



PLAZACORP RETAIL
PROPERTIES LTD.

QUARTERLY REPORT

**MANAGEMENT DISCUSSION AND ANALYSIS
OF RESULTS OF
OPERATIONS AND FINANCIAL CONDITION**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED, IN CANADIAN DOLLARS)**

**FOR THE THREE MONTHS ENDED
MARCH 31, 2012 AND 2011**

DATED: MAY 10, 2012

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PART I

BASIS OF PRESENTATION

Financial information included in this Management Discussion and Analysis (“MD&A”) includes material information up to May 10, 2012. Financial information provided has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

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

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, 2012 should be read in conjunction with the Company’s Condensed Interim Consolidated Financial Statements and the notes thereto for the three months ended March 31, 2012 and 2011, along with the Consolidated Financial Statements and MD&A for the year ended December 31, 2011, including the section on “Risks and Uncertainties”. 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, capital market, and competitive real estate conditions. These forward-looking statements are made as of May 10, 2012 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, required further explanation to avoid being misleading.

EXPLANATION OF NON-GAAP MEASURES USED IN THIS DOCUMENT

Funds from Operations (FFO) is not an IFRS financial measure. 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 is an industry standard widely used for measuring operating performance and is exclusive of unrealized changes in the fair value of investment properties, deferred income taxes and gains or losses on property dispositions. Plazacorp considers FFO a meaningful additional measure as it adjusts for certain non-cash items that do not necessarily provide an accurate picture of a company’s past or recurring performance. It more reliably shows the impact on operations of trends in occupancy levels, rental rates, net property operating income and interest costs compared to profit determined in accordance with IFRS. As well, FFO allows some comparability amongst different real estate entities that have adopted different accounting with respect to investment properties (some entities use the cost model and some entities use the fair value model to account for investment properties).

Adjusted Funds From Operations (AFFO) is an industry measure widely used to help evaluate dividend or distribution capacity. AFFO as calculated by Plazacorp may not be comparable to similar titled measures reported by other entities. AFFO primarily adjusts FFO for non-cash revenues and expenses and operating capital and leasing requirements that must be made merely to preserve the existing rental stream. Most of these maintenance capital expenditures would normally be considered investing activities in the statement of cash flows. Capital expenditures which generate a new investment or revenue stream, such as the development of a new property or the construction of a new retail pad during property expansion or intensification would not be considered as maintenance capital expenditures and would not be included in determining AFFO.

Net Property 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. Plazacorp considers NOI a meaningful additional measure of operating performance of property assets, prior to financing considerations. Its calculation is total property

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revenues 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.

Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) is not an IFRS financial measure. EBITDA, as calculated by Plazacorp, may not be comparable to similarly titled measures reported by other entities. EBITDA is used in calculations that measure the Company's ability to service debt. Its calculation is profit before finance costs, income tax expense, gains/losses on property dispositions, unrealized change from fair value adjustments and net revaluation of interest rate swaps.

FFO, AFFO, NOI and EBITDA are not defined by IFRS, and therefore should not be considered as alternatives to profit or cash flow from operating activities calculated in accordance with IFRS.

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 unenclosed and enclosed retail real estate throughout Atlantic Canada, Quebec and Ontario, which are predominantly occupied by national tenants. The Company's portfolio at March 31, 2012 includes interests in 114 properties totaling 5.1 million square feet and additional lands held for development. These include properties directly held by Plazacorp, its subsidiaries and through joint ventures. Plazacorp's growth has been, and continues to be, primarily created through the development or redevelopment of retail properties. As at March 31, 2012, the Company has \$12.2 million committed to new development for 2012.

Summary of Properties

	Number of Properties March 31, 2012 ⁽¹⁾	Gross Leasable Area (sq. ft.) March 31, 2012 ⁽²⁾	Number of Properties March 31, 2011 ⁽¹⁾	Gross Leasable Area (sq. ft.) March 31, 2011 ⁽²⁾
Newfoundland and Labrador	10	609,361	9	602,423
New Brunswick	36	1,553,206	36	1,548,147
Nova Scotia	22	1,008,540	22	1,004,307
Ontario	14	259,087	13	232,773
Prince Edward Island	7	429,745	5	273,317
Quebec	25	1,210,408	23	1,277,698
Total	114	5,070,347	108	4,938,665

⁽¹⁾ Includes properties under development and non-consolidated investments.

⁽²⁾ At 100%, regardless of the Company's ownership interest in the properties

Plazacorp intends to focus its investments on retail real estate in Canada and expects that unenclosed single tenant and multi tenant retail centres in primary, secondary or tertiary markets in Central and Eastern Canada will constitute the majority of its acquisition and development activity over the near to medium term.

Subject to appropriate regulatory, Board and shareholder approvals, as applicable, the Company is looking at the possibility of converting from a mutual fund corporation to a real estate investment trust (REIT) structure and of pursuing a listing on the TSX. See "Outlook" section of this MD&A.

BUSINESS ENVIRONMENT

The principal regions in which we operate continue to exhibit stability in retailer demand for space and in consumer spending. Our strategy is to develop or acquire properties tenanted by national retailers, with a focus on retailers in the consumer staples market segment. Our execution of this strategy has produced a portfolio that is currently approximately 90% occupied by national retailers, providing investors with stable cash flow.

Yearly Dividend Growth

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	Aug 2011	2012
Dividend per share annually	8.0¢	8.75¢	10.5¢	12.5¢	15.0¢	17.5¢	18.5¢	19.25¢	20.25¢	21.00¢	21.50¢
Percentage increase	n/a	9.4%	20.0%	19.0%	20.0%	16.7%	5.7%	4.1%	5.2%	3.7%	2.4%

Plazacorp has a proven history of dividend growth, having increased its dividend ten times over the past nine years. Plazacorp began paying dividends in November 2002. Plazacorp's first full year of dividends began in 2003.

The capital markets continue to be good in 2012 for financing through both debt and equity. Long-term debt financing is available at historically competitive rates with long amortization periods and long terms.

Over the last few years, Plazacorp has focused its growth on developments and redevelopments, partly as a result of high prices demanded for quality retail real estate. Plazacorp has strong in-house development expertise, including site selection, leasing, financing, construction and project management. Plazacorp expects to continue generating growth through developments and redevelopments of retail properties.

STRATEGY

Plazacorp's principal goal is to deliver a reliable and growing yield to shareholders from a diversified portfolio of retail properties. To achieve this goal the Company's Board of Directors has set acquisition and development criteria of a minimum cash yield (unlevered yield) equal to 100 basis points above the mortgage constant for a 10 year mortgage at prevailing rates and assuming a 25 year amortization period.

The Company strives to:

- maintain access to cost effective sources of debt and equity capital to finance acquisitions and new developments;
- acquire or develop properties at a cost that is 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 its properties to ensure tenants are able to focus on their businesses.

The Company invests in the following property types:

- new properties developed on behalf of existing clients or in response to demand;
- well located but significantly amortized shopping malls and strip plazas to be redeveloped; and
- 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 and staggering lease maturities appropriately;
- increasing rental rates when market conditions permit;
- achieving appropriate pre-leasing prior to commencing construction;
- managing debt to obtain both a low cost of debt and a staggered debt maturity profile;
- matching, as closely as practical, the weighted average term to maturity of mortgages to the weighted average lease term;
- retaining sufficient capital to fund capital expenditures required to maintain the properties well;
- raising capital where required in the most cost-effective manner; and
- periodically reviewing the portfolio to determine if opportunities exist to re-deploy equity from slow growth properties into higher growth investments.

PART II

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 operating costs.

Management believes that the key external performance drivers are:

- The availability of new properties for acquisition and development;
- The availability of equity and debt capital; and
- A stable retail market.

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

- Funds from Operations (FFO);
- FFO Payout Ratios;
- Debt Service Ratios;
- "Same-Asset" Net Property Operating Income;
- Weighted Average Effective Cost of Debt; and
- Occupancy Levels.

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The key performance indicators discussed throughout the MD&A are summarized in the table that follows. 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 shareholders. The following chart discusses the key performance indicators for the three months ended March 31, 2012 compared to the three months ended March 31, 2011.

Funds from Operations	<ul style="list-style-type: none"> ➤ For the three months ended March 31, 2012 FFO was \$3.8 million, or 6.4¢ per share (6.4¢ per share diluted) compared to \$3.2 million, or 6.4¢ per share (6.4¢ per share diluted) for the three months ended March 31, 2011, an 18.7% dollar increase. <p>The principal factors influencing FFO were:</p> <ul style="list-style-type: none"> ➤ Incremental NOI growth of \$738 thousand earned by properties which were transferred from properties under development to income producing status during 2011 and same asset NOI growth of \$111 thousand. ➤ Savings in one-time administrative costs incurred in 2011 of \$124 thousand for tax consulting and professional fees relating to the potential conversion to a REIT structure and IFRS conversion work. ➤ A net decrease in financing costs of \$120 thousand mainly affected by: (i) the expiry and conversions of debentures which decreased interest expense by approximately \$109 thousand, (ii) the expiry of mortgage bonds which decreased interest expense by approximately \$150 thousand; (iii) lower interest costs on defeased mortgages which decreased interest expense by approximately \$34 thousand; (iv) a higher amount of capitalized interest to development projects which decreased interest expense by approximately \$80 thousand; (v) the replacement of floating-rate debt with long-term debt on new properties increasing interest expense by approximately \$207 thousand; and (vi) the issue of new mortgage bonds in 2011 which increased interest expense by approximately \$60 thousand. ➤ The net negative impact to FFO of the internalization of property and corporate management of \$468 thousand. ➤ Per share FFO was also impacted by a 9.5 million, or 18.9% increase in the weighted average shares outstanding, due to the issuance of shares through the equity raise in the third quarter of 2011 along with the exercising of options, conversions of convertible debentures and the dividend reinvestment plan.
FFO Payout Ratio	<ul style="list-style-type: none"> ➤ For the three months ended March 31, 2012 the FFO payout ratio remained low at 84.5% compared to 79.4% for the same period in the prior year. The increase over the prior year mainly relates to the issuance of new shares in 2011 for which dividend payments are being made, as well as the effect on FFO of the internalization in 2011.
Debt Service Ratios	<ul style="list-style-type: none"> ➤ For the three months ended March 31, 2012 the interest coverage ratio improved 0.2 times over the prior year to 2.0 times and the debt service coverage ratio improved over the prior year by 0.1 times to 1.6 times. The debt service ratios exceed the requirements under our borrowing arrangements.
Same-Asset Net Property Operating Income	<ul style="list-style-type: none"> ➤ For the three months ended March 31, 2012 same-asset NOI increased compared to the prior year by \$111 thousand or 1.4%.
Weighted Average Effective Cost of Debt	<ul style="list-style-type: none"> ➤ At March 31, 2012 the weighted average effective cost of mortgage debt decreased 16 basis points to 6.04% from 6.20% at March 31, 2011. This is mainly the result of \$16.2 million of defeasances of higher cost debt for lower cost debt entered into in 2011.
Occupancy Levels	<ul style="list-style-type: none"> ➤ At March 31, 2012 overall occupancy was 96.5% compared to 98.0% at March 31, 2011 and compared to 96.5% at December 31, 2011.

PROPERTY AND CORPORATE PERFORMANCE 2012 AND 2011

Funds from Operations (FFO)

Plazacorp's summary of FFO for the three months ended March 31, 2012, compared to the three months ended March 31, 2011 is presented below:

(000s – except per share amounts and debt coverage ratios)	3 Months Ended March 31, 2012 (unaudited)	3 Months Ended March 31, 2011 (unaudited)
Profit for the period attributable to shareholders	\$ 14,192	\$ 6,382
Add (deduct):		
Gain on disposal of land	(8)	-
Deferred income tax expense	4,444	2,511
Fair value adjustment to investment properties	(13,361)	(6,406)
Fair value adjustment to investments	(1,610)	(982)
Fair value adjustment to convertible debentures	(79)	1,446
Net revaluation of interest rate swaps	(110)	(62)
Non-controlling interest adjustment	340	320
Basic FFO	\$ 3,808	\$ 3,209
Interest on dilutive convertible debentures	-	-
Diluted FFO	\$ 3,808	\$ 3,209
Basic Weighted Average Shares Outstanding	59,942	50,428
Diluted Weighted Average Shares Outstanding	59,942	50,428
Basic FFO per share	\$ 0.064	\$ 0.064
Diluted FFO per share	\$ 0.064	\$ 0.064
Debt coverage ratios		
Interest coverage ratio ⁽¹⁾	2.0 times	1.8 times
Debt service coverage ratio ⁽²⁾	1.6 times	1.5 times

(1) Calculated as EBITDA divided by finance costs.

