008, holders of $800 thousand (for the twelve months ended December 31, 2007 - $4.9 million) of convertible debentures at face value exercised their option to convert to common shares. Of these $36 thousand (for the twelve months ended December 31, 2007 - $215 thousand) was recorded as a reduction to the original equity component and $791 thousand (for the twelve months ended December 31, 2007 - $4.8 million) was recorded as a reduction to the debt component; consistent with the original equity and debt ratio. A total of 500 thousand (for the twelve months ended December 31, 2007 – 3.1 million) common shares were issued on these conversions.

The unamortized finance charge amount is made up of fees and costs incurred to obtain the debenture financing less accumulated amortization.

15. Notes Payable

Notes payable consists of the following:

	Maturity Date	Interest Rate	March 31, 2008	December 31, 2007
Interest bearing notes:				
Les Immeubles Plaza Z-Corp Inc. and related entities controlled by Michael Zakuta, President, CEO and Director of the Company	(1)	Prime plus 1%	**$ 1,617**	$ 1,617
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	**337**	262
Unrelated parties and non-controlling interests	(1)	n/a	**1,463**	778
Total notes payable			**$ 3,417**	$ 2,657

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

For the three months ended March 31, 2008 the Company expensed $31 thousand (for the twelve months ended December 31, 2007 - $126 thousand) in related party interest.

16. Short Term Subordinated Notes Payable

During the period the Company issued $3.5 million 8% short term subordinated notes with a maturity dates of September 13, 2008 and September 18, 2008.

17. Bank Indebtedness

The Company has an $8.4 million operating line of credit facility with a Canadian chartered bank at the rate of prime plus ¾%, maturing November 30, 2009. As security the Company has provided a $10 million demand debenture secured by a first mortgage over six properties: Plaza Hotel de Ville and Plaza Theriault, Riviere-du-Loup, Quebec; the Staples Building, Saint John, New Brunswick; Main & Victoria, Shediac, New Brunswick; Boulevard Hebert Plaza, Edmundston, New Brunswick and 201 Main Street, Sussex, New Brunswick.

18. 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 residents of Canada to affect a refund. The Company has not earned in refundable capital gains tax in 2008 and triggered no refunds from the payment of capital gains dividends. As at March 31, 2008 the company has a refundable capital gains balance of nil (December 31, 2007 - nil).

As at December 31, 2007, the Company and its consolidated subsidiaries had income tax loss carry-forwards in the amount of $14.9 million, expiring as follows:

Year	Consolidated Subsidiaries	Plazacorp Retail Properties Ltd.	Total
2009	$ 290	$ -	$ 290
2013	10	-	10
2014	66	-	66
2015	75	-	75
2025	272	-	272
2026	5,728	4,169	9,897
2027	4,295	-	4,295
Total	$ 10,736	$ 4,169	$ 14,905

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.

19. Below Market Leases

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

	March 31, 2008			December 31, 2007		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Below market leases	**$ 1,172**	**$ (544)**	**$ 628**	$ 1,172	$ (498)	$ 674

20. 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*

	March 31, 2008		December 31, 2007	
	Shares	**Amounts**	Shares	Amounts
Common shares outstanding, beginning of the period	**45,867**	**$ 36,932**	42,087	$ 30,292
Issuance of common shares:				
Shares issued through exercise of stock Options	**124**	**220**	416	759
Shares issued through dividend reinvestment plan	**122**	**442**	227	891
Shares issued through debt conversion				
- face value debentures	**500**	**800**	3,137	4,873
- accumulated interest accretion	**-**	**25**	-	117
Common shares outstanding, end of the period	**46,613**	**$ 38,419**	45,867	$ 36,932

The Company is a mutual fund corporation as defined in the Income Tax Act (Canada) and as such shareholders have the right to redeem their common shares at 90% of the lesser of the Market Price of the share (Market Price is defined as the weighted average trading price of the previous 180 trading days) and the most recent Closing Market Price at the time of the redemption. The redemption price may be satisfied by either cash or a note payable bearing interest at a rate equal to the

prescribed rate of interest calculated pursuant to paragraph 4301c of the regulations promulgated under the Income Tax Act (Canada) in effect at the time of its issue and will mature and be fully repaid at the end of two years after issuance. The notes may also be prepaid without penalty. As at March 31, 2008 no shareholder had redeemed shares under the mutual fund corporation provisions.

