QUARTERLY REPORT

MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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

AS AT AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2011 AND 2010

DATED: AUGUST 18, 2011

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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 August 18, 2011. 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 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 period ended June 30, 2011 should be read in conjunction with the Company's Condensed Interim Consolidated Financial Statements and the notes thereto for the three and six months ended June 30, 2011 and 2010, along with the Consolidated Financial Statements and MD&A for the year ended December 31, 2010, 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 August 18, 2011 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 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.

FFO, AFFO and NOI 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.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

Plazacorp has implemented IFRS and has presented its financial results for Q1 2011 and Q2 2011 along with comparative information in accordance with the standards. The adoption of IFRS has had a material impact on the Consolidated Statements of Financial Position and the Consolidated Statements of Comprehensive Income as described in the sub-headings below.

IFRS 1 – First-time adoption of International Financial Reporting Standards

IFRS 1 requires an entity to adopt IFRS in its first annual financial statements prepared under IFRS by making an explicit and unreserved statement in those financial statements of compliance with IFRS. IFRS 1 also requires that comparative financial information be provided. As a result, the Company has applied IFRS as of January 1, 2010 ("the transition date") and has prepared its opening IFRS balance sheet as at that date. IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be December 31, 2011, except where certain optional exemptions allowed under IFRS 1 are applied by an entity. The Company has applied the following optional exemptions available under IFRS 1:

i) The Company has applied the business combination exemption in IFRS 1 to not apply IFRS 3, "Business Combinations" retrospectively to past business combinations. Accordingly, the Company has not restated business combinations that took place prior to the transition date.

ii) The Company has elected under IFRS 1 not to reassess whether an arrangement contains a lease under IFRIC 4, "Determining whether an Arrangement contains a Lease" for contracts that were assessed under previous Canadian GAAP. Arrangements entered into before the effective date of previous Canadian GAAP rules that have not subsequently been assessed under previous Canadian GAAP, were assessed under IFRIC 4, and no additional leases were identified.

Investment Property

Under IAS 40, "Investment Property", investment property is defined as property held to earn rentals, capital appreciation, or both, rather than for use in the production or supply of goods or services, administrative purposes, or for sale in the ordinary course of business. The Company's investment properties under IFRS consist of all of the Company's income producing properties (including property interests held under land lease), properties under development and surplus lands. Under IFRS, a company is allowed to choose to report investment properties at cost or fair value. The Company has chosen the fair value method to present investment properties as it is a more meaningful measure of the Company's primary assets. Under previous Canadian GAAP, investment properties were measured at cost. The opening adjustment to fair value at the transition date has been recorded in shareholders' equity. Fair value represents the amount at which the properties could be exchanged between knowledgeable, willing parties in an arm's length transaction at the date of valuation.

For the Company, the fair value of investment properties is based on a combination of external appraisals and internal valuations based on a capitalization matrix provided by an independent appraiser. Management undertakes a quarterly review of the fair value of its investment properties to assess the continuing validity of the underlying assumptions such as cash flow and capitalization rates. Where increases or decreases are warranted, the Company adjusts the fair values of its investment properties.

Under the fair value model, depreciation of investment properties is no longer recorded. Straight-line rent, goodwill and intangible assets and liabilities which were previously reported separately under former Canadian GAAP, are effectively included in the fair value of investment properties under IFRS. Straight-line rent, although effectively included in investment properties, continues to be amortized as a reduction of revenue.

The Company's share of the underlying fair value of investment properties included in equity-accounted investments is also recorded under IFRS, using the same methodology and matrices.

Convertible Debentures

Under IFRS, the Company is required to present the conversion feature of its convertible debentures as a liability measured at fair value. Alternatively, the Company can choose to measure the entire balance of convertible debentures at fair value rather than separate the embedded derivative. The Company has chosen to measure the entire balance at fair value. The opening adjustment to fair value at the transition date has been recorded in shareholders' equity, and the changes to the fair value for each period are recorded in the consolidated statement of comprehensive income. Under previous Canadian GAAP, the value of the conversion feature of the Company's convertible debentures was included as a component of shareholders' equity and was not remeasured at fair value at each reporting date. The liability component of the convertible debentures was measured at amortized cost under previous Canadian GAAP.

Taxation

Under IFRS (like previous Canadian GAAP), deferred income taxes are recorded for the temporary differences arising in respect of assets and liabilities at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted by the reporting date.

All changes to the Company's opening balance sheet arising from the conversion to IFRS required a corresponding tax asset or liability based on the differences between the carried value of assets and liabilities and the associated tax bases. Under IFRS, deferred income taxes are based on a combination of capital gains rates and income rates for temporary differences. This differs from previous Canadian GAAP which used income rates.

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 June 30, 2011 includes interest in 112 properties totaling over 5.1 million square feet and additional lands held for development. These include properties directly held by Plazacorp, its subsidiaries and through joint ventures. For the past few years, Plazacorp's growth was primarily created through the development of new real estate assets. As at June 30, 2011, the Company has $5.1 million committed to new development for 2011.