(2) Calculated as EBITDA divided by total debt service (finance costs plus periodic mortgage principal repayments).

Basic FFO for the three months ended March 31, 2012 increased by 18.7% over the same period in the prior year. Positively impacting FFO was: (i) same-asset NOI growth of \$111 thousand and incremental NOI growth from new developments of \$738 thousand; (ii) savings in one-time administrative costs incurred in 2011 of \$124 thousand for tax consulting and professional fees relating to the potential conversion to a REIT structure and IFRS conversion work; and (iii) a net decrease in interest costs of \$120 thousand. Interest costs were affected by:

- (i) the expiry and conversions of debentures which decreased interest expense by approximately \$109 thousand,
- (ii) the expiry of mortgage bonds which decreased interest expense by approximately \$150 thousand; (iii) lower interest costs on defeased mortgages which decreased interest expense by approximately \$34 thousand; (iv) a higher amount of capitalized interest to development projects which decreased interest expense by approximately \$80 thousand; (v) the replacement of floating-rate debt with long-term debt on new properties which increased interest expense by approximately \$207 thousand; and (vi) the issue of new mortgage bonds which increased interest expense by approximately \$60 thousand.

FFO was negatively impacted by the 2011 internalization of property and corporate management, which was mainly reflected in the increase in salaries of internalized staff and other office costs of \$1.4 million (mainly recorded in administrative expenses), net of property management and corporate management fee savings from internalization of approximately \$497 thousand as well as \$435 thousand of other income recorded on fees earned from third party partners in properties that Plazacorp does not own a 100% interest in.

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Although the internalization is expected to be positive to net cash flows in general as a result of additional non-FFO fee savings (such as development and acquisition fees), it is negative to FFO mainly because certain costs incurred in the form of fees paid to the external manager prior to internalization that were eligible for capitalization, are not all eligible for capitalization when they take the form of salaries. Salary expenses are recorded both in NOI (for property staff) and administrative expenses (for other staff).

FFO per share was also affected by an increase in the number of shares outstanding due to the issuance of shares through the equity raise at the end of the third quarter of 2011 along with the issuance of shares through the exercising of options, the conversions of convertible debentures and the dividend reinvestment plan.

Adjusted Funds from Operations (AFFO)

Adjusted funds from operations removes non-cash revenues and expenses from FFO, deducts maintenance capital expenditures and leasing costs and makes other adjustments necessary to show funds available for distribution as dividends and to pay periodic mortgage payments.

Maintenance capital expenditures include routine capital expenditures for existing properties and leasing costs include leasing commissions and tenant improvement costs for existing properties.

(000s, except per share amounts and percentage data)	3 Months Ended March 31, 2012 (unaudited)	3 Months Ended March 31, 2011 (unaudited)
Basic FFO	\$ 3,808	\$ 3,209
Add: Amortization of finance charges included in interest expense	188	193
Principal repayment of tenant loans	153	131
Non-controlling interest adjustment	17	9
Less: Non-cash revenue – straight-line rent	(289)	(218)
Equity accounting adjustment	(91)	(52)
Maintenance capital expenditures – existing properties	(130)	(127)
Leasing costs – existing properties	(297)	(453)
Mortgage finance charges – existing properties	-	(19)
Basic AFFO	\$ 3,359	\$ 2,673
Interest on dilutive convertible debentures	-	-
Diluted AFFO	\$ 3,359	\$ 2,673
Basic AFFO per share	\$ 0.056	\$ 0.053
Diluted AFFO per share	\$ 0.056	\$ 0.053
Gross dividend payments	3,218	2,548
AFFO after dividends	\$ 141	\$ 125
Dividends as a percentage of basic AFFO	95.8%	95.3%
Dividends as a percentage of basic FFO	84.5%	79.4%

For the three months ended March 31, 2012, AFFO increased by \$686 thousand, or 25.7% over the prior year mainly due to the increase in FFO, and a decrease in leasing costs.

AFFO per share was also affected by an increase in the number of shares outstanding due to the issuance of shares through the equity raise at the end of the third quarter of 2011 along with the issuance of shares through the exercising of options, the conversions of convertible debentures and the dividend reinvestment plan.

The FFO payout ratio for the three months ended March 31, 2012 was 84.5% compared to 79.4% at March 31, 2011 and the AFFO payout ratio for the three months ended March 31, 2012 was 95.8% compared to 95.3% at March 31, 2011. The payout ratios were negatively impacted by the issuance of new shares in 2011 for which dividends are being paid and not

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all of the funds have been deployed yet. The payout ratios were also impacted by the effect on FFO of the internalization in 2011.

Same-Asset Net Property Operating Income

Same-asset categorization refers to those properties which were owned and operated by Plazacorp for the three months ended March 31, 2012 and the entire year ended December 31, 2011 and excludes partial year results from certain assets due to timing of acquisition, redevelopment or disposition.

Significant portions of the Company's leases have common cost recoveries from tenants linked to the consumer price index (CPI). Certain anchor tenant leases may restrict recovery of common costs. As a result, certain costs such as snow removal and utility costs may not be completely offset by cost recoveries in a period, or recovery revenues may exceed costs. Municipal taxes are generally net and fully recoverable from all tenants. Most tenants in strip plazas and single use properties are responsible for their own utilities, and changes to these costs do not materially impact NOI.

(000s, except percentage data)	3 Months Ended March 31, 2012 (unaudited)	3 Months Ended March 31, 2011 (unaudited)
Same-asset rental revenue	\$ 13,415	\$ 13,256
Same-asset operating expenses	2,855	2,952
Same-asset realty tax expense	2,745	2,600
Same-asset net property operating income	\$ 7,815	\$ 7,704
Total net property operating income	\$ 8,623	\$ 7,706
Total net property operating income margin	58.9%	58.0%

As noted in the chart above, the NOI for the same-asset pool for the three months ended March 31, 2012, is showing growth of \$111 thousand, or 1.4% over the same period in the prior year. The increase was mainly due to the lease up at Fairville Boulevard – II, Granite Drive Plaza and Victoria Street which contributed an additional \$128 thousand to NOI.

Total NOI grew by \$917 thousand, or 11.9% due to the overall growth in investment properties from development activities. The increase in total NOI for the three months ended March 31, 2012 was mainly attributable to:

- the full period impact of 6 properties transferred to income producing status in 2011, accounting for \$738 thousand of the increase (annualized impact to NOI of approximately \$1.9 million); and
- same-asset pool growth of \$111 thousand.

The following table shows a breakdown of same-asset NOI by province.

(000s except percentage data)	3 Months Ended March 31, 2012 (unaudited)	3 Months Ended March 31, 2011 (unaudited)
New Brunswick	\$ 2,902	\$ 2,844
Quebec	1,272	1,340
Nova Scotia	2,145	2,046
Ontario	419	429
Newfoundland and Labrador	373	373
Prince Edward Island	704	672
Same-asset net property operating income	\$ 7,815	\$ 7,704
Percentage increase over prior year	1.4%	

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The following assets are not included in “same asset” measurements due to timing of acquisition, redevelopment or disposition.

2011 Transactions	Property Type	Square Footage	Ownership	Income Producing During
Dundonald & Smythe, Fredericton, NB	Strip Plaza	19,779	100%	Q1 11
King & Mill, Newcastle, ON	Single Use	15,134	50%	Q1 11
Torbay & MacDonald, St. John’s, NL	Single Use	18,550	100%	Q1 11
West Royalty, Charlottetown, PE	Single Use	54,150	100%	Q2 11
Stavanger Drive Plaza, St. John’s, NL	Strip Plaza	50,563	90%	Q3 11
Bedford Commons – 2, Bedford, NS	Strip Plaza	105,157	100%	Q4 11
Total		263,333		

Leasing and Occupancy

The following table represents leases expiring for the next 5 years and thereafter for Plazacorp’s property portfolio at March 31, 2012 (excluding non-consolidated investments).

Year	Strip Plazas		Enclosed Malls		Single-User		Total	
	Sq Ft ⁽¹⁾	%	Sq Ft ⁽¹⁾	%	Sq Ft ⁽¹⁾	%	Sq Ft ⁽¹⁾	%
Remainder of 2012	49,910	2.1	65,810	10.3	54,150	9.8	169,870	4.7
2013	146,211	6.1	43,441	6.8	-	-	189,652	5.3
2014	208,340	8.7	82,871	13.0	-	-	291,211	8.1
2015	370,665	15.5	75,657	11.9	25,695	4.6	472,017	13.2
2016	289,393	12.1	48,599	7.6	25,771	4.7	363,763	10.1
2017	87,439	3.7	58,216	9.1	35,580	6.4	181,235	5.1
Thereafter	1,242,200	51.8	263,648	41.3	412,742	74.5	1,918,590	53.5
Subtotal	2,394,158	100.0	638,242	100.0	553,938	100.0	3,586,338	100.0
Vacant	96,871		32,697		-		129,568	
Total	2,491,029		670,939		553,938		3,715,906	
Weighted average lease term	7.0 years		6.2 years		9.1 years		7.1 years	

⁽¹⁾ At 100%, regardless of the Company’s ownership interest in the properties.

At March 31, 2012, overall occupancy for the portfolio (excluding properties under development and non-consolidated investments) slightly decreased to 96.5% from 98.0% at March 31, 2011 but is consistent with December 31, 2011.

During the first quarter of 2012, the Company completed 238 thousand square feet (three months ended March 31, 2011 - 259 thousand square feet) of new and renewal leasing deals at market rates (including leasing at non-consolidated investments). The 238 thousand square feet of leasing was comprised of 45 thousand square feet on new developments, and 193 thousand square feet on existing properties. Excluding leasing at non-consolidated investments, the Company completed 183 thousand square feet of new and renewal leasing deals (three months ended March 31, 2011 - 163 thousand square feet) at market rates. The 183 thousand square feet of leasing was comprised of 40 thousand square feet on new developments and 143 thousand square feet on existing properties.

On average, Plazacorp’s embedded or contractual gross rents expiring in 2012 would be at or below current market rates. Plazacorp’s financial exposure to vacancies and lease roll-overs differs among the different retail asset types, as gross rental rates differ dramatically by asset class.

- Occupancy in the strip plazas was 96.1% at March 31, 2012, compared to 97.7% at March 31, 2011 and compared to 95.7% at December 31, 2011.
- Average occupancy for enclosed malls was 95.1% at March 31, 2012 compared to 97.1% at March 31, 2011 and compared to 96.1% at December 31, 2011.
- Occupancy for single use assets remained stable at 100% at March 31, 2012.
- Pre-leased space in properties under development and under construction is 75.4% at March 31, 2012.

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Plazacorp has built a portfolio with a high quality revenue stream. Plazacorp's ten largest tenants based upon current monthly gross rents at March 31, 2012 represent approximately 54.5% of total revenues in place.

	% of Gross Revenue		% of Gross Revenue
1. Shoppers Drug Mart	24.0	6. Reitmans	2.7
2. Dollarama	7.1	7. Future Shop	2.7
3. Staples	4.0	8. Winners	2.6
4. Sobeys	3.9	9. Bulk Barn	2.2
5. Mark's Work Wearhouse	3.3	10. Michaels	2.0

The Company's mix of tenancy continues the trend towards primarily national tenants as a result of new developments. The portfolio is well positioned to resist downturns in our markets and provide stability to cash flows from which we fund operations and dividends.

	March 31, 2012	March 31, 2011
National	90.2%	89.2%
Regional	3.7%	4.0%
Local	5.3%	6.0%
Non-Retail	0.8%	0.8%

Profit and Total Comprehensive Income for the Period

Profit and total comprehensive income was \$14.7 million for the three months ended March 31, 2012, compared to \$6.9 million for the three months ended March 31, 2011, an increase of \$7.8 million. Profit was impacted by: (i) the increase in NOI of \$917 thousand mentioned above; (ii) an increase in share of profit of associates of \$653 thousand, mainly due to an increase in fair value of the underlying investment properties; (iii) an increase in the fair value gain to investment properties of \$7.0 million mainly as a result of a decrease in capitalization rates; (iv) an increase in the net gain from fair value adjustments to convertible debentures, which increased profit by \$1.5 million; (v) the net decrease in finance costs mentioned above, which increased profit by \$120 thousand; (vi) the net negative impact of the internalization noted above, which decreased profit by approximately \$468 thousand; and (vii) an increase in deferred taxes of \$1.9 million.