Pursuant to the Company's Dividend Reinvestment Plan, during the three months ended March 31, 2008, shareholders were issued 122 thousand shares at a weighted average price of $3.62 per share (for the twelve months ended December 31, 2007 – 227 thousand shares at a weighted average of $3.93 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, 2008, Series III and IV debentures totalling $6.0 million which equates to 1.9 million shares were anti-dilutive as were Series V stock options (December 31, 2007 $6.8 million in debentures which equates to 2.4 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 Fiscal Years then Ended	**March 31, 2008**	March 31, 2007
Weighted average number of shares	**46,312**	42,766
Effect of dilutive stock options	**473**	755
Effect of dilutive convertible debentures	**-**	4,531
Weighted average number of diluted shares	**46,785**	48,052
Net income	**$ 200**	$ 3,064
Diluted net income	**$ 200**	$ 3,190

21. 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. The weighted average fair value of all options vesting during the period was determined on the grant date using the Black-Scholes model.

During 2007 the Company granted options for 120 thousand shares to directors and are detailed herein as Series V options. Series V options vest equally in May 2008, 2009, and 2010.

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

	Directors Options		**Employees Options**	
	March 31, 2008	December 31, 2007	**March 31, 2008**	December 31, 2007
Options outstanding, start of the period	**180**	145	**975**	1,306
Options granted	**-**	120	**-**	-
Options expired	**-**	-	**-**	-
Options exercised	**(25)**	(85)	**(99)**	(331)
Options outstanding, end of the period	**155**	180	**876**	975
Outstanding options that are exercisable	**35**	-	**809**	454

Details of options outstanding are as follows:

	Series III	Series IV	Series V
Exercise price	$1.72 & $1.85	$2.75	$4.36
Options outstanding	950	85	120
Expiry date	February 2, 2010 & April 14, 2010	April 11, 2011	May 6, 2012
Options exercisable	825	18	-
Compensation expensed for options not exercised as at March 31, 2008	$51 thousand	$15 thousand	$20 thousand
Compensation expensed for options not exercised as at December 31, 2007	$50 thousand	$13 thousand	$15 thousand
Expected life of options	5 years	5 years	5 years
Volatility	16%	17%	14%
Risk free rate of return	3.58%	4.34%	4.65%
Dividend rate	6.10%	4.55%	3.40%

The cumulative amount of compensation expensed for options not exercised at the end of the period is $86 thousand (for the twelve months ended December 31, 2007 - $78 thousand). This is accounted for as Contributed Surplus.

The Company recorded $15 thousand in compensation expense related to stock options for the three months ended March 31, 2008 (for the twelve months ended December 31, 2007 - $54 thousand).

The weighted average grant date fair value of options issued during the three months ended March 31, 2008 is Nil (for the twelve months ended December 31, 2007 - $59 thousand).

22. Discontinued Operations

During the three months ended March 31, 2007 Company sold its 50% interests in Lansdowne Place, Saint John, NB and Staples-Woodlawn, Dartmouth, NS. These transactions resulted 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	**March 31, 2008**	March 31, 2007
Rental revenues	-	$ 449
Operating expenses	-	181
Net property operating income	-	268
Financing costs	-	115
Amortization	-	85
Income before income taxes	-	68
Income tax expense	-	28
Income from discontinued operations	-	$ 40

23. Related Party Transactions

Plaza Atlantic Limited and Les Immeubles Plaza Z-Corp Inc. have managed the Company's properties since 1999 under a management contract that will automatically renew on April 1, 2009, unless either party gives six-months notice of their intention to terminate the agreement. In Quebec, staff of Les Immeubles Plaza Z-Corp Inc. 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 Les Immeubles Plaza Z-Corp Inc.. These companies employ 77 people in the accounting, finance, engineering, development, leasing, and other administrative capacities, excluding property specific staff.

Plaza Atlantic Limited is controlled by two directors of Plazacorp namely Michael Zakuta, Earl Brewer. Mr. Brewer is Chairman of the Board of Plazacorp, Michael Zakuta is President and Chief Executive Officer of the Company. Les Immeubles Plaza Z-Corp Inc. 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 Inc. manage properties for third parties. Mr. Brewer and Mr. Zakuta did 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.