Summary of Properties

	Number of Properties June 30, 2011[1]	**Gross Leasable Area (sq. ft.) June 30, 2011[2]**	Number of Properties June 30, 2010[1]	Gross Leasable Area (sq. ft.) June 30, 2010[2]
Newfoundland and Labrador	**9**	**602,447**	8	597,170
New Brunswick	**36**	**1,558,705**	35	1,532,232
Nova Scotia	**22**	**1,006,579**	21	915,137
Ontario	**14**	**259,087**	13	232,666
Prince Edward Island	**7**	**429,613**	5	274,949
Quebec	**24**	**1,202,698**	21	1,128,950
Total	**112**	**5,059,129**	103	4,681,104

(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 properties tenanted by national retailers, and more importantly retailers in the consumer staples market segment. Our execution of this strategy has produced a portfolio that is 89.8% occupied by national retailers. This significantly enhances the stability of the cash flows from our portfolio.

Yearly Dividend Growth

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

Plazacorp's first full year of dividends began in 2003. As a result of the internalization of property and corporate management (see Part VI of this MD&A for more details), a mid-year increase in dividends was implemented from 20.25¢ to 21.00¢.

The capital markets have been good in 2011 for financing through both debt and equity. Long-term debt financing is available at historically competitive rates with long amortization periods and long terms available.

Over the last few years, Plazacorp has focused its growth on developments, 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 and construction and project management. Plazacorp expects to continue generating growth through developments 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 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 over a 25 year amortization period.

The Company strives to:

- maintain access to cost effective sources of debt and equity capital to finance the acquisition of new developments;
- acquire or develop properties at a price consistent with the Company's targeted returns on investment;
- maintain high occupancy rates on existing properties while sourcing tenants for properties under development and future acquisitions; and
- diligently manage its properties to ensure tenants are able to focus on their business.

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.

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 six months ended June 30, 2011 compared to the six months ended June 30, 2010.

Funds from Operations	➢ For the six months ended June 30, 2011 FFO was $6.7 million, or 13.2¢ per share (13.2¢ per share diluted) compared to $6.4 million, or 12.9¢ per share (12.9¢ per share diluted) for the six months ended June 30, 2010, a 4.8% dollar increase and a 2.3% increase on a per share basis. The principal factors influencing FFO were: ➢ Incremental NOI growth of $680 thousand earned by properties which were transferred from properties under development to income producing status during 2010 and 2011. ➢ Same asset NOI growth of $417 thousand. ➢ An increase in financing costs of $344 thousand mainly affected by the replacement of floating-rate debt with long-term debt on new properties and new debenture interest. ➢ An increase in administrative expenses of $381 thousand mainly due to one-time additional tax consulting and professional fees relating to the potential conversion to a REIT structure and IFRS-related work. ➢ The per share decrease in FFO was also due to an increase in the number of outstanding shares due to the exercising of options, conversions of convertible debentures and the dividend reinvestment plan. ➢ For the three months ended June 30, 2011 FFO was $3.5 million, or 6.8¢ per share (6.8¢ per share diluted) compared to $3.1 million, or 6.3¢ per share (6.3¢ per share diluted) for the three months ended June 30, 2010, an 11.3% dollar increase and a 7.9% increase on a per share basis. ➢ FFO was positively impacted by NOI growth of $669 thousand partly offset by an increase in administrative expenses of $200 thousand (mainly due to one-time additional tax consulting and professional fees relating to the potential conversion to a REIT structure and IFRS-related work), as well as an increase in interest costs of $135 thousand (partly relating to costs incurred for $11.7 million of mortgages defeased).
FFO Payout Ratio	➢ For the six months ended June 30, 2011 the FFO payout ratio remained very low by industry standards at 76.4% compared to 74.3% for the same period in the prior year. For the quarter ended June 30, 2011 the FFO payout ratio was 73.6% compared to 75.9% for the quarter ended June 30, 2010.
Debt Service Ratios	➢ For the six months ended June 30, 2011 the interest coverage ratio was 1.8 times and the debt service coverage ratio was 1.5 times, both consistent with the six months ended June 30, 2010. The debt service ratios exceed the requirements under our borrowing arrangements.
Same-Asset Net Property Operating Income	➢ For the six months ended June 30, 2011 same-asset NOI increased compared to the prior year by $417 thousand or 2.8%. ➢ For the three months ended June 30, 2011 same-asset NOI increased by $268 thousand or 3.6% compared to the same period in the prior year.
Weighted Average Effective Cost of Debt	➢ At June 30, 2011 the weighted average effective cost of mortgage debt decreased 35 basis points to 6.13% from 6.48% at June 30, 2010. This is mainly the result of $11.7 million of defeasances of higher cost debt entered into during the quarter.
Occupancy Levels	➢ At June 30, 2011 overall occupancy was 97.6% compared to 97.9% at June 30, 2010.