Share of Profit of Associates

Share of profit of associates consists of income from equity and cost-accounted investments as well as fair value changes in the underlying investment properties included within these equity-accounted investments and other changes to the equity position of the equity-accounted investments that would impact the residual returns on wind-up (such as debt financing incurred). The following schedule shows our ownership position, rates of preferred returns on investment and our interest in cash on capital appreciation beyond the preferred returns.

	Ownership Position	Preferred Return	Residual Return
Equity Accounted Investments⁽¹⁾			
Centennial Plaza Limited Partnership	10%	10%	20%
MDO Limited Partnership	20%	10%	30%
Village Shopping Centre Limited Partnership	30%	8%	50%
Trois Rivieres Limited Partnership	15%	10%	30%
Plazacorp – Shediac Limited Partnership	10%	8%	50%
Plazacorp Ontario1 Limited Partnership	25%	4%	25%
Cost Accounted Investments			
Northwest Plaza Commercial Trust	10%	-	-

⁽¹⁾ Equity accounted investments consist of the following properties: 3550 Sources, Centennial Plaza, Marche De L'Ouest, Place Du Marche, BPK Levis, Plaza des Recollets, the Village Shopping Centre, Shediac West, Ottawa Street, Hastings Street Bancroft and Main Street Alexandria.

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Share of profit of associates for the three months ended March 31, 2012 includes Plazacorp's share of NOI of approximately \$763 thousand. Share of profit of associates increased by \$653 thousand for the three months ended March 31, 2012 compared to the three months ended March 31, 2011. This was mainly due to a fair value increase of the underlying investment properties compared to the prior year as a result of both a decrease in the capitalization rates as well as improved leasing at the Village Shopping Centre. This was partly offset by additional debt incurred at Centennial Plaza Limited Partnership, which negatively affected the Company's share of the residual equity in this investment.

Distributions received from associates for the three months ended March 31, 2012 were \$382 thousand compared to \$360 thousand for the three months ended March 31, 2011.

Change in Fair Value of Investment Properties

The net gain from the fair value adjustment to investment properties for the three months ended March 31, 2012 was \$13.4 million (for the three months ended March 31, 2011 - \$6.4 million). The weighted average capitalization rate at March 31, 2012 was 7.23% compared to 7.70% at March 31, 2011. At March 31, 2012 a decrease of 0.25% in the capitalization rates used to determine the fair value of investment properties would have resulted in an increase in investment properties of approximately \$18.2 million. An increase of 0.25% in the capitalization rates used would have resulted in a decrease in investment properties of approximately \$17.0 million.

Change in Fair Value of Convertible Debentures

The net gain from the fair value adjustment to convertible debentures for the three months ended March 31, 2012 was \$79 thousand compared to a net loss of \$1.4 million for the three months ended March 31, 2011. The increase in the fair values was mainly due to an increase in credit spreads.

Gain on Disposals of Land

During the three months ended March 31, 2012 the Company disposed of two parcels of land located in Shawinigan, QC and Rivière-du-Loup, QC for net proceeds of \$22 thousand and an accounting gain of \$8 thousand.

Other Income

Other income includes property management and other fees earned from third party joint venture partners and partners in equity-accounted investments, as a result of the internalization of property and corporate management in 2011.

Administrative Expenses

Administrative expenses increased by \$853 thousand for the three months ended March 31, 2012, compared to the same period in the prior year, mainly due to the internalization of property and corporate management, resulting in salaries and other office costs being recorded. Salaries, benefits and other office costs included in administrative expenses relating to the internalization amounted to approximately \$0.9 million. This was partly offset by savings in one-time administrative costs incurred in 2011 of \$124 thousand for tax consulting and professional fees relating to the potential conversion to a REIT structure and IFRS conversion work.

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Income Tax Expense

The financial statements include the current and deferred income taxes payable by the Company and its consolidated subsidiaries.

(000s)	3 Months Ended March 31, 2012 (unaudited)	3 Months Ended March 31, 2011 (unaudited)
Current income taxes	\$ 11	\$ 11
Deferred income taxes	4,444	2,511
Total income taxes	\$ 4,455	\$ 2,522

Deferred income taxes increased for the three months ended March 31, 2012 compared to the respective period in the prior year, mainly as a result of higher profit before income taxes, mainly driven by an increase in fair value adjustments compared to the prior year.

Acquisitions

During the three months ended March 31, 2012 the Company acquired land in Carbonear, NL and Boisbriand, QC for future development for \$688 thousand.

During the three months ended March 31, 2011 the Company acquired land and an existing property for future development and land consolidation. The land was purchased in Fredericton, NB, for \$843 thousand and an existing property was purchased for redevelopment in Fredericton, NB (Dundonald & Smythe), for \$1.6 million.

OUTLOOK

Our development and leasing efforts have produced a property portfolio that is dominated by national retailers and provides our investors with a very stable cash flow. Performance to date has demonstrated the strength of current strategies and operating capabilities. Barring unforeseen events, management is confident of delivering solid performance in 2012, as well as growth to the portfolio. The primary benefit to shareholders of the Company's performance and tenant profile is reliable cash flow and, over time, increasing dividends. Plazacorp's current dividend policy is to pay shareholders 21.50¢ per share for 2012 compared to an average of 20.625¢ per share for 2011.

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In the short-term, Plazacorp foresees most of its growth being derived from development and redevelopment activities. Plazacorp currently owns an interest in nine projects under development and eight land assemblies in progress which, upon completion, are expected to be accretive to the Company's earnings. The following properties, in which the Company currently owns an interest, are under active development or active planning and are anticipated to become income producing at various points over the next three years as follows:

Properties under development	Property Type	Status	Square Footage	Ownership	Occupied or Committed at March 31, 2012	Income Producing
90 Blvd. Tache Ouest, Montmagny, QC	Strip Plaza	In Planning ⁽²⁾	6,000 ⁽¹⁾	50%	n/a	1-2 years
Bourque & Haut-Bois, Sherbrooke, QC – Phase I	Strip Plaza	In Planning ⁽²⁾	100,000 ⁽¹⁾	50%	n/a	Q3 2013
Bourque & Haut-Bois, Sherbrooke, QC – Phase II	Strip Plaza	In Planning ⁽²⁾	100,000 ⁽¹⁾	50%	n/a	1-3 years
Jean Talon, Montreal, QC	Strip Plaza	In Planning ^(2,3)	15,000 ⁽¹⁾	50%	n/a	1-3 years
Magog, Magog, QC	Strip Plaza	In Planning ⁽²⁾	90,000 ⁽¹⁾	50%	n/a	1-2 years
Commercial Street Plaza – 2, New Minas, NS	Strip Plaza	In Planning ⁽²⁾	10,000 ⁽¹⁾	100%	n/a	1-3 years
Spencer Drive Plaza, Charlottetown, PE	Strip Plaza	In Construction	102,013	100%	63%	Q2 12
Manotick, Manotick, ON	Single Use	In Construction	26,231	50%	100%	Q3 12
Powell Drive Plaza, Carbonear, NL	Single Use	In Construction	10,000	100%	100%	Q3 12
Boisbriand, QC	Strip Plaza	In Planning ⁽²⁾	7,300 ⁽¹⁾	33%	41%	Q2 13
Total			466,544			

⁽¹⁾ Approximate square footage.

⁽²⁾ All are appropriately zoned for the intended use.

⁽³⁾ There is a conditional sale for a portion of the land with an option in favour of the buyer to purchase the remainder.

There is excess density at existing properties that the Company plans to develop in the short term which would represent 52 thousand additional square feet at completion.

At March 31, 2012, there were 6 other conditional land assemblies which were under purchase agreements and subject to due diligence, and 2 other land assemblies where due diligence conditions had been waived awaiting closing. These 8 land assemblies would represent 199 thousand additional square feet of retail space at completion (at the Company's ownership percentage). Subsequent to March 31, 2012, 2 of these 8 land assemblies were purchased. One of the purchases of land was in Saint John, NB representing approximately 24 thousand square feet of retail space and the other was in Charlottetown, PE representing approximately 80 thousand square feet of retail space.

The Company also benefits from growth stemming from contractual rental rate increases from existing tenants' leases that generally grow at or above the expected rate of inflation.

The Company is looking at the possibility of converting from a mutual fund corporation to a real estate investment trust (REIT) structure. The Company believes that a REIT structure could be beneficial for existing shareholders. No assurances can be given that this will occur as any contemplated conversion will require tax, regulatory, Board and shareholder approvals.

The Company is also looking at the possibility of moving its listing from the TSX Venture Exchange to the TSX. Any such move will require review of its disclosure controls and procedures and internal controls under TSX certification rules, as well as appropriate approvals including regulatory and Board approvals.

PART III

SUMMARY OF SELECTED QUARTERLY INFORMATION

Plazacorp's summary of selected quarterly information for the last eight quarters is presented below:

(000s except per share, percentage and number of properties data) (unaudited)	Q1'12	Q4'11	Q3'11	Q2'11	Q1'11	Q4'10	Q3'10	Q2'10
Total revenue ⁽¹⁾	\$ 17,177	\$ 17,237	\$ 14,704	\$ 15,440	\$ 14,796	\$ 14,923	\$ 14,216	\$ 14,538
Profit (loss) and total comprehensive income	\$ 14,716	\$ 7,889	\$ 5,807	\$ 8,339	\$ 6,902	\$ (195)	\$ 8,171	\$ 14,355
Dividends per share	5.38¢	5.25¢	5.25¢	5.06¢	5.06¢	4.81¢	4.81¢	4.81¢
Funds from operations per share – basic ⁽²⁾	6.4¢	6.1¢	7.1¢	6.8¢	6.4¢	6.8¢	7.5¢	6.3¢
Funds from operations per share – diluted ⁽²⁾	6.4¢	6.1¢	7.1¢	6.8¢	6.4¢	6.8¢	7.4¢	6.3¢
Dividends as a percentage of basic FFO	84.5%	86.0%	73.6%	73.6%	79.4%	70.3%	64.4%	75.9%
Dividends as a percentage of basic AFFO	95.8%	97.4%	87.3%	85.2%	95.3%	78.7%	66.9%	85.9%
Total assets	\$569,405	\$550,345	\$548,796	\$526,191	\$492,103	\$469,141	\$453,670	\$441,046
Total mortgages, bonds, debentures, notes and bank indebtedness	\$292,851	\$295,915	\$305,133	\$313,394	\$290,018	\$283,394	\$268,292	\$263,309
Basic weighted average shares outstanding	59,942	59,716	52,341	51,013	50,428	49,835	49,611	49,463
Number of properties under development	9	7	8	9	6	7	6	6
Number of income producing properties (including non- consolidated investments)	105	105	104	103	102	100	100	97
Total number of properties in portfolio	114	112	112	112	108	107	106	103
Gross Leasable Area (000s of sq. ft.) (at 100% and excluding non-consolidated investments and properties under development)								
Strip Plazas	2,491	2,432	2,329	2,281	2,281	2,255	2,250	2,247
Enclosed								
Malls	671	671	672	680	659	659	658	658
Single Use	554	611	611	611	557	529	519	498
Total income producing properties	3,716	3,714	3,612	3,572	3,497	3,443	3,427	3,403
Occupancy % (at 100% and excluding non-consolidated investments and properties under development)								
Strip Plazas	96.1	95.7	97.8	97.4	97.7	97.5	96.9	97.7
Enclosed								
Malls	95.1	96.1	96.1	95.9	97.1	96.8	96.6	96.8
Single Use	100	100	100	100.0	100.0	100.0	100.0	100.0
Total income producing properties	96.5	96.5	97.9	97.6	98.0	97.8	97.3	97.9

⁽¹⁾ Includes investment income, other income and share of profit of associates.

⁽²⁾ Adjusted for debenture issuance costs if applicable.

During the last eight quarters occupancy has been relatively steady which contributes to stability of cash flow. Significant fluctuations in profit and loss are mainly due to non-cash fair value adjustments on the Company's investment properties and convertible debentures. Fair value adjustments are based on market parameters for which the Company has no control or ability to predict.

Some of Plazacorp's properties are leased on a base year or semi-gross basis or otherwise have caps on operating costs. At March 31, 2012, approximately 57.3% of the Company's leased area is tied to a CPI cost recovery formula. As well, anchor tenant leases may restrict Common Area Maintenance (CAM) cost recoveries. As a result of both of these factors,

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seasonal fluctuations in NOI and FFO occur primarily due to winter costs and yearly repair and maintenance activities which typically occur in spring and early summer which may create inconsistencies in quarterly recovery revenues compared with quarterly expenses.

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 and property tax costs, and to fund dividends. Costs of development activities, which form a large portion of accounts payable and accrued liabilities, are funded by a combination of debt, equity and operating cash flow.