For properties that are consolidated or proportionately consolidated, the consolidated fees charged by the Property Managers are as follows:

For the Three Months Ended		**March 31, 2008**	March 31, 2007
Fee Category	**Included for Reporting Purposes In**		
Management fees	Property operating expenses	**$ 376**	$ 322
Leasing fees	Tenant acquisition costs and property operating expense	**266**	394
Development fees	Income producing properties	**41**	100
Financing fees	Income producing properties and debt	**113**	65
Acquisition and land lease fees	Income producing properties	**78**	30
Disposition fees	Gain on disposal of income producing properties or surplus	**-**	102
Legal services	Varies depending on nature of service	**113**	90
Total fees billed by the Property Manager		**$ 987**	$ 1,103

During the three months ended March 31, 2008 the Company paid Nil (for the twelve months ended December 31, 2007 - $63 thousand) to Plaza Atlantic Ltd. and Les Immeubles Plaza Z-Corp Inc. the Management Company, to hold in trust and apply against future minor insurance claims below the insurance company deductibles.

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

	March 31, 2008	December 31, 2007
Included with accounts payable and accrued liabilities	**$ 760**	$ 572

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

	March 31, 2008	December 31, 2007
Richard Hamm, Director	**$ 325**	$ 325
Michael Zakuta, Director	**1,200**	1,200
Edouard Babineau, Director	**700**	700
Earl Brewer, Director	**438**	438
Stephen Johnson, Director	**1,220**	1,220
Barbara Trenholm, Director	**364**	364
Total related party mortgage bonds and debentures held	**$ 4,247**	$ 4,247

For the three months ended March 31, 2008, there were no debentures converted by Directors of the Company, or companies owned and controlled by Directors.

The Company is party to nine ground leases with TC Land LP, a wholly owned subsidiary of TC Land REIT, an entity controlled by Michael Zakuta and Earl Brewer and pays annual rent of $875 thousand under these leases. The business purpose of the leases is to enhance levered returns on the affected development assets.

Two directors directly or beneficially, through companies they control, hold interests in common with the Company's 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.

24. Segmented Information

The company develops, re-develops and acquires shopping malls, strip plaza's and single use properties located in Canada. The company, in measuring performance, does not distinguish or group its operations on a geographical basis. Accordingly the company has a single reportable unit for disclosure purposes and in accordance with GAAP.

One tenant comprises 22.4% of the company's rental revenue.

The following table provides information on the company's rental revenue, net operating income and total asset base:

	Rental Revenue		**Net Property Operating Income**		**Total Assets**	
Province	**March 31, 2008**	March 31, 2007	**March 31, 2008**	March 31, 2007	**March 31, 2008**	December 31, 2007
New Brunswick	**$ 4,753**	$ 4,286	**$ 2,522**	$ 2,309	**$ 131,838**	$ 123,745
Nova Scotia	**2,503**	2,134	**1,553**	1,347	**66,838**	67,240
Quebec	**2,092**	1,764	**1,128**	1,015	**33,138**	32,243
Prince Edward Island	**997**	1,020	**659**	687	**12,077**	12,019
Newfoundland and Labrador	**423**	233	**279**	157	**14,544**	14,027
Ontario	**403**	38	**315**	26	**24,813**	20,614
Total	**$ 11,171**	$ 9,475	**$ 6,456**	$ 5,541	**$ 283,248**	$ 269,888

25. 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 November 30, 2009. 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, 2008 $500 thousand (December 31, 2007 - $500 thousand) of such letters-of-credit were issued and outstanding and the Company was in compliance with the terms of the credit facility.

The $30 million and $15 million development facilities have letters-of credit with limits of $1.5 million available for each facility. As at March 31, 2008 $1.3 million (December 31, 2007 - $643 thousand) of the letter-of credit's were issued and outstanding under these facilities.

The $8.4 million operating line of credit has $2.0 million available for use in the form of letters-of-credit. As at March 31, 2008, $509 thousand (December 31, 2007 - $1.2 million) of such letters-of-credit were issued and outstanding.

b) Commitments

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

	Year 1 2008	Year 2 2009	Year 3 2010	Year 4 2011	Year 5 2012	After 5 Years	Face Value Total	Carrying Amount Total
Mortgages	$ 34,541	$ 6,514	$ 6,019	$ 10,666	$ 12,640	$ 124,534	$ 194,914	$ 191,917
Bonds and debentures – face value	-	10,975	12,659	5,000	3,000	-	31,634	31,296
Short term subordinated notes	3,500	-	-	-	-	-	3,500	3,500
Operating land leases (1)	2,517	2,561	2,568	2,540	2,502	137,949	150,637	150,637
Development activities	29,454	3,400	-	-	-	-	32,854	32,854
Total contractual obligations	**$ 70,012**	**$ 23,450**	**$ 21,246**	**$ 18,206**	**$ 18,142**	**$ 262,483**	**$ 413,539**	**$ 410,204**