PROPERTY AND CORPORATE PERFORMANCE 2011 AND 2010

Funds from Operations (FFO)

Plazacorp's summary of FFO for the three and six months ended June 30, 2011, compared to the three and six months ended June 30, 2010 is presented below:

(000's – except per share amounts and debt coverage ratios) (unaudited)	3 Months Ended June 30, 2011	3 Months Ended June 30, 2010	6 Months Ended June 30, 2011	6 Months Ended June 30, 2010
Profit for the period attributable to shareholders	**$ 8,168**	$ 13,306	**$ 14,550**	$ 14,804
Add (deduct):				
Loss (gain) on disposal of investment properties	**-**	(4)	**-**	125
Deferred income tax expense	**4,009**	3,679	**6,520**	4,513
Fair value adjustment to investment properties	**(9,162)**	(13,859)	**(15,568)**	(14,787)
Fair value adjustment to investments	**(1,345)**	(1,511)	**(2,327)**	(1,746)
Fair value adjustment to convertible debentures	**1,766**	644	**3,212**	1,956
Net revaluation of interest rate swaps	**71**	-	**9**	-
Non-controlling interest adjustment	**(23)**	851	**297**	954
Basic FFO	**3,484**	3,106	**6,693**	5,819
Adjustment for debenture issuance costs	**-**	24	**-**	565
Basic and diluted FFO - adjusted	**3,484**	3,130	**6,693**	6,384
Basic Weighted Average Shares Outstanding	**51,013**	49,463	**50,722**	49,353
Diluted Weighted Average Shares Outstanding	**51,014**	49,475	**50,723**	49,364
Basic and diluted FFO – adjusted per share	**$ 0.068**	$ 0.063	**$ 0.132**	$ 0.129
Debt coverage ratios				
Interest coverage ratio[(1)]	**1.9 times**	1.8 times	**1.8 times**	1.8 times
Debt service coverage ratio[(2)]	**1.5 times**	1.5 times	**1.5 times**	1.5 times

(1) Calculated as profit before finance costs, taxes, gains/losses on property dispositions, unrealized change from fair value adjustments and net revaluation of interest rate swaps (hereinafter known as "EBITDA") divided by finance costs.
(2) Calculated as EBITDA divided by total debt service (finance costs plus periodic mortgage principal repayments).

Basic FFO – adjusted for the six months ended June 30, 2011 increased by 4.8% over the same period in the prior year. Positively impacting FFO was same-asset NOI growth and incremental NOI growth from new developments. This was partly offset by an increase in administrative expenses of $381 thousand mainly due to one-time expenses for tax consulting and professional fees relating to the potential conversion to a REIT structure and IFRS-related work, and an increase in interest costs of $344 thousand (affected by the replacement of floating-rate debt with long-term debt on new properties and new debenture interest). FFO per share was also affected by an increase in the number of shares outstanding due to the exercising of options, conversions of convertible debentures and the dividend reinvestment plan.

Basic FFO – adjusted for the quarter ended June 30, 2011 increased by 11.3% over the same period in the prior year. FFO was positively impacted by same-asset NOI growth and incremental NOI growth from new developments of $669 thousand. This was partly offset by an increase in administrative expenses of $200 thousand due to fees relating to the potential conversion to a REIT structure and IFRS-related fees incurred as well as an increase in interest costs of $135 thousand (partly relating to costs incurred for $11.7 million of mortgages defeased).

The impact to FFO on the internalization of property and corporate management is currently being assessed, and may decrease slightly depending on the accounting treatment of certain costs. The internalization is expected to be positive to cash flows, however.

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.

(000's, except percentage data) (unaudited)	**3 Months Ended June 30, 2011**	3 Months Ended June 30, 2010	**6 Months Ended June 30, 2011**	6 Months Ended June 30, 2010
Basic FFO - adjusted	**$ 3,484**	$ 3,130	**$ 6,693**	$ 6,384
Add: Amortization of finance charges included in interest expense	**164**	214	**357**	368
Principal repayment of tenant loans	**143**	108	**274**	214
Non-controlling interest adjustment	**48**	-	**57**	9
Less: Non-cash revenue – straight-line rent	**(218)**	(189)	**(436)**	(406)
Equity accounting adjustment	**(35)**	(25)	**(87)**	(73)
Maintenance capital expenditures – existing properties	**(203)**	(113)	**(330)**	(290)
Leasing costs – existing properties	**(232)**	(318)	**(685)**	(488)
Mortgage finance charges – existing properties	**(143)**	(39)	**(162)**	(67)
Basic and diluted AFFO	**$ 3,008**	$ 2,768	**$ 5,681**	$ 5,651
Basic and diluted AFFO per share	**$ 0.059**	$ 0.056	**$ 0.112**	$ 0.114
Gross dividend payments	**$ 2,564**	$ 2,377	**$ 5,112**	$ 4,744
AFFO after dividends	**$ 444**	$ 391	**$ 569**	$ 907
Dividends as a percentage of basic AFFO	**85.2%**	85.9%	**90.0%**	83.9%
Dividends as a percentage of basic FFO - adjusted	**73.6%**	75.9%	**76.4%**	74.3%

For the six months ended June 30, 2011, AFFO increased slightly by $30 thousand, or 0.5% over the prior year, mainly due to: an increase in FFO; offset by an increase in leasing costs and higher than normal one-time mortgage finance charges as a result of mortgages defeased during the quarter.