Cash flow from operations is dependent upon occupancy levels of properties owned, rental rates achieved, effective collection of rents, and efficiencies in operations as well as other factors.

Plazacorp's cash distribution policy reflects repayment of recurring mortgage principal amortization from cash flow in determining cash available for distribution. Accordingly, the overall debt level on existing properties is reduced year-over-year. New debt or equity capital raised is generally directed to continuing development activities, which are discretionary, based on the availability of such capital.

CAPITAL RESOURCES, EQUITY AND DEBT ACTIVITIES

Operating and Development Facilities

(000s)	\$10.0 Million Operating	\$20.0 Million Development	\$15.0 Million Development
December 31, 2011	\$ -	\$ -	\$ -
Net Change	-	1,461	-
March 31, 2012	\$ -	\$ 1,461	\$ -
Interest rate	Prime + 1.00% or BA + 2.50%	Prime + 1.00% or BA + 2.75%	Prime + 1.00% or BA + 2.50%
Maturity	November 30, 2012	July 31, 2012	July 31, 2012
Security	First charges on pledged property	First charges on applicable pledged development property	First charges on applicable pledged development property
Other terms	Debt service, interest coverage, occupancy & equity maintenance covenants	Debt service, occupancy, leverage & equity maintenance covenants	Debt service, interest coverage, occupancy & equity maintenance covenants
Line reservations available for letters-of-credit	\$2.0 million	\$1.5 million	\$500 thousand
Issued and outstanding	\$385 thousand	-	-

Funding is secured by first mortgage charges on properties or development properties as applicable. The Company must maintain certain financial ratios to comply with the facilities. These covenants include loan-to-value, debt service coverage, maximum leverage, interest coverage, occupancy and shareholder equity thresholds.

As of March 31, 2012, all debt covenants in respect of the above facilities have been maintained.

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Debentures and Mortgage Bonds

Mortgage bonds are required to be secured by either property or cash. Mortgage bonds can be deployed up to 90% of the cost of a property under a first or second charge on that property. If it is a second charge, the total debt, including mortgage bonds cannot exceed 90%. Series IV mortgage bonds are re-allocated to different properties from time to time as required.

Convertible debentures are recorded at fair value and changes in the fair value are recorded quarterly in profit and loss. During the three months ended March 31, 2012, \$150 thousand in Series V convertible debentures were converted to approximately 44 thousand shares and \$150 thousand in Series VI convertible debentures were converted to approximately 39 thousand shares.

Mortgages

During 2012 long-term financing in the amount of \$2.4 million (at Plazacorp's consolidated share) with a weighted average term of 10 years was obtained on refinancing of 3 properties at a weighted average interest rate of 4.75%.

The Company's strategy is to balance maturities and terms on new 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 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. At March 31, 2012, fixed-rate debt represents 99.4% of mortgages placed on investment properties. Management is of the view that such a strategy results in the most conservative interest rate risk management practice.

During 2010, the Company converted two variable rate mortgages to long-term fixed rate mortgages through \$4.2 million of interest rate swaps entered into with a Canadian chartered bank. The terms of the mortgages and associated interest rate swaps expire July 31, 2020. These interest rate swaps are valued quarterly and are recognized at fair value in mortgages payable with changes in the fair value reflected in profit and loss.

The following is a mortgage maturity chart by year (excluding periodic principal repayments prior to maturity):

	Remainder of 2012	Year 1 2013	Year 2 2014	Year 3 2015	Year 4 2016	Year 5 2017	After 5 Years	Total
Long-term mortgages	\$ -	\$26,675	\$19,285	\$17,767	\$25,183	\$23,916	\$91,135	\$203,961
Mortgages funded by defeasance	9,686	-	-	-	-	-	-	9,686
Development lines of credit	1,461	-	-	-	-	-	-	1,461
Total	\$11,147	\$26,675	\$19,285	\$17,767	\$25,183	\$23,916	\$91,135	\$215,108
As a percentage	5.2%	12.4%	9.0%	8.2%	11.7%	11.1%	42.4%	

At March 31, 2012 and March 31, 2011, the Company's cost of debt was as follows:

(000s, except percentage data)	Balance Outstanding March 31, 2012 (unaudited)	Effective Rates March 31, 2012	Effective Rates March 31, 2011
	Fixed rate mortgage loans	\$ 245,988	6.04%
\$10 million bank operating facility	\$ -	Prime + 1.00%	Prime + 2.25%
\$20 million bank development facility	\$ 1,461	Prime + 1.00%	Prime + 1.25%
\$15 million bank development facility	\$ -	Prime + 1.00%	Prime + 1.25%

The weighted average term to maturity for the long-term mortgages is 6.1 years. The average remaining repayment (amortization) period on long-term mortgage debt is 24.6 years.

The ratio of debt to gross book value of assets at March 31, 2012 (excluding convertible debentures) is 44.6%.

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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:

At May 10, 2012	Shares	Share Capital
Current outstanding shares	60,341,411	\$ 89,754,785
Employee and Director share options	75,000	327,000
Series V convertible debentures	3,141,765	14,935,575
Series VI convertible debentures	4,707,894	22,700,617
Total adjusted shares outstanding	68,266,070	\$ 127,717,977

Land Leases

Return on invested cash or equity is a measure Plazacorp uses to evaluate development and strategic acquisitions. 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 otherwise be undertaken without use of a land lease. Currently Plazacorp has 24 long-term land leases (affecting 23 properties) with total annual rent of \$2.7 million. One of the land leases relates to shared parking facilities. The other properties under land lease represent approximately 15% of the Company's fair value of investment properties and investments. Land leases expire (excluding any non-automatic renewal periods) on dates ranging from 2017 to 2136 with an average life of 65 years, with non-automatic renewal options ranging from 10 to 60 years with an average of 24 years of renewal options. Of the 24 land leases, 11 of the land leases have options to purchase, generally at fair market value.

Gross Capital Additions Including Leasing Fees:

(000s)	3 Months Ended March 31, 2012 (unaudited)	3 Months Ended March 31, 2011 (unaudited)
Leasing fees – existing properties	\$ 32	\$ 207
Leasing fees – redevelopment properties	-	26
Leasing fees – new developments	27	158
Total leasing fees	59	391
Capital additions – existing properties	395	373
Capital additions – redevelopment properties	155	974
Capital additions – new developments	4,258	6,890
Total capital additions	4,808	8,237
Total gross additions	\$ 4,867	\$ 8,628

COMMITMENTS AND CONTINGENT LIABILITIES

The Company has \$12.2 million in short-term commitments in respect of development activities. Management believes that Plazacorp has sufficient unused bank line availability as well as ongoing operating cash flow to fund these commitments.

For a list of other contingent liabilities, please refer to the Company's consolidated financial statements and MD&A for the year ended December 31, 2011.

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 for space particularly affect property investments. Management attempts to manage these risks through geographic and retail asset class diversification in the portfolio. At March 31, 2012, the Company held interests in 114 properties spread geographically among six provinces in Canada. Some of the more important risks are outlined below. See Financial Risk Management Note 24 to the December 31, 2011 Annual Consolidated Financial Statements for further details. Also see the Company's Annual Information Form dated February 29, 2012 for a complete list of risks and uncertainties.

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.

The Company mitigates interest rate risk by maintaining the majority of its debt at fixed rates. At March 31, 2012 99.4% of the Company's mortgages are at fixed rates. Floating rate debt is typically used for development or redevelopment projects as interim financing, until the projects are completed and are then able to attract the appropriate long-term financing. The Company mitigates its exposure to fixed-rate interest risk by staggering maturities in order to avoid excessive amounts of debt maturing in any one year. If market conditions warrant, the Company may attempt to renegotiate its existing debt to take advantage of lower interest rates.

At existing financing rates, the Company is able to obtain positive returns from debt financing. The quality of the Company's projects and properties makes management confident of obtaining suitable long-term financing for those projects on completion of development as well as those properties with maturing existing debt. The Company has an ongoing requirement to access the debt markets and 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. Management believes that all debts maturing in 2012 will be able to be financed or refinanced as they come due.

Credit Risk

Credit risk mainly 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 weighted to national tenants and by ensuring any significant individual revenue exposures are to tenants of significant credit worthiness. Plazacorp also maintains a portfolio that is diversified geographically so that exposure to local business is lessened.

Currently one tenant, Shoppers Drug Mart, represents 24.0% of current monthly gross rents in place. The top 10 tenants collectively represent approximately 54.5% of total revenues in place. National and regional tenants represent 93.9% of the in-place tenant base.

Lease Roll-Over and Occupancy Risk

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

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 retail asset type and geographic location and ensuring that the Company maintains a well staffed and highly skilled leasing department to deal with all leasing issues.

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 fully 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 realty taxes

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are not reduced by vacancy. Certain costs such as utilities and janitorial costs would not decline with a decline in occupancy.

The hypothetical impact to NOI of a change in occupancy of 1% would be approximately \$360 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. Plazacorp's principal management of occupancy risk is the skewing of tenancies towards national tenants, the signing of longer term leases and significant pre-leasing of development space.

Development and Acquisition Risk

Plazacorp's external growth prospects will depend in large part on identifying suitable development, redevelopment and acquisition opportunities, pursuing such opportunities, conducting necessary due diligence, consummating acquisitions (including obtaining necessary consents) and effectively operating the properties acquired or developed by the Company. If Plazacorp is unable to manage its growth and integrate its acquisitions and developments effectively, its business, operating results and financial condition could be adversely affected. 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 material pending or threatened 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 environmental risk before purchase or development.

PART VI

RELATED PARTY TRANSACTIONS

Management Company

Prior to July 1, 2011, Plaza Group Management Limited provided property management and corporate management services to Plazacorp. In Quebec, staff of Les Immeubles Plaza Z-Corp Inc. handled management duties under a separate management agreement with Plazacorp.

Plaza Group Management Limited was controlled by two directors of Plazacorp, namely Michael Zakuta and Earl Brewer. Les Immeubles Plaza Z-Corp Inc. is controlled by Michael Zakuta.

On July 1, 2011, the Company purchased the shares of Plaza Group Management Limited. As a result of this transaction, property management and corporate management are now internalized and the Company manages all of its properties, including properties previously managed by Plaza Z-Corp Inc. Both management agreements previously in place have been terminated.

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The purpose of the management arrangement was to provide the Company the services of a fully staffed and professional management company in all geographic areas in which it operates at reasonable costs. The basis of fee payments under the management agreements, effective March 30, 2009 until July 1, 2011, was as follows:

Plaza Group Management Limited Fee Structure	
Property management	3% of gross rents paid.
Corporate management	¾% of gross rents paid in the preceding fiscal year.
Leasing	4% of net rental revenue per year for first five years of lease term. 2% of net rental revenue per year for years six to ten of lease term. Leasing fees for renewal are at 50% of the above rates.
Development	4% of costs of construction on development projects. 10% of tenant improvement costs on non-development projects.
Debt financing	¾ % of loan amount where no outside broker is involved. ¼ % of loan amount where an outside broker is involved.
Capital	Where and when permitted by securities law: 3% of capital raised where no external broker is involved. 1 ½ % of capital raised where no external broker is involved and where the proceeds are used to retire/redeem maturing capital. ¾ % of capital raised where an outside broker is involved.
Acquisitions	2% of the purchase price of assets or capitalized value of land leases.
Dispositions	1 ½ % of the proceeds of disposition on assets.
Legal services	Cost recovery basis, equal to \$185 per hour.

The following amounts were charged under the agreements (in 000s):

Fee Category	Included for Reporting Purposes In	3 months Ended March 31, 2011 (unaudited)
Property management	Property operating expenses	\$ 347
Corporate management	Administrative expenses	97
Leasing	Investment properties	435
Development	Investment properties	213
Financing and capital	Debt or equity	5
Acquisitions	Investment properties	32
Dispositions	Gain or loss on disposal of investment properties	-
Legal services	Varied based on service provided	8
Total		\$ 1,137

Notes Payable to Related Parties

Notes payable fall into two categories:

- 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 upon sale of the property to which the note relates.
- 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.

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(000s)	Interest Rate	March 31, 2012 (unaudited)	March 31, 2011 (unaudited)
Non-interest bearing notes:			
Entities owned (directly or indirectly), controlled or significantly influenced by Michael Zakuta, President, Chief Executive Officer and Director of the Company			
	n/a	\$ 261	\$ 261

Bonds and Debentures Held

The Directors directly or indirectly held at face value, convertible debentures and mortgage bonds of the Company as follows (stated at face value):

(000s)	March 31, 2012 (unaudited)	March 31, 2011 (unaudited)
Barbara Trenholm	\$ 100	\$ 464
Earl Brewer	1,481	1,321
Edouard Babineau	2,000	1,950
Michael Zakuta	781	2,313
Richard Hamm	250	325
Stephen Johnson	850	1,220
Total	\$ 5,462	\$ 7,593

Subsequent to March 31, 2012, Edouard Babineau converted \$600 thousand of Series V convertible debentures to 176 thousand shares and \$400 thousand of Series VI convertible debentures to 105 thousand shares.