(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. These commitments are subject to indemnity agreements. The estimated amount of the debt subject to such guarantees at March 31, 2008 is $15.7 million (December 31, 2007 – $15.8 million) with a weighted average remaining term of 4.5 years (December 31, 2007 – 4.7 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 $3.4 million (December 31, 2007 - $3.4 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 March 31, 2008, the total exposure on the cross-guarantee is $757 thousand (December 31, 2007 - $766 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 development line-of-credit held by the Village Shopping Centre Limited Partnership. As at March 31, 2008 the Village Shopping Centre Limited Partnership has borrowed $18.9 million of the $24.0 million line-of-credit. The remaining budgeted development costs are $2.7 million and the Company's current exposure under their guarantee is estimated to be nil (December 31, 2007 – nil).

The Company through its development line-of-credit facilities, funded on behalf of joint-venture's, has guaranteed $788 thousand (December 31, 2007 – $868 thousand) in mortgages in excess of the Company's proportionate interest.

d) Litigation

The Company and its property manager, Plaza Atlantic Limited, are involved in litigation and claims in relation to its income producing properties and other business matters from time to time.

A minority shareholder of Plaza Atlantic Limited has initiated a commercial action against Plaza Atlantic Limited and its two principal beneficial shareholders, Earl Brewer and Michael Zakuta, alleging infringement of his minority shareholder rights under the New Brunswick *Business Corporations Act*. Certain remedies sought in this action, if granted, could temporarily restrict the ability of Messer's Brewer and Zakuta from acting as officers and directors of Plaza Atlantic Limited pending judgment of the matter. No date for trial has been set. The management agreement between the Company and Plaza Atlantic Limited will automatically renew on April 1, 2009, unless either party gives six-months notice of their intention to terminate the agreement. Plazacorp is not a named party in the lawsuit. The Company's independent directors are monitoring the action for potential impacts on the Company.

In Management's opinion, any liability that may arise from such current or pending litigation, including the above noted action, would not have a significant adverse effect on these financial statements.

26. Financial Risk Management

In the normal course of its business, the Company is exposed to a number of risks that can affect its operating performance. The Company's board of directors monitors management compliance with the Company's risk management policies through periodic reviews. These risks and the action taken to manage them are as follows:

a) Interest Rate Risk

The Company adopts a policy of holding floating rate debt only for properties under development and those pledged to support the operating line. All other debt is converted to fixed rate debt, when the markets conditions are favorable and as soon as practical after attaining income producing status.

The Company has not classified any fixed rate financial assets and liabilities as held for trading. Therefore a change in fair market value of these fixed rate instruments at the reporting date would not affect net income with respect to those fixed rate instruments.

The Company minimizes its exposure to fixed rate interest risk by staggering the maturities in order to avoid excessive amounts of debt maturing in any one year. If market conditions warrant, the Company will attempt to renegotiate its existing debt to take advantage of lower interest rates.

An increase of 100 basis points in interest rates at March 31, 2008 if applied to all outstanding float rate instruments would increase interest expense and decrease pre-tax earnings in the annual amount of $236 thousand. A change in interest rates at March 31, 2008 would not affect net income with respect to fixed rate instruments. Therefore, no sensitivity analysis is provided for the fixed rate instruments. This calculation is prepared on the same basis as 2007.

b) Credit Risk

Credit risk arises from the possibility that tenants may experience financial difficulty and will be unable to fulfill their lease commitments. The Company mitigates the risk of credit loss by ensuring that its tenant mix is diversified and weighed to national and regional tenants which now comprise 91.6% of our in place tenant base. This is the Company's primary mitigation procedure for exposure to tenant credit risk. The hypothetical impact to net property operating income of a change in occupancy of 1% would be approximately $463 thousand per annum. The Company limits loans granted under lease arrangement to large national tenants.