Basic AFFO for the quarter ended June 30, 2011 increased by $240 thousand, or 8.7% over the same period in the prior year mainly due to an increase in FFO partly offset by an increase in one-time mortgage finance charges as a result of mortgages defeased during the quarter.

Same-Asset Net Property Operating Income

Same-asset categorization refers to those properties which were owned and operated by Plazacorp for the six months ended June 30, 2011 and the entire year ended December 31, 2010 and excludes partial year results from certain assets due to timing of acquisition, redevelopment or disposition.

(000's, except percentage data) (unaudited)	**3 Months Ended June 30, 2011**	3 Months Ended June 30, 2010	**6 Months Ended June 30, 2011**	6 Months Ended June 30, 2010
Same-asset rental revenue	**$ 12,957**	$ 12,518	**$ 25,905**	$ 25,042
Same-asset operating expenses	**2,679**	2,706	**5,560**	5,513
Same-asset realty tax expense	**2,630**	2,432	**5,196**	4,797
Same-asset net property operating income	**$ 7,648**	$ 7,380	**$ 15,149**	$ 14,732
Same-asset net property operating income excluding non-cash revenue and land rent	**$ 7,716**	$ 7,540	**$ 15,957**	$ 15,505
Same-asset net property operating income margin excluding non-cash revenue and land rent	**59.6%**	60.2%	**61.6%**	61.9%
Total net property operating income	**$ 8,121**	$ 7,452	**$ 15,827**	$ 14,839
Total net property operating income margin	**59.6%**	59.3%	**58.8%**	59.0%

As noted in the chart above, the NOI for the same-asset pool for the six months ended June 30, 2011, is showing growth of $417 thousand, or 2.8% over the same period in the prior year, due to the lease up at Fairville Boulevard, Fairville Boulevard – II, Les Promenades du Cuivre, Bedford Commons and Granite Drive Plaza which contributed an additional $448 thousand to NOI. Same-asset NOI excluding non-cash revenue and land rent had growth of $452 thousand, or 2.9% over the prior year, with the total NOI growing by $988 thousand, or 6.7% due to the overall growth in investment properties from development activities.

The increase in total NOI for the six months ended June 30, 2011 was attributable to:

- the full period impact of 5 properties transferred to income producing status in 2010, accounting for $473 thousand of the increase (annualized impact to NOI of approximately $946 thousand) and 4 properties transferred to income producing status in 2011, accounting for $207 thousand of the increase (annualized impact to NOI of approximately $631 thousand);
- same-asset pool growth of $417 thousand; and
- partly offset by the sale of a 25% interest in a property and the sale of a 50% interest in a property in 2010, reducing NOI by $70 thousand.

NOI for the same-asset pool for the quarter ended June 30, 2011 increased by $268 thousand, or 3.6% over the same period in the prior year due to the lease up at Fairville Boulevard – II, Les Promenades du Cuivre, Bedford Commons and Granite Drive Plaza. Total NOI for the quarter ended June 30, 2011 increased by $669 thousand or 9.0% over the same period in the prior year, mainly due to same-asset NOI growth, the impact of properties transferred to income producing status in 2010, accounting for $237 thousand of the increase and properties transferred to income producing status in 2011, accounting for $213 thousand of the increase. This growth was partly offset by the sale of a 50% interest in a property in 2010, reducing NOI by $32 thousand.

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

(000's except percentage amounts) (unaudited)	**3 Months Ended June 30, 2011**	3 Months Ended June 30, 2010	**6 Months Ended June 30, 2011**	6 Months Ended June 30, 2010
New Brunswick	**$ 2,871**	$ 2,826	**$ 5,748**	$ 5,720
Quebec	**1,398**	1,341	**2,738**	2,656
Nova Scotia	**2,018**	1,843	**3,955**	3,632
Ontario	**325**	318	**649**	644
Newfoundland and Labrador	**354**	370	**705**	703
Prince Edward Island	**682**	682	**1,354**	1,377
Same-asset net property operating income	**$ 7,648**	$ 7,380	**$ 15,149**	$ 14,732
Percentage increase over prior year	**3.6%**		**2.8%**	

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	19,265	100%	Q1 11
King & Mill, Newcastle, ON	Single Use	15,051	50%	Q1 11
Torbay & MacDonald, St. John's, NL	Single Use	18,500	100%	Q1 11
West Royalty, Charlottetown, PE	Single Use	54,150	100%	Q2 11