Other key management personnel own \$105 thousand in mortgage bonds of the Company at March 31, 2012 (December 31, 2011 - \$105 thousand).

Other Related Party Transactions

Two directors, directly or beneficially, hold interests in common with the Company's 25% interest 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, an entity controlled by Michael Zakuta and Earl Brewer, leases nine parcels of land to Plazacorp at a total annual rent of \$877 thousand. The land leases expire at various times from October 2043 to November 2047, subject to options to renew. All of these land leases have options to purchase, of which one is at a fixed price and the others are at fair market value. The business purpose of the leases was to enhance levered equity returns on the affected assets.

Earl Brewer and Michael Zakuta hold interests in common with the Company's 10% interest in Northwest Plaza Commercial Trust, the owner of the Northwest Centre, Moncton, NB. There are no loans outstanding or fees charged by the related parties as a result of the joint ownership.

Plaza Group Management Limited (a wholly-owned subsidiary of Plazacorp) is a party to an aircraft operating agreement with Plaza Atlantic Limited (a company owned by Michael Zakuta and Earl Brewer) with respect to the use and operation of a turbo-prop airplane, used from time to time by Plazacorp to facilitate more timely access to properties across the Corporation's portfolio, mainly for construction and development. Costs associated with the use of the airplane for the three months ended March 31, 2012 were \$243 thousand.

Plaza Group Management Limited is a party to an office lease for Plazacorp's corporate headquarters in Fredericton, NB. The owner of the office building (and counter-party to the office lease) is a company indirectly owned by Michael Zakuta and Earl Brewer. Rent under this office lease is \$201 thousand per year. The lease expires on March 31, 2014.

Plaza Group Management Limited manages certain properties owned directly or indirectly by Michael Zakuta and Earl Brewer, namely 527 Queen Street, Fredericton, NB and 271 Queen Street, Fredericton, NB.

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 Condensed Interim Consolidated Financial Statements for March 31, 2012 and all related public filings.

In contrast to the certificate required under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), the TSX Venture Exchange Issuer Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal controls over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing certificates for TSX 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 TSX Venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 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.

CRITICAL ACCOUNTING POLICIES

Critical Accounting Estimates

Plazacorp's significant accounting policies are described in its condensed interim consolidated financial statements. The Company adopted IFRS as the basis of financial reporting effective January 1, 2011.

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.

Fair Value of Investment Properties

Investment properties include all of the Company's income producing commercial properties, properties under development and surplus lands. Investment properties are recorded at fair value. Fair value is based on a combination of external appraisals and internal valuations. Significant assumptions and estimates are made in determining the fair value of investment properties, including the normalized level of NOI for a particular property and which capitalization rate to use on each property. External appraisals use a number of different valuation approaches, including a discounted cash flow approach and a direct comparison approach. The discounted cash flow approach discounts expected future cash flows.

Properties Under Development

The Company capitalizes all direct expenditures incurred in connection with the development and construction of properties. These expenditures consist of all direct costs and direct and indirect borrowing costs on debt attributable to the specific development. Borrowing costs are offset by any interest earned by the Company on borrowed funds prior to utilization.

The development period commences when expenditures are being incurred and activities necessary to prepare the asset for its intended use are in progress. Capitalization ceases when substantially all the activities necessary to prepare the asset for its intended use are complete.

Fair Value of Convertible Debentures

In determining the fair value of convertible debentures, the Company must make assumptions regarding credit spreads, share price volatility and bond yields, considering the terms of the convertible debentures and their risk.

Fair Value of Debt

In determining estimates of the fair values of financial instruments, the Company must make assumptions regarding current market rates, considering the terms of the instruments and their risk. Current market rates are generally selected from a range of potentially acceptable rates and accordingly, other effective rates and fair values are possible.

Financial Instruments

The Company reviews all significant contracts to determine if they contain embedded derivatives. As of August 1, 2010 the Company had entered into interest rate swaps to fix the rates for two variable rate mortgages. These swaps are valued quarterly and are recognized at fair value in mortgages payable with changes in the fair value reflected in profit and loss. At March 31, 2012, there are no embedded derivatives in the Company's financial instruments that require separation and measurement.

FUTURE ACCOUNTING POLICY CHANGES

A number of new standards, and amendments to standards and interpretations under IFRS, are not yet effective for the year ending December 31, 2012, and have not been applied in preparing these condensed interim consolidated financial statements. The extent of the impact of these standards has not been determined. Please see Note 3 to the condensed interim consolidated financial statements for further details about future accounting policy changes.

ADDITIONAL INFORMATION

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 website at www.plaza.ca.

Attached as Appendix A is a chart listing the Company's properties at March 31, 2012.

APPENDIX A

PROPERTIES OF THE COMPANY⁽⁴⁾

Property	Location	Year Built/ Redeveloped	Gross Leasable Area (sq. ft.)	Ownership Interest (%)	Occupied or Committed as at 31-Mar-12	Major Tenants ⁽¹⁾
Strip Plazas						
Les Promenades St. Francois	Laval, QC	1987/2001	54,694	100%	89%	Jean Coutu, Dollarama
Plaza Hotel de Ville	Rivière-du-Loup, QC	1990	20,412	100%	100%	Bouclair, Yellow Shoes
Plaza Theriault ⁽²⁾	Rivière-du-Loup, QC	1995	25,780	100%	100%	National Bank, SuperClub Videotron
Plaza BBRF	Sherbrooke, QC	2008	20,631	50%	100%	Shoppers Drug Mart
Plaza Boulevard Royal	Shawinigan, QC	1997/2008	128,222	100%	85%	Rossy, Caisse Populaire
Carrefour des Seigneurs ⁽³⁾	Terrebonne, QC	1992/2004	33,900	25%	89%	Jean Coutu
St. Anne Street Plaza	Bathurst, NB	2006	25,299	100%	96%	Dollarama, Reitmans
St. Peters Avenue Plaza	Bathurst, NB	2006	23,273	100%	100%	Shoppers Drug Mart
Champlain Plaza	Dieppe (Moncton), NB	2005	48,815	100%	100%	Mark's Work Warehouse, Shoppers Drug Mart
Boulevard Hebert Plaza	Edmundston, NB	2006	26,689	100%	100%	Shoppers Drug Mart
Victoria Street Plaza	Edmundston, NB	2007	21,875	100%	93%	Reitmans, Dollarama
Dundonald & Smythe	Fredericton, NB	1962/1997	19,779	100%	100%	Dollarama
Empire Plaza ⁽²⁾	Fredericton, NB	2003	13,743	100%	100%	Dollarama
FHS Plaza	Fredericton, NB	1999	24,280	100%	100%	Cleve's , Bulk Barn
Main Place ⁽²⁾	Fredericton, NB	1992/2004	30,976	100%	96%	Shoppers Drug Mart
Nashwaaksis Plaza	Fredericton, NB	1997	55,814	100%	100%	Dollarama
Madawaska Road Plaza	Grand Falls, NB	2005	10,410	100%	100%	Pizza Delight, Tim Horton's
KGH Plaza	Miramichi, NB	2007	18,969	25%	100%	Shoppers Drug Mart
Miramichi Power Center – 1	Miramichi, NB	2005	38,033	100%	100%	Staples, Mark's Work Warehouse
Miramichi Power Center – 2	Miramichi, NB	2005	21,936	100%	100%	Dollarama, Boston Pizza
Boulevard Plaza ⁽²⁾	Moncton, NB	2004	83,021	100%	100%	Winners, Michael's
Wedgewood Plaza ⁽²⁾	Riverview (Moncton), NB	1999	12,768	100%	69%	Dollarama
Crown Street ⁽²⁾	Saint John, NB	2006	21,764	100%	100%	Shoppers Drug Mart
Exhibition Plaza ⁽²⁾	Saint John, NB	2004	75,204	55%	100%	Empire Cinemas
Fairville Boulevard - 1	Saint John, NB	2008	57,000	100%	100%	Sobeys
Fairville Boulevard - 2	Saint John, NB	2009	56,698	100%	93%	Bulk Barn, Staples, Dollarama
Major Brook Drive Plaza ⁽²⁾	Saint John, NB	2005	40,597	55%	100%	Michael's, Boston Pizza
McAllister Drive Plaza ⁽²⁾	Saint John, NB	1999	24,921	55%	100%	Cleve's
SCA Plaza ⁽²⁾	Saint John, NB	2002	17,425	55%	91%	Great Canadian Dollar Store, Bulk Barn
Main and Western Street Plaza	Sussex, NB	2007	14,300	100%	100%	Dollarama
Connell Road Plaza	Woodstock, NB	2004	19,645	100%	88%	Mark's Work Warehouse, Dollarama
303 Main Street Plaza	Antigonish, NS	2005	19,542	100%	92%	Shoppers Drug Mart
Bedford Commons	Bedford (Halifax), NS	2009	72,622	100%	92%	Future Shop, Dollarama
Bedford Commons – 2	Bedford (Halifax), NS	2011	105,157	100%	80%	Winners, Staples, Sportchek
Tacoma Centre	Dartmouth (Halifax), NS	1983/2002	157,765	50%	100%	Sobeys, Dollarama
Tacoma Valley Field	Dartmouth (Halifax), NS	2005	26,817	50%	86%	Shoppers Drug Mart
201 Chain Lake Drive ⁽³⁾	Halifax, NS	1995/2004	118,420	50%	92%	Home Outfitters
209 Chain Lake Drive ⁽³⁾	Halifax, NS	1998	89,549	50%	100%	Value Village, Mark's Work Warehouse, Dollarama
Joseph Howe Drive Plaza ⁽²⁾	Halifax, NS	2007	23,599	100%	100%	Shoppers Drug Mart
Staples Plaza	New Glasgow, NS	2001	33,763	100%	100%	Staples
V-8 Plaza ⁽²⁾	New Glasgow, NS	2004	16,565	100%	100%	Dollarama, Swiss Chalet
Commercial Street Plaza	New Minas, NS	2003	15,342	100%	100%	Swiss Chalet, Penningtons
Granite Drive Plaza	New Minas, NS	2009	86,433	100%	100%	Lawtons, Future Shop, Winners
Silver Fox Plaza	New Minas, NS	2010	42,078	100%	100%	Giant Tiger, Michael's
North Sydney Plaza	North Sydney, NS	2007	20,372	100%	100%	Shoppers Drug Mart
Welton Street Plaza ⁽²⁾	Sydney, NS	2004	20,975	100%	100%	Dollarama, Bulk Barn
Robie Street Plaza	Truro, NS	2007	21,890	25%	100%	Shoppers Drug Mart

Plazacorp Retail Properties Ltd.