The Company's policy is to provide financial guarantees only to wholly owned subsidiaries and joint venture partners during the development periods subject to reciprocal indemnities. These guarantees would be limited to the lower of 80% of the asset cost or 70% of the fair market value. See note 25c of the interim consolidated financial statements for details of guarantees.

The Company limits cash transactions to high quality financial institutions to minimize its credit risk from cash and cash equivalents.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount March 31, 2008	Carrying amount December 31, 2007
Held-to-maturity investments	**$ 7,171**	$ 7,284
Loans and receivables	**7,569**	6,102
Cash and cash equivalents	**2,042**	1,978
	$ 16,782	$ 15,364

The Company's most significant customer, a national retailer, accounts for $2.2 million of the carrying value of tenant loans as at March 31, 2008 (December 31, 2007 - $2.2 million).

c) Liquidity and Debt Market Risk

The company is exposed to the risk of being unable to honour its financial commitments by the deadlines set out under the terms of such commitments and at a reasonable price. There is a risk that debt maturity in any year cannot be renegotiated on favorable terms or any terms at all. The Company's management manages the company's cash resources based on the financial forecasts and anticipated cash flows. The maturities of the Company's long term financial liabilities are set out in Note 12, 13, 14, 15 and 16. The Company's liquidity management strategy includes accessing development and operating lines of credit as necessary to fulfill financial commitments.

d) Fair Value

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 rates used in determining fair market value of mortgages are corresponding term Government of Canada Bonds plus credit spreads of 2.25% to 2.4%. The rates used to determine the fair market value of mortgage bonds and debentures range from 7.5% and 8.25%. See note 27 for summary of fair market values.

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

The Company's fair value of the exposure from mortgage guarantees and indemnities are nil (see interim consolidated financial statements note 25c).
As at March 31, 2008, the fair value of the Company's investment in Government of Canada Bonds of $7.3 million ($7.3 million - December 31, 2007) exceeded its recorded value by $108 thousand ($80 thousand - December 31, 2007). The Company had no exposure to financial hedges or embedded derivatives as at March 31, 2008.

27. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains adequate capital resources in order to support its business and maximize shareholder value. The Company manages its capital structure with the primary goal of minimizing risk to the stability of cash flow from properties. Other goals include maintaining debt service and interest coverage ratios in compliance of bank and debenture covenants. The Company's capital includes mortgages, debentures, mortgage bonds, notes payable and common stock.

Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements, except: bank operating and development lines where it must maintain at least $15 million of shareholders equity; maintain debt service ratios in excess of 1.45 times to 1.5 times; and interest coverage ratios of 1.65 times, with all debt service ratio's calculated exclusive of interest charged on subordinate debt and convertible debentures. In addition, under a development line, the company must

maintain a ratio of cumulative indebtedness to the fair market value of its properties of at least 70%. The company is in compliance with all debt covenants.

In December 2007, the Company filed a normal course issuer bid, which entitles the Company to acquire up to 1.0 million of its common shares between, December 20, 2007 and December 19, 2008. All purchases are to be made on the open market at the market price at the time of the purchase. No purchases have been made under this bid.

There were no changes to the Company's approach to capital management during the period.

The calculation of the total capital is summarized as follows:

Capital	**Book Value March 31, 2008**	**Fair Value March 31, 2008**	Book Value December 31, 2007	Fair Value December 31, 2007
Total net fixed rate mortgage loans	**$ 168,362**	**$ 169,625**	$ 152,770	$ 152,914
Total net variable rate mortgage loans	**1,125**	**1,125**	2,399	2,398
Total net variable rate loans	**22,430**	**22,430**	32,280	32,280
Mortgage Bonds Payable	**20,364**	**20,417**	20,356	20,426
Debentures Payable	**10,932**	**10,929**	11,704	10,922
Short term subordinated notes	**3,500**	**3,500**	-	-
Notes Payable	**3,417**	**3,417**	2,657	2,657
	230,130	**231,443**	222,166	221,597
Shareholders Equity	**27,854**	**-**	28,203	-
Total Capital	**$ 257,984**	**$ 231,443**	$ 250,369	$ 221,597

28. Subsequent Events

Acquisitions

The company purchased land in Perth, ON, New Minas, NS, Saint John, NB and Rouyn-Noranda, QC for future development for a total investment of $6.3 million.

Stock Options

43 thousand options were exercised and converted to 43 thousand shares for $76 thousand in cash consideration.

29. Comparative Figures

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