2010 Transactions	Property Type	Square Footage	Ownership	Income Producing During
Ottawa Street, Almonte, ON	Single Use	18,365	25%	Q1 10
Amherstview, Amherstview, ON	Single Use	18,029	50%	Q2 10
Scugog Street Port Perry, Port Perry, ON	Single Use	16,776	50%	Q2 10
Ville Marie Drive Plaza, Marystown, NL	Single Use	14,580	100%	Q3 10
Jean Talon, Montreal, QC	Single Use	6,000	35%	Q3 10
Silver Fox, New Minas, NS	Strip Plaza	42,078	100%	Q4 10
Terrace Dufferin, Valleyfield, QC	Strip Plaza	17,587	50%	Disposition Q4 10

Same-Asset Net Property Operating Income Excluding Non-Cash Revenue and Land Rent

IFRS requires contractual rental revenue to be recorded on a straight-line basis over the term of the respective lease. With the exclusion of this non-cash revenue, one can see the growth in same-asset NOI being derived from changes in occupancy, cost containment and rental increases on lease renewal.

Due to the Company's use of operating land leases, operating margins excluding ground rent are more representative of industry norms and compare favourably with other public real estate entities specializing in retail shopping plazas.

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 on NOI.

Leasing and Occupancy

The following table represents leases expiring for the next 5 years and thereafter for Plazacorp's property portfolio at June 30, 2011 (excluding non-consolidated investments).

	Strip Plazas		Enclosed Malls		Single-User		Total	
Year	**Sq Ft[1]**	**%**	**Sq Ft[1]**	**%**	**Sq Ft[1]**	**%**	**Sq Ft[1]**	**%**
Remainder of 2011	54,768	2.5	42,892	6.6	54,150	8.9	**151,810**	**4.4**
2012	115,261	5.2	72,834	11.2	25,293	4.1	**213,388**	**6.1**
2013	142,425	6.4	41,835	6.4	-	-	**184,260**	**5.3**
2014	206,857	9.3	110,621	17.0	-	-	**317,478**	**9.1**
2015	357,106	16.1	75,657	11.6	25,695	4.2	**458,458**	**13.1**
2016	269,741	12.1	32,903	5.0	25,771	4.2	**328,415**	**9.4**
Thereafter	1,076,995	48.4	275,448	42.2	480,029	78.6	**1,832,472**	**52.6**
Subtotal	2,223,153	100.0	652,190	100.0	610,938	100.0	**3,486,281**	**100.0**
Vacant	58,335		27,917		-		**86,252**	
Total	2,281,488		680,107		610,938		**3,572,533**	
Weighted average lease term	7.3 years		6.5 years		10.2 years		**7.7 years**	

[1] At 100%, regardless of the Company's ownership interest in the properties.

At June 30, 2011, overall occupancy for the portfolio (excluding properties under development and non-consolidated investments) slightly decreased to 97.6% from 97.9% at June 30, 2010.

During the first two quarters of 2011, the Company completed 585 thousand square feet (2010 - 459 thousand square feet) of new and renewal leasing deals at market rates (including leasing at non-consolidated investments). The 585 thousand square feet of leasing was comprised of 252 thousand square feet on new developments, and 333 thousand square feet on existing properties. Excluding leasing at non-consolidated investments, the Company completed 360 thousand square feet of new and renewal leasing deals (2010 - 251 thousand square feet) at market rates. The 360 thousand square feet of leasing was comprised of 123 thousand square feet on new developments and 237 thousand square feet on existing properties.

On average, Plazacorp's embedded or contractual gross rents expiring in 2011 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 97.4% at June 30, 2011, compared to 97.7% at June 30, 2010.
- Average occupancy for enclosed malls was 95.9% at June 30, 2011 compared to 96.8% at June 30, 2010.
- Occupancy for single use assets remained stable at 100% at June 30, 2011.
- Pre-leased space in properties under development and under construction is 65.3% at June 30, 2011.

Plazacorp has built a portfolio with a high quality revenue stream. Plazacorp's ten largest tenants based upon current monthly gross rents at June 30, 2011 represent approximately 53.8% of total revenues in place.

	% of Gross Revenue		**% of Gross Revenue**
1. Shoppers Drug Mart	25.2	6. Reitmans	2.7
2. Dollarama	7.1	7. Bulk Barn	2.5
3. Staples	4.0	8. Michael's	2.1
4. Mark's Work Wearhouse	3.5	9. Winners	1.9
5. Sobeys	3.3	10. Future Shop	1.5

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.

	June 30, 2011	June 30, 2010
National	**89.8%**	88.8%
Regional	**3.8%**	4.3%
Local	**5.6%**	5.9%
Non-Retail	**0.8%**	1.0%

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. 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.

Share of profit of associates includes Plazacorp's share of NOI of approximately $1.4 million, as well as a fair value change of $2.3 million. Share of profit of associates increased by $538 thousand for the six months ended June 30, 2011 compared to the six months ended June 30, 2010, of which $581 thousand related to the increase in fair value of the underlying investment properties.

For the quarter ending June 30, 2011 share of profit of associates decreased by $163 thousand compared to the quarter ended June 30, 2010, mainly due to the decrease in fair value of $166 thousand.