Property	Location	Year Built/ Redeveloped	Gross	Ownership	Occupied or	Major Tenants ⁽¹⁾
			Leasable Area (sq. ft.)	Interest (%)	Committed as at 31-Mar-12	
Pleasant Street	Yarmouth, NS	2005	22,586	100%	87%	Shoppers Drug Mart
Starr's Road Plaza	Yarmouth, NS	1976/2005	64,319	100%	100%	Empire Theatres, Dollarama
Belvedere Plaza	Charlottetown, PE	1979/2000	77,459	60%	100%	Mark's Work Wearhouse, Indigo, The Brick
Spring Park Plaza	Charlottetown, PE	1998	49,732	85%	100%	Fabricville, Value Village
UAS Plaza	Charlottetown, PE	2006	23,386	100%	100%	Shoppers Drug Mart, TD Bank
University Plaza	Charlottetown, PE	1977/1998	62,046	43%	100%	Dollarama, Smitty's, The Bargain Shop
Granville Street Plaza	Summerside, PE	1977/2011	60,957	60%	96%	Dollarama, Mark's Work Wearhouse
15260 Yonge Street ⁽³⁾	Aurora, ON	2006	14,177	50%	92%	Dollarama
Scott Street Plaza ⁽³⁾	St. Catharines, ON	2007	25,709	50%	92%	Shoppers Drug Mart
Bay Roberts Plaza	Bay Roberts, NL	2006	20,468	100%	100%	Shoppers Drug Mart
Conception Bay South Plaza ⁽²⁾	Conception Bay South, NL	2006	22,980	100%	100%	Shoppers Drug Mart
Kenmount Road Plaza ⁽²⁾	St. John's, NL	2006	20,576	100%	100%	XS Cargo, Montana's
Le Marchant Road Plaza	St. John's, NL	2007	18,309	100%	100%	Shoppers Drug Mart
Stavanger Drive Plaza	St. John's, NL	2011	50,563	90%	100%	Best Buy, Petsmart, Montana's
Sub-total			2,491,029		96.1%	
Enclosed Malls						
Les Galeries Montmagny	Montmagny, QC	1997/1990	138,725	50%	99%	Maxi, Hart, Uniprix
Les Promenades du Cuivre	Rouyn-Noranda, QC	1987/2003	148,911	100%	97%	Hart, Familiprix, Royal Bank, Staples
Grand Falls Shopping Centre	Grand Falls, NB	1972/2005	133,998	100%	91%	Staples, Shoppers Drug Mart, Hart
Oromocto Mall	Oromocto, NB	1976/2008	87,196	100%	89%	Shoppers Drug Mart, Dollarama
Gateway Mall	Sussex, NB	1978/2008	162,109	25%	97%	Sobeys, Canadian Tire
Sub-total			670,939		95.1%	
Single Use						
Plaza BDP ^{(2), (3)}	Deux Montagnes, QC	2007	16,940	37.5%	100%	Shoppers Drug Mart
Bureau en Gros	Granby, QC	2000	25,695	50%	100%	Staples
Plaza TS Magog	Magog, QC	2006	17,452	50%	100%	Shoppers Drug Mart
Bureau en Gros	Rimouski, QC	2001	25,771	50%	100%	Staples
CPRDL	Rivière-du-Loup, QC	2007	41,568	50%	100%	Caisse Populaire
Plaza Jean XXIII ^{(2), (3)}	Trois-Rivieres, QC	2007	16,721	50%	100%	Shoppers Drug Mart
Miramichi West Plaza	Miramichi, NB	2009	18,210	100%	100%	Shoppers Drug Mart
681 Mountain Road	Moncton, NB	2004	19,504	25%	100%	Shoppers Drug Mart
Staples ⁽²⁾	Saint John, NB	1997	25,293	100%	100%	Staples
Main and Sackville	Shediac, NB	2009	23,652	100%	100%	Shoppers Drug Mart
Main and Victoria	Shediac, NB	2007	10,287	100%	100%	Dollarama
201 Main Street	Sussex, NB	2007	16,915	25%	100%	Shoppers Drug Mart
Central Avenue Plaza	Greenwood, NS	2006	16,989	100%	100%	Shoppers Drug Mart
912 East River Road	New Glasgow, NS	2005	16,912	100%	100%	Shoppers Drug Mart
Kings Road Plaza ⁽²⁾	Sydney River, NS	2006	16,847	100%	100%	Shoppers Drug Mart
West Royalty	Charlottetown, PE	1988/2000	54,150	100%	100%	Sobeys
Amherstview	Amherstview, ON	2010	18,029	50%	100%	Shoppers Drug Mart
615 King Street ⁽²⁾	Gananoque, ON	2008	16,619	50%	100%	Shoppers Drug Mart
King & Mill	Newcastle, ON	2011	15,134	50%	100%	Shoppers Drug Mart
St. Josephs Boulevard	Orleans (Ottawa), ON	2008	16,799	50%	100%	Shoppers Drug Mart
Dufferin & Wilson (Perth)	Perth, ON	2008	16,782	50%	100%	Shoppers Drug Mart
Civic Center Road	Petawawa, ON	2008	17,036	50%	100%	Shoppers Drug Mart
Port Hope Plaza	Port Hope, ON	2008	22,650	50%	100%	Shoppers Drug Mart
Scugog Street Port Perry	Port Perry, ON	2010	16,776	50%	100%	Shoppers Drug Mart
Airport Blvd. Plaza ⁽²⁾	Gander, NL	2008	18,077	100%	100%	Shoppers Drug Mart
Ville Marie Drive Plaza	Marystown, NL	2010	14,580	100%	100%	Dollarama
Torbay & MacDonald ⁽²⁾	St. John's, NL	2011	18,550	100%	100%	Shoppers Drug Mart
Sub-total			553,938		100%	
Income producing properties			3,715,906		96.5%	

Plazacorp Retail Properties Ltd.

Property	Location	Year Built/ Redeveloped	Gross Leasable Area		Occupied or Committed		Major Tenants ⁽¹⁾
			(sq. ft.)	Ownership Interest (%)	as at 31-Mar-12		
Projects Under Development							
Boisbriand	Boisbriand, QC	-	7,300	33%	41%	In Planning	
90 Blvd. Tache Ouest	Montmagny, QC	-	-	50%	-	In Planning	
Jean Talon ^(3,5)	Montreal, QC	-	-	50%	-	In Planning	
Magog	Magog, QC	-	-	50%	-	In Planning	
Bourque & Haut-Bois	Sherbrooke, QC	-	-	50%	-	In Planning	
Commercial Street Plaza – 2	New Minas, NS	-	-	100%	-	In Planning	
Spencer Drive Plaza	Charlottetown, PE	-	102,013	100%	63%	Sobeys, Petsmart	
Manotick ⁽²⁾	Manotick (Ottawa), ON	-	26,231	50%	100%	Shoppers Drug Mart	
Powell Drive	Carbonear, NL	-	10,000	100%	100%	Dollarama	
Sub-total			145,544		75.4%		
Total Excluding Non-Trust and Partnerships			3,861,450		95.7%		
Non-Consolidated Trusts and Partnerships							
3550 Sources ⁽³⁾	DDO (Montreal), QC	2006	8,391	10%	100%	National Bank	
Centennial Plaza ⁽³⁾	DDO (Montreal), QC	1979/2008	152,561	10%	95%	Value Village, Jean Coutu	
Marche de L'Ouest ⁽³⁾	DDO (Montreal), QC	1983/2003	128,151	20%	100%	IGA	
Place Du Marche ⁽³⁾	DDO (Montreal), QC	1979/2008	35,318	10%	100%	Laurentian Bank, Starbucks Jeans Depot, Maxidollar, Ressourceserie	
BPK Levis ⁽³⁾	Levis, QC	1985	89,535	10%	91%	De Levis	
Plaza des Recollets	Trois-Rivieres, QC	2006	73,730	15%	88%	Winners/Home Sense	
Northwest Centre	Moncton, NB	1998/2003	186,966	10%	97%	Zellers, Princess Auto	
Shediac West	Shediac, NB	2009	65,842	10%	100%	Canadian Tire, Sobeys	
Main Street Alexandria	Alexandria, ON	2009	17,242	25%	100%	Shoppers Drug Mart	
Ottawa Street	Almonte, ON	2010	18,365	25%	100%	Shoppers Drug Mart	
Hastings Street Bancroft	Bancroft, ON	2009	17,538	25%	100%	Shoppers Drug Mart	
Village Shopping Centre	St. John's, NL	1978/2006	415,258	30%	89%	Hart, Labels, Dollarama, SportChek, Bed Bath & Beyond	
Sub-total			1,208,897		94.0%		
Grand Total			5,070,347		95.3%		

(1) Based on square footage.

(2) Currently subject to land leases. The land leases for Plaza BDP, Boulevard Plaza, Conception Bay South Plaza, Kenmount Road Plaza, Kings Road Plaza, Joseph Howe Drive Plaza, Plaza Jean XXIII, Airport Blvd. Plaza and 615 King Street all have options to purchase at fair market value. The V-8 Plaza and Main Place land leases have fixed options to purchase. All other land leases do not have an option to purchase. Land leases for Plaza BDP, Conception Bay South Plaza, Kenmount Road Plaza, Kings Road Plaza, Joseph Howe Drive Plaza, Plaza Jean XXIII, Airport Blvd. Plaza, 615 King Street and the V-8 Plaza are all with related parties.

(3) Co-managed by Plazacorp.

(4) All but 18 of these properties were either developed or redeveloped by the Company. The 18 that were not developed or redeveloped by the Company consist of Place Du Marche, Northwest Centre, BPK Levis, Plaza Hotel de Ville, Plaza Theriault, Nashwaaksis Plaza, Wedgewood Plaza, Exhibition Plaza, McAllister Drive Plaza, SCA Plaza, 209 Chain Lake Drive, Belvedere Plaza, Spring Park Plaza, University Plaza, Les Galeries Montmagny, Gateway Mall, Bureau en Gros Rimouski and Staples Saint John.

(5) There is a conditional sale for a portion of the land with an option in favour of the buyer to purchase the remainder.

Plazacorp Retail Properties Ltd.
Condensed Interim Consolidated Statements of Financial Position
(unaudited)
(in thousands of Canadian dollars)

March 31, December 31,
2012 2011

Assets

Non-Current Assets

Investment properties (Note 4)	\$ 510,324	\$ 493,445
Investments	32,341	29,656
Tenant loans	1,235	1,388
Deferred income tax asset	609	609
	<u>544,509</u>	<u>525,098</u>

Current Assets

Cash	1,740	3,767
Receivables	3,449	1,016
Prepaid expenses and deposits	8,209	3,344
Current portion of investments	9,779	15,548
Notes receivable	1,719	1,572
	<u>24,896</u>	<u>25,247</u>
	<u>\$ 569,405</u>	<u>\$ 550,345</u>

Liabilities and Shareholders' Equity

Non-Current Liabilities

Debentures payable (Note 5)	\$ 39,053	\$ 39,532
Mortgage bonds payable (Note 6)	2,049	2,045
Mortgages payable (Note 7)	229,498	228,026
Deferred income tax liability	52,311	47,867
	<u>322,911</u>	<u>317,470</u>

Current Liabilities

Current portion of mortgage bonds payable (Note 6)	6,000	6,000
Current portion of mortgages payable (Note 7)	15,243	19,261
Accounts payable and accrued liabilities	13,507	7,635
Income taxes payable	145	141
Notes payable	1,008	1,051
	<u>35,903</u>	<u>34,088</u>
	<u>358,814</u>	<u>351,558</u>

Shareholders' equity	199,271	187,509
Non-controlling interests	11,320	11,278
	<u>210,591</u>	<u>198,787</u>
	<u>\$ 569,405</u>	<u>\$ 550,345</u>

Subsequent events – see Note 11.



Michael Zakuta, Director



Earl Brewer, Director

The notes on pages 32 to 40 are an integral part of these condensed interim consolidated financial statements.

Plazacorp Retail Properties Ltd.	3 Months	3 Months
Condensed Interim Consolidated Statements of Comprehensive Income	Ended	Ended
(unaudited)	March 31,	March 31,
(in thousands of Canadian dollars)	2012	2011
Revenues	\$ 14,643	\$ 13,278
Operating expenses	<u>(6,020)</u>	<u>(5,572)</u>
Net property operating income	8,623	7,706
Share of profit of associates	2,043	1,390
Administrative expenses	(1,427)	(574)
Investment income	56	128
Other income	435	-
Other expenses	<u>(8)</u>	<u>(19)</u>
Income before finance costs, fair value adjustments, gain/loss on disposals and income taxes	9,722	8,631
Finance costs	(4,109)	(4,229)
Finance costs - net gain (loss) from fair value adjustments to convertible debentures	79	(1,446)
Finance costs - net revaluation of interest rate swaps	110	62
Net gain from fair value adjustments to investment properties	13,361	6,406
Gain on disposal of land	<u>8</u>	<u>-</u>
Profit before income tax	19,171	9,424
Income tax expense		
- Current	(11)	(11)
- Deferred	<u>(4,444)</u>	<u>(2,511)</u>
	<u>(4,455)</u>	<u>(2,522)</u>
Profit and total comprehensive income for the period	\$ 14,716	\$ 6,902
Profit and total comprehensive income for the period attributable to:		
- Shareholders	14,192	\$ 6,382
- Non-controlling interests	<u>524</u>	<u>520</u>
	\$ 14,716	\$ 6,902

The notes on pages 32 to 40 are an integral part of these condensed interim consolidated financial statements.