Distributions received from associates for the six months ended June 30, 2011 were $1.3 million compared to $649 thousand for the six months ended June 30, 2010. The increase was mainly due to refinancing proceeds distributed from the Village Shopping Centre.

Change in Fair Value of Investment Properties

The net gain from the fair value adjustment to investment properties for the six months ended June 30, 2011 was $15.6 million (for the six months ended June 30, 2010 - $14.8 million). For the quarter ended June 30, 2011, the net gain was $9.2 million (for the quarter ended June 30, 2010 - $13.9 million). The weighted average capitalization rate at June 30, 2011 was 7.52% compared to 7.85% at June 30, 2010.

Change in Fair Value of Convertible Debentures

The net loss from the fair value adjustment to convertible debentures for the six months ended June 30, 2011 was $3.2 million compared to $2.0 million for the six months ended June 30, 2010. For the quarter ended June 30, 2011 the net loss from the fair value adjustment to convertible debentures was $1.8 million compared to $644 thousand for the quarter ended

June 30, 2010. The increase in the net loss from fair values was mainly due to a decrease in credit spreads as well as a change in the volatility of the Company's share price.

Loss on Disposals of Investment Properties

During the six months ended June 30, 2010 the Company disposed of a 25% interest in a free standing Shoppers Drug Mart located in Perth, ON (Dufferin & Wilson (Perth)) for net proceeds of $464 thousand and an accounting loss of $125 thousand.

Income Tax Expense

The financial statements include the current and deferred income taxes payable by the Company and its consolidated subsidiaries. All current income taxes are those of subsidiaries. As a mutual fund corporation, the Company does not provide for current taxes on realized capital gains.

(000's) (unaudited)	**3 Months Ended June 30, 2011**	3 Months Ended June 30, 2010	**6 Months Ended June 30, 2011**	6 Months Ended June 30, 2010
Current income taxes	**$ 11**	$ 11	**$ 22**	$ 22
Deferred income taxes	**4,009**	3,679	**6,520**	4,513
Total income taxes	**$ 4,020**	$ 3,690	**$ 6,542**	$ 4,535

Administrative Expenses

Administrative expenses increased by $381 thousand for the six months ended June 30, 2011, compared to the same period in the prior year, mainly due to additional tax consulting relating to the potential conversion to a REIT structure of $104 thousand and professional fees relating to IFRS-related work of $115 thousand. For the quarter ended June 30, 2011 administrative expenses increased by $200 thousand compared to the same period in the prior year for the same reasons mentioned above.

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 2011, 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 21.00¢ per share for 2011 compared to 19.25¢ per share for 2010.

In the short-term, Plazacorp foresees most of its growth being derived from development activity. 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 two years as follows:

Properties under development	Property Type	Status	Square Footage	Ownership	Occupied or Committed at June 30, 2011	Income Producing
90 Blvd. Tache Ouest, Montmagny, QC	Strip Plaza	In Planning[2]	6,000[1]	50%	n/a	1-3 years
Bourque & Haut-Bois, Sherbrooke, QC	Strip Plaza	In Planning[2]	200,000[1]	50%	n/a	1-3 years
Jean Talon, Montreal, QC	Strip Plaza	In Planning[2]	15,000[1]	35%	n/a	1-3 years
Magog, Magog, QC	Strip Plaza	In Planning[2]	90,000[1]	50%	n/a	1-3 years
Bedford Commons – 2, Bedford, NS	Strip Plaza	Near Completion	105,157	100%	68%	Q3 11
Commercial Street Plaza – 2, New Minas, NS	Strip Plaza	In Planning[2]	10,000[1]	100%	n/a	1-3 years
Spencer Drive, Charlottetown, PE	Strip Plaza	In Construction	101,881	100%	62%	Q2 12
Manotick, Manotick, ON	Single Use	In Planning	26,231	50%	n/a	1-3 years
Stavanger Drive, St. John's, NL	Strip Plaza	Near Completion	50,563	90%	100%	Q3 11

(1) Approximate square footage.
(2) All are appropriately zoned for the intended use.

There are 4 other conditional land assemblies which are under purchase agreements and subject to due diligence, which would represent 163 thousand additional square feet at completion (at the Company's ownership percentage).

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 and any contemplated conversion will require many approvals including tax and other 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:

(000's except per share, percentage and number of properties data) (unaudited)	Q2'11	Q1'11	Q4'10	Q3'10	Q2'10	Q1'10	Q4'09[1]	Q3'09[1]
Total revenue [2]	**$ 15,440**	$ 14,796	$ 14,923	$ 14,216	$ 14,538	$ 13,327	$ 13,233	$ 12,489
Profit (loss) and total comprehensive income	**$ 8,339**	$ 6,902	$ (195)	$ 8,171	$ 14,355	$ 1,818	$ 1,304	$ 755
Dividends per share	**5.06¢**	5.06¢	4.81¢	4.81¢	4.81¢	4.81¢	4.63¢	4.63¢
Adjusted earnings (loss) per share - basic	**16.0¢**	12.7¢	(0.3¢)	16.0¢	26.9¢	3.0¢	2.7¢	1.6¢
Adjusted earnings (loss) per share – diluted	**14.3¢**	11.3¢	(0.3¢)	13.8¢	22.8¢	3.0¢	2.7¢	1.6¢
Funds from operations per share – basic [3]	**6.8¢**	6.4¢	6.8¢	7.5¢	6.3¢	6.3¢	6.8¢	7.6¢
Funds from operations per share – diluted [3]	**6.8¢**	6.4¢	6.8¢	7.4¢	6.3¢	6.3¢	6.7¢	7.6¢
Dividends as a percentage of basic FFO	**73.6%**	79.4%	70.3%	64.4%	75.9%	76.6%	67.4%	60.5%
Dividends as a percentage of basic AFFO	**85.2%**	95.3%	79.1%	66.8%	85.9%	87.0%	72.5%	71.4%
Total assets	**$526,191**	$492,103	$468,990	$453,670	$441,046	$427,353	$308,927	$306,478
Total mortgages, bonds, debentures, notes and bank indebtedness	**$313,394**	$290,018	$283,394	$268,292	$263,309	$262,402	$261,169	$257,189
Basic weighted average shares outstanding	**51,013**	50,428	49,835	49,611	49,463	49,242	48,651	48,251
Properties under development	**9**	6	7	6	6	6	6	7
Income producing properties (including non-consolidated investments)	**103**	102	100	100	97	95	94	91
Total properties in portfolio	**112**	108	107	106	103	101	100	98
Rentable Sq. Ft. (at 100% and excluding non-consolidated investments and properties under development)								
Strip Plazas	**2,281**	2,281	2,255	2,250	2,247	2,227	2,206	2,222
Enclosed Malls	**680**	659	659	658	658	657	651	651
Single Use	**611**	557	529	519	498	463	498	463
Total income producing properties	**3,572**	3,497	3,443	3,427	3,403	3,347	3,355	3,336
Occupancy % (at 100% and excluding non-consolidated investments and properties under development)								
Strip Plazas	**97.4**	97.7	97.5	96.9	97.7	96.5	97.0	97.2
Enclosed Malls	**95.9**	97.1	96.8	96.6	96.8	96.9	96.8	97.3
Single Use	**100.0**	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total income producing properties	**97.6**	98.0	97.8	97.3	97.9	97.1	97.4	97.6

(1) 2009 quarterly results are not in accordance with IFRS, but are based on prior Canadian Generally Accepted Accounting Principles.
(2) Includes investment income and share of profit of associates.
(3) Adjusted for debenture issuance costs.

During the last eight quarters occupancy has been very steady which contributes to stability of cash flow. Many of the Company's leases are tied to a CPI cost recovery formula (56.6%). As well, anchor tenant leases may restrict Common Area Maintenance (CAM) cost recoveries. As a result of both of these factors, seasonal fluctuations in profit 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.

Fluctuations in profit and assets are also caused by asset dispositions with a reduction in associated revenues and the recording of related gains or losses. The following gains (losses) on investment property dispositions are included in profit in the above chart: Quarter 2 – 2011 nil; Quarter 1 – 2011 nil; Quarter 4 – 2010 $38 thousand; Quarter 3 – 2010 $nil; Quarter 2 – 2010 $4 thousand; Quarter 1 – 2010 ($129) thousand; Quarter 4 – 2009 ($8) thousand; Quarter 3 – 2009 ($30) thousand.

Comparative figures are affected by changes in accounting principles. The selected comparative information for 2010 is in accordance with IFRS, while the 2009 information is in accordance with previous Canadian Generally Accepted Accounting Principles ("GAAP").

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 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

(000's)	$8.0 Million Operating	$25.0 Million Development	$15.0 Million Development
December 31, 2010	$ -	$ 3,987	$ -
Net Change	4,189	3,883	4,490
June 30 , 2011	$ 4,189	$ 7,870	$ 4.490
Interest rate	Prime + 2.25%	Prime + 1.25% or BA + 2.75%	Prime + 1.25% or BA + 2.75%
Maturity	November 30, 2011	July 31, 2011[1]	July 31, 2011[1]
Security	First charges on pledged property	First charges on pledged property	First charges on pledged 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	$916 thousand	-	-

[1] See subsequent events disclosure below.

Funding is secured by first mortgage charges on properties. 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.

Subsequent to June 30, 2011, the Company reduced the $25.0 million development line to $20.0 million. Both development lines have been renewed to July 31, 2012.

The Company has an additional $500 thousand letter-of-credit facility maturing September 30, 2011 with a Canadian chartered bank, secured by Personal Property Security Act (PPSA) charges in various provinces. These letters-of-credit are issued to facilitate municipal planning deposit requirements for the Company's developments. This line was fully drawn at June 30, 2011. In August 2011, the Company gave its notice of intention to cancel the $500 thousand letter-of-credit facility on maturity (September 30, 2011).