Plazacorp Retail Properties Ltd.
Condensed Interim Consolidated Statements of Changes in Equity
(unaudited)

(in thousands of Canadian dollars)

	Share Capital (Note 9)	Retained Earnings	Total Attributable to Shareholders	Non- Controlling Interests	Total Equity
Balances as at December 31, 2010	\$ 47,395	\$ 82,829	\$ 130,224	\$ 10,730	\$ 140,954
Profit and total comprehensive income for the period	-	6,382	6,382	520	6,902
Transactions with shareholders, recorded directly in equity:					
- Contributions by shareholders	1,601	-	1,601	-	1,601
- Dividends to shareholders	-	(2,548)	(2,548)	-	(2,548)
- Distributions to non-controlling interests and changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	(5)	(5)
Balance as at March 31, 2011	\$ 48,996	\$ 86,663	\$ 135,659	\$ 11,245	\$ 146,904
Balances as at December 31, 2010	\$ 47,395	\$ 82,829	\$ 130,224	\$ 10,730	\$ 140,954
Profit and total comprehensive income for the period	-	28,114	28,114	823	28,937
Transactions with shareholders, recorded directly in equity:					
- Contributions by shareholders	9,294	-	9,294	-	9,294
- Contributions by shareholders – equity raise	30,861	-	30,861	-	30,861
- Dividends to shareholders	-	(10,984)	(10,984)	-	(10,984)
- Distributions to non-controlling interests and changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	(275)	(275)
Balance as at December 31, 2011	\$ 87,550	\$ 99,959	\$ 187,509	\$ 11,278	\$ 198,787
Balances as at December 31, 2011	\$ 87,550	\$ 99,959	\$ 187,509	\$ 11,278	\$ 198,787
Profit and total comprehensive income for the period	-	14,192	14,192	524	14,716
Transactions with shareholders, recorded directly in equity:					
- Contributions by shareholders	788	-	788	-	788
- Dividends to shareholders	-	(3,218)	(3,218)	-	(3,218)
- Distributions to non-controlling interests and changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	(482)	(482)
Balance as at March 31, 2012	\$ 88,338	\$ 110,933	\$ 199,271	\$ 11,320	\$ 210,591

The notes on pages 32 to 40 are an integral part of these condensed interim consolidated financial statements.

Plazacorp Retail Properties Ltd.
Condensed Interim Consolidated Statements of Cash Flows
(unaudited)
(in thousands of Canadian dollars)

3 Months
Ended
March 31,
2012

3 Months
Ended
March 31,
2011

Cash obtained from (used for):

Operating activities

Profit and total comprehensive income for the period	\$ 14,716	\$ 6,902
Interest expense	3,921	4,046
Items not affecting cash:		
Non-cash investment income	(2,043)	(1,390)
Amortization of finance charges included in interest expense	188	193
Net change in fair value of investment properties	(13,361)	(6,406)
Net change in fair value of convertible debentures	(79)	1,446
Gain on disposal of land	(8)	-
Net change in fair value of interest rate swaps	(110)	(62)
Current and deferred income taxes	4,455	2,522
Straight-line rent revenue	(289)	(218)
Interest paid	(3,963)	(4,133)
Income taxes paid	(15)	(14)
Leasing commissions	(59)	(391)
Change in non-cash working capital (Note 10)	1,357	894
	4,710	3,389

Financing activities

Repayment of notes payable	(43)	(6)
Issue of common shares	208	55
Dividends paid to shareholders	(3,218)	(2,548)
Dividend reinvestment proceeds	180	626
Net proceeds from bonds and debentures	-	899
Gross mortgage proceeds	3,860	6,680
Financing charges incurred from mortgage placement	8	(92)
Mortgages repaid	(5,413)	(646)
Periodic mortgage principal repayments	(1,075)	(875)
	(5,493)	4,093

Investing activities

Developments and redevelopments	(4,808)	(8,237)
Proceeds from disposal of land (Note 4)	22	-
Payments of bonds purchased for mortgage defeasances	5,769	47
Equity accounted investments – contributions to and distributions from	(641)	1,039
Contributions paid by subsidiaries to non-controlling interests	(482)	(5)
Decrease (increase) in deposits for acquisitions and financings	(1,110)	16
Increase in notes receivable	(147)	(445)
Repayment of tenant loans	153	131
Funding of tenant loans	-	(334)
	(1,244)	(7,788)

Net decrease in cash

	(2,027)	(306)
Cash less bank indebtedness, beginning of the period	3,767	5,407

Cash less bank indebtedness, end of the period

\$ 1,740 **\$ 5,101**

The notes on pages 32 to 40 are an integral part of these condensed interim consolidated financial statements.

Plazacorp Retail Properties Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2012 (unaudited)

(tabular amounts in thousands of Canadian dollars, except per share amounts and as otherwise indicated)

1. Reporting Entity

Plazacorp Retail Properties Ltd. (the “Company”) is incorporated and domiciled in Canada. The address of the Company’s registered office is 527 Queen Street, Fredericton, New Brunswick.

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 Preparation

(a) Statement of Compliance

The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, “Interim Financial Reporting”, on a basis consistent with the accounting policies disclosed in Note 3 of the December 31, 2011 consolidated financial statements.

The condensed interim financial statements do not include all the information required for full annual financial statements. The condensed interim financial statements should be read in conjunction with the 2011 annual financial statements.

The condensed interim consolidated financial statements were authorized for issue by the Audit Committee on behalf of the Board of Directors of the Company on May 10, 2012.

(b) Basis of Measurement

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for the following items in the condensed interim consolidated statements of financial position:

- Interest rate swaps measured at fair value;
- Share-based payments measured at fair value;
- Convertible debentures measured at fair value;
- Investment property measured at fair value; and
- Investment property included in investments measured at fair value.

These condensed interim consolidated financial statements are presented in Canadian dollars, which is Plazacorp’s functional currency.

(c) Use of Estimates and Judgements

The preparation of the Company’s condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of certain assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. The significant estimates and judgements include the assessment of fair values, the discount rates used in the valuation of the Company’s assets and liabilities, capitalization rates, the relative credit worthiness of the Company to its counterparties, the ability to use tax losses and other tax measurements, the determination of the degree of control that exists in determining the corresponding accounting basis, the amount of borrowing costs to capitalize to properties under development and the selection of accounting policies.

One significant judgment and key estimate that affects the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of revenues and expenses during the period relates to property valuations. Investment properties, which are carried on the condensed interim consolidated statements of financial position at fair value, are valued either by the Company or by external valuers. The valuation of investment properties is one of the principal estimates and uncertainties of these financial statements. The valuations are based on a number of assumptions, such as appropriate discount rates and capitalization rates and estimates of future rental income, operating expenses and capital expenditures. These investment properties are sensitive to fluctuations in capitalization rates.

Plazacorp Retail Properties Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2012 (unaudited)

(tabular amounts in thousands of Canadian dollars, except per share amounts and as otherwise indicated)

3. Summary of Significant Accounting Policies

The Company's accounting policies are included in the December 31, 2011 consolidated financial statements. These policies have been applied consistently to all periods presented in these condensed interim consolidated financial statements.

(a) General and Consolidation

The condensed interim consolidated financial statements comprise the financial statements of the Company and the entities that it controls. Entities subject to joint control arrangements are accounted for using proportionate consolidation. Entities subject to significant influence are accounted for using the equity method. Entities which the Company does not exercise significant influence over are accounted for using the cost method. The financial statements of the consolidated and equity accounted entities are prepared for the same reporting period as the Company, using consistent accounting policies.

All intra group balances, transactions, income and expenses resulting from intra-group transactions are eliminated in full.

(b) Future Changes in Accounting Policies

A number of new standards, and amendments to standards and interpretations under IFRS, are not yet effective for the year ending December 31, 2012, and have not been applied in preparing these condensed interim consolidated financial statements.

(i) Financial Instruments

The IASB has issued a new standard, IFRS 9 (2010), Financial Instruments, which will ultimately replace IAS 39, Financial Instruments – Recognition and Measurement and augments the previously issued IFRS 9 (2009). The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables. This standard becomes effective on January 1, 2013. The Company is currently evaluating the impact of this new standard.

(ii) Consolidated Financial Statements

The IASB issued IFRS 10, Consolidated Financial Statements on May 12, 2011 to replace the current IAS 27, Consolidated and Separate Financial Statements. The new standard identifies the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. This new standard is effective for fiscal years beginning January 1, 2013. The Company is currently evaluating the impact of this new standard.

(iii) Joint Arrangements

The IASB issued IFRS 11, Joint Arrangements on May 12, 2011 to replace the current IAS 31, Interests in Joint Ventures. The new standard classifies joint arrangements as either joint ventures or joint operations. Interests in joint ventures will be accounted for using equity accounting, eliminating the proportionate consolidation option currently available under IAS 31. This new standard is effective for fiscal years beginning January 1, 2013. The Company is currently evaluating the impact of this new standard.

(iv) Disclosure of Interest in Other Entities

On May 12, 2011 the IASB issued IFRS 12, Disclosure of Interest in Other Entities. This standard establishes disclosure requirements for interests in other entities, including joint arrangements, associates, special purpose entities and other off balance sheet entities. This new standard is effective for fiscal years beginning January 1, 2013. The Company is currently evaluating the impact of this new standard.

(v) Fair Value Measurement

The IASB issued IFRS 13, Fair Value Measurement on May 12, 2011. This is a comprehensive standard for fair value measurement and disclosure of fair value measurements across various IFRS standards. IFRS 13 provides a definition of fair value, sets out a single IFRS framework for measuring fair value, and outlines requirements for disclosure of fair value

Plazacorp Retail Properties Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
March 31, 2012 (unaudited)

(tabular amounts in thousands of Canadian dollars, except per share amounts and as otherwise indicated)

measurements. The new standard is effective for fiscal years beginning January 1, 2013. The Company is currently evaluating the impact of this new standard.

(vi) Other Standards

The IASB amended IAS 1, Presentation of Financial Statements with changes effective July 1, 2012 and IAS 19, Employee Benefits with changes effective January 1, 2013. These standards have been reviewed and they are not anticipated to have a significant impact on the Company.

4. Investment Properties

	March 31, 2012	December 31, 2011
Balance, beginning of period:	\$ 493,445	\$ 426,516
Additions (deductions):		
Additions to investment properties	2,555	28,206
Additions - acquisitions	688	13,998
Disposals	(14)	(250)
Straight line rent receivable change	289	1,111
Fair value adjustment	13,361	23,864
Balance, end of period:	\$ 510,324	\$ 493,445

The majority of the Company's investment properties have been pledged as security under various mortgage and mortgage bond agreements.

Acquisitions consist of land and existing properties purchased for future development and land consolidation.

Investment properties are stated at fair value using the following methods, estimates and key assumptions:

(i) External appraisals

External appraisals from independent appraisers are obtained in the normal course of business and as refinancing activities require them. Where available, the fair value of various investment properties are based on these external appraisals. Of the total fair value in the chart above, \$5.0 million of investment properties were based on such external appraisals (December 31, 2011 - \$3.5 million).

(ii) Direct capitalization income approach

Under this method the Company determines the fair value based upon capitalization rates applied to normalized net operating income (property revenue less property operating expenses). The key assumption is the capitalization rate for each specific property. The Company receives quarterly capitalization rate matrices from an external independent appraiser. The capitalization rate matrices provide a range of rates for various geographic regions and for various types and qualities of properties within each region. The Company utilizes capitalization rates within the range of rates provided. To the extent that the externally provided capitalization rate ranges change from one reporting period to the next or should another rate within the provided ranges be more appropriate than the rate previously used, the fair value of the investment properties would increase or decrease accordingly.

Plazacorp Retail Properties Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
March 31, 2012 (unaudited)

(tabular amounts in thousands of Canadian dollars, except per share amounts and as otherwise indicated)

As at March 31, 2012 the Company has utilized the following range of capitalization rates:

	Number of Properties⁽¹⁾	Weighted average capitalization rates	Primary Market	Secondary Market
Freestanding	38	6.68%	6.25% – 7.50%	6.50% - 7.75%
Anchored Strip – Class A	11	7.20%	6.25% - 7.50%	6.75% - 8.50%
Anchored Strip – Class B	17	7.07%	6.50% - 8.00%	7.00% - 9.00%
Unanchored Strip	29	7.92%	7.00% - 8.00%	7.50% - 9.50%
Enclosed Malls – Community	5	8.37%	6.75% - 8.75%	7.50% - 9.75%
	100	7.23%		

(1) Excludes properties under development and non-consolidated trusts and partnerships.

Freestanding - defined as freestanding retail space leased to a national tenant. May include nominal additional gross leasable area (“GLA”) if the additional GLA is 15% or less than the total GLA or gross revenue.

Anchored Strip – Class A - defined as a food or equivalent-anchored retail strip, 20,000-125,000 square feet and where the anchor tenant represents 70% or more of GLA or gross revenue.

Anchored Strip – Class B - defined as a food or equivalent-anchored retail strip, 20,000-200,000 square feet and where the anchor tenant represents less than 70% of GLA or gross revenue.

Unanchored Strip - defined as an unanchored retail strip less than 75,000 square feet.

Enclosed Malls - Community - defined as an enclosed community mall with food or department/junior department store or equivalent anchors.

As at December 31, 2011 the Company has utilized the following range of capitalization rates:

	Number of Properties⁽¹⁾	Weighted average capitalization rates	Primary Market	Secondary Market
Freestanding	37	6.82%	6.50% – 7.50%	6.75% - 7.75%
Anchored Strip – Class A	11	7.33%	6.25% - 7.75%	7.00% - 8.50%
Anchored Strip – Class B	16	7.30%	6.50% - 8.00%	7.25% - 9.00%
Unanchored Strip	29	7.99%	7.25% - 8.00%	7.75% - 9.75%
Enclosed Malls – Community	5	8.82%	7.00% - 8.75%	7.75% - 10.00%
	98	7.41%		

(1) Excludes properties under development and non-consolidated trusts and partnerships.

At March 31, 2012 a decrease of 0.25% in the capitalization rates used to determine the fair value of investment properties would have resulted in an increase in investment properties of approximately \$18.2 million. An increase of 0.25% in the capitalization rates used would have resulted in a decrease in investment properties of approximately \$17.0 million.

(a) *Straight-line Rent*

Included in investment properties as at March 31, 2012 is \$6.7 million (December 31, 2011 - \$6.4 million) of straight line rent receivables arising from the recognition of rental revenue on a straight line basis over the lease terms in accordance with IAS 17, Leases.

(b) *Surplus Land*

Included in investment properties as at March 31, 2012 is \$1.3 million of surplus lands at fair value (December 31, 2011 - \$1.3 million).

Plazacorp Retail Properties Ltd.
Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2012 (unaudited)

(tabular amounts in thousands of Canadian dollars, except per share amounts and as otherwise indicated)

(c) *Properties Under Development*

Included in investment properties as at March 31, 2012 is \$29.7 million of properties under development (December 31, 2011 - \$23.5 million), of which \$10.1 million or 6 properties are included at cost as fair value was not determinable (December 31, 2011 - \$9.7 million or 5 properties).

(d) *Borrowing Costs*

The total amount of borrowing costs capitalized for the three months ended March 31, 2012 is \$335 thousand (for the three months ended March 31, 2011 - \$265 thousand).

(e) *Disposals*

During the three months ended March 31, 2012, the Company disposed of land in Riviere-du-Loup and Shawinigan, QC for net proceeds of \$22 thousand and an accounting gain of \$8 thousand.

5. Debentures Payable

Debentures payable consist of the following:

	Maturity Date	Interest Rate	March 31, 2012	December 31, 2011
Convertible ⁽¹⁾				
Series V	October 14, 2014	8.0%	\$ 15,845	\$ 15,930
Series VI	March 31, 2015	7.5%	23,208	23,602
Total convertible debentures			\$ 39,053	\$ 39,532

⁽¹⁾ Recorded at fair value

Convertible subordinate debentures are unsecured. Convertible debenture terms are as follows:

	Series V	Series VI
Conversion price	\$3.40	\$3.80
Company's first redemption date	October 14, 2012	March 31, 2013
Maturity date	October 14, 2014	March 31, 2015
Face value outstanding March 31, 2012	\$11,332	\$18,290

For the three months ended March 31, 2012, holders of \$150 thousand of Series V convertible debentures, and \$150 thousand of Series VI convertible debentures (for the three months ended March 31, 2011 - \$243 thousand of Series IV convertible debentures, \$110 thousand of Series V convertible debentures and \$430 thousand of Series VI convertible debentures) exercised their option to convert to 44 thousand common shares and 39 thousand common shares, respectively (for the three months ended March 31, 2011 - 61 thousand common shares, 32 thousand common shares and 113 thousand common shares, respectively).

Plazacorp Retail Properties Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2012 (unaudited)

(tabular amounts in thousands of Canadian dollars, except per share amounts and as otherwise indicated)

6. Mortgage Bonds Payable

Mortgage bonds payable are secured by the following properties:

					March 31, 2012	December 31, 2011
	Series IV	Series V	Series VI	Series VII	Total	Total
Grand Falls Shopping Mall, Grand Falls, NB, 2 nd Mortgage	\$ 960	\$ -	\$ -	\$ -	\$ 960	\$ 960
Commercial Street-Phase 2, New Minas, NS, 1 st Mortgage	224	-	-	-	224	224
Fairville Boulevard (ANBL), Saint John, NB, 1 st Mortgage	-	-	900	-	900	900
Boulevard Hebert Plaza, Edmundston, NB, 1 st Mortgage	-	1,185	-	-	1,185	1,185
Miramichi West, Miramichi, NB, 2 nd Mortgage	235	-	-	-	235	235
Miramichi Phase II, Miramichi, NB, 2 nd Mortgage	177	-	-	-	177	177
Main & Victoria, Shediac, NB, 2 nd Mortgage	167	-	-	-	167	167
Main & Western, Sussex, NB, 2 nd Mortgage	218	-	-	-	218	218
Starr's Road Plaza, Yarmouth, NS, 2 nd Mortgage	379	-	-	-	379	379
Kenmount Road Plaza, St. John's, NL, 2 nd Mortgage	317	-	-	-	317	317
Airport Blvd. Plaza, Gander, NL, 2 nd Mortgage	323	-	-	-	323	323
Bourque & Haut-Bois, Sherbrooke, QC, 1 st Mortgage	-	-	-	3,000	3,000	3,000
Gross mortgage bonds payable	\$3,000	\$1,185	\$ 900	\$3,000	\$ 8,085	\$ 8,085
Less: unamortized finance charges					(36)	(40)
Less: current portion of mortgage bonds payable					(6,000)	(6,000)
Net mortgage bonds payable – long-term portion					\$ 2,049	\$ 2,045

	Series IV	Series V	Series VI	Series VII
Interest Rate	7.5%	8.0%	5.25%	7.0%
Maturity Date	June 30, 2012	June 4, 2016	February 24, 2016	May 31, 2012
Amount	\$3,000	\$1,185	\$900	\$3,000

The mortgage bonds have been secured by first or second charges against the respective properties. Mortgage bonds can be deployed up to 90% of the cost of a property under a first or second charge on that property. If it is a second charge, the total debt, including mortgage bonds, cannot exceed 90%. Series IV mortgage bonds are re-allocated to different properties from time to time as required.

The Company had the ability to redeem up to one-half of the bonds on the third and fourth anniversaries of the initial closing date of the Series IV bonds at a price equal to the principal amount. The Company did not redeem any Series IV bonds on the fourth anniversary date of April 25, 2011, and therefore has no more redemption rights remaining on this series of bonds. The Company has no right to redeem the Series V, VI, or VII bonds prior to the maturity date.

Plazacorp Retail Properties Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2012 (unaudited)

(tabular amounts in thousands of Canadian dollars, except per share amounts and as otherwise indicated)

7. Mortgages Payable

	Rate Range	Weighted Average	Maturity Dates	March 31, 2012	December 31, 2011
Fixed rate loans	4.21% - 8.02%	6.04%	Up to June 2031	\$ 245,988	\$ 250,077
Less: unamortized finance charges				(2,988)	(3,153)
Total net fixed rate mortgage loans				243,000	246,924
Variable rate loans:					
- \$20 million development facility	Prime plus 1.00% or BA plus 2.75%		July 31, 2012	1,461	-
- \$15 million development facility	Prime plus 1.00% or BA plus 2.50%		July 31, 2012	-	-
Less: unamortized finance charges				(43)	(70)
Total net variable rate loans				1,418	(70)
Net mortgages payable				244,418	246,854
Impact of interest rate swaps				323	433
Less: current portion of mortgages payable				(15,243)	(19,261)
Total mortgages payable – long-term portion				\$ 229,498	\$ 228,026

All mortgages are secured by charges against specific assets. The unamortized finance charges are made up of fees and costs incurred to obtain the mortgage financing less accumulated amortization.

Included in net mortgages payable are \$4.2 million of mortgages obtained in 2010, which were converted from variable rate mortgages to fixed rate mortgages through the use of interest rate swaps entered into with a Canadian chartered bank. The terms of the mortgages and associated interest rate swaps are 10 years, expiring July 31, 2020. These interest rate swaps are valued quarterly and are recognized at fair value in mortgages payable with changes in the fair value reflected in profit and loss.

To fund development activities the Company has two 365-day revolving acquisition and development facilities with Canadian chartered banks available upon pledging of specific assets. One is a \$20 million facility and the other is a \$15 million facility. At March 31, 2012 there is \$33.5 million available on these development lines (December 31, 2011 - \$35 million). Funding is secured by first mortgage charges on development properties. The Company must maintain certain financial ratios to comply with the facilities. These covenants include loan-to-value, debt service, interest coverage and occupancy ratios, as well as shareholder equity tests. As of March 31, 2012 the Company is in compliance with all covenants.

8. Bank Indebtedness

The Company has a \$10.0 million operating line of credit facility with a Canadian chartered bank at the rate of prime plus 1.00% or BAs plus 2.50%, maturing November 30, 2012. The amount available to be drawn fluctuates depending on the specific assets pledged as security. At March 31, 2012, the maximum amount available to be drawn on the facility was \$10.0 million. As security, the Company has provided a \$12 million demand debenture secured by a first mortgage over five properties. At March 31, 2011 there is nil drawn on the facility (December 31, 2011 – nil).

Plazacorp Retail Properties Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
March 31, 2012 (unaudited)

(tabular amounts in thousands of Canadian dollars, except per share amounts and as otherwise indicated)

9. 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, 2012		December 31, 2011	
	Shares (000s)	Amount	Shares (000s)	Amount
Common shares outstanding, beginning of the period	59,878	\$ 87,550	50,189	\$ 47,395
Issuance of common shares:				
Shares issued through exercise of stock options	45	208	20	60
Shares issued through dividend reinvestment plan	38	180	305	1,298
Shares issued through equity raise ⁽¹⁾	-	-	7,590	30,861
Shares issued through debt conversion				
- face value debentures	83	300	1,774	6,873
- impact of fair value of convertible debentures	-	100	-	1,063
Common shares outstanding, end of the period	60,044	\$ 88,338	59,878	\$ 87,550

⁽¹⁾ Net of deferred income tax asset of \$665 thousand.

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, at the discretion of the Company. The note payable would bear interest at a rate equal to the prescribed rate of interest under the Income Tax Act (Canada) in effect at the time of its issue, and will mature and be fully repaid two years after issuance. The notes may also be prepaid without penalty. For the three months ended March 31, 2012 no shareholder had redeemed shares under the mutual fund corporation provisions (for the three months ended March 31, 2011 – nil).

The Company has a Dividend Reinvestment Plan to enable Canadian resident shareholders to acquire additional shares of the Company through the reinvestment of dividends on their shares. Shares issued in connection with the Dividend Reinvestment Plan are issued directly from the treasury of the Company at a price based on the weighted average closing price of the shares for the 20 trading days immediately preceding the relevant dividend date. Participants also receive “bonus shares” in an amount equal to 3% of the dividend amount reinvested. Pursuant to the Company’s Dividend Reinvestment Plan, during the three months ended March 31, 2012, shareholders were issued 38 thousand shares at a weighted average price of \$4.75 per share (for the three months ended March 31, 2011 – 147 thousand shares at a weighted average price of \$4.26 per share).

10. Change in Non-Cash Working Capital

	March 31, 2012	March 31, 2011
Receivables	\$ (2,433)	\$ (1,899)
Prepaid expenses and mortgage deposits	(3,755)	(3,464)
Accounts payable and accrued liabilities	7,537	6,228
Income taxes payable	8	29
Total cash from change in non-cash working capital	\$ 1,357	\$ 894

Plazacorp Retail Properties Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2012 (unaudited)

(tabular amounts in thousands of Canadian dollars, except per share amounts and as otherwise indicated)

11. Subsequent Events

Financing

Long-term financing was obtained for Main Street Alexandria, Alexandria, ON, Ottawa Street, Almonte, ON, and Hastings Street Bancroft, Bancroft, ON in the amount of \$10.75 million with a 10 year term and an interest rate of 4.72%. Plazacorp owns 25% of the limited partnership which owns these properties.

Acquisitions

The Company purchased land for future development in Saint John, NB and in Charlottetown, PE for \$3.9 million.

Restricted Share Unit Plan

At the Company's annual and special meeting of shareholders the restricted share unit plan was approved.

Debentures

\$650 thousand in Series V convertible debentures were converted to 191,176 shares.
\$400 thousand in Series VI convertible debentures were converted to 105,264 shares.

12. Comparative Figures

Certain comparative figures have been reclassified in order to comply with the current period's presentation.

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