As of June 30, 2011, all debt covenants in respect of the above facilities have been maintained.

At June 30, 2011, the maximum amount available to be drawn on the $8.0 million operating line was $8.0 million. The amount available to be drawn fluctuates depending on specific assets pledged (to a maximum of $8.0 million at June 30, 2011).

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%. Mortgage bonds are re-allocated to different properties from time to time as required. On February 24, 2011, the Company issued $900 thousand of mortgage bonds, secured by a property, with a five year term and bearing interest of 5.25% per annum. On June 1, 2011, a co-ownership in which the Company owns a 50% interest, issued $6.0 million in mortgage bonds to purchase a re-development property located in Quebec. The term is one year and has an interest rate of 7.0%. The Company's share of the mortgage bonds is $3.0 million. In May 2011, the maturity date of $6.89 million of Series III mortgage bonds for Tranche 1 and Tranche 2 were extended to September 30, 2011 from May 26, 2011 and July 15, 2011, respectively. The remaining $612 thousand of Series III mortgage bonds were redeemed by the Company.

Convertible debentures are recorded at fair value and changes in the fair value are recorded quarterly in profit and loss. During the six months ended June 30, 2011, $3.5 million in Series IV convertible debentures were converted to approximately 879 thousand shares, $978 thousand in Series V convertible debentures were converted to approximately 288 thousand shares and $755 thousand in Series VI convertible debentures were converted to approximately 199 thousand shares. Subsequent to quarter end $1.5 million in Series IV convertible debentures were converted to approximately 372 thousand shares and $40 thousand in Series V convertible debentures were converted to approximately 12 thousand shares.

Series II mortgage bonds of $9.3 million matured March 31, 2010. Of this maturing amount, $5.9 million were converted to Series VI convertible debentures and $3.4 million were repaid.

During the six months June 30, 2010, $20.3 million in Series VI convertible debentures, bearing interest of 7.5% per annum, were issued. The debentures are convertible into Plazacorp common shares at the option of the holder at $3.80 per common share and mature on March 31, 2015.

Non-convertible debentures in the amount of $3.0 million were converted to Series VI convertible debentures during the six months ended June 30, 2010.

Mortgages

The Company refinanced a property in Quebec for $1.3 million with a 5 year term and an interest rate of 4.4% compared to the maturing interest rate of 7.7%. The Company owns a 50% interest in this property.

Long-term financing in the amount of $5.0 million (at Plazacorp's consolidated share) with a weighted average term of 16 years was obtained on new developments at a weighted average interest rate of 5.44%.

Long-term financing was obtained for the Village Shopping Centre located in St. John's, NL in the amount of $22.5 million with a ten year term and an interest rate of 5.5%. Plazacorp has an equity ownership in the limited partnership which owns this property.

Three mortgages maturing in 2012, with a weighted average original interest rate of 7.9% were defeased and new long-term financing was obtained for $11.7 million (at Plazacorp's consolidated share) at a weighted average interest rate of 4.69%. Two of these mortgages total $9.1 million and each has a term of 10 years while the third mortgage for $2.6 million has a five year term.

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 June 30, 2011, fixed-rate debt represents 95.1% of mortgages placed on investment properties and floating-rate debt is restricted to assets under development and redevelopment. Management is of the view that such a strategy results in the most conservative interest rate risk management practice. Current maximum market parameters for conventional mortgage debt are in the range of 70% - 75% of the appraised market value of the underlying property, depending upon the particular features and quality of the underlying assets being financed.

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 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.

The following is a mortgage maturity chart by year:

	Remainder 2011	Year 1 2012	Year 2 2013	Year 3 2014	Year 4 2015	Year 5 2016	After 5 Years	Total
Long-term mortgages	$ 2,057	$ 3,997	$26,656	$19,285	$17,765	$25,183	$103,136	$198,079
Mortgages funded by defeasance	-	11,102	-	-	-	-	-	11,102
Development lines of credit	12,360	-	-	-	-	-	-	12,360
Total	$14,417	$15,099	$26,656	$19,285	$17,765	$25,183	$103,136	$221,541
As a percentage	6.5%	6.8%	12.0%	8.7%	8.0%	11.4%	46.6%	100.0%

At June 30, 2011 and June 30, 2010, the Company's cost of debt was as follows:

(000's, except percentage data)	Balance Outstanding June 30, 2011	Effective Rates June 30, 2011	Effective Rates June 30, 2010
Fixed rate mortgage loans	**$ 240,681**	**6.13 %**	6.48 %
Other fixed rate loans with periodic repayments	**$ -**	**-**	8.00 %
Bank operating facility	**$ 4,189**	**Prime + 2.25%**	Prime + 2.25%
Bank development facility	**$ 4,490**	**Prime + 1.25%**	Prime + 2.00%
Bank development facility	**$ 7,870**	**Prime + 1.25%**	Prime + 2.25%
Bank development facility[1]	**$ -**	**-**	Prime + 0.4%

(1) Discharged in 2010.

The weighted average term to maturity for the long-term mortgages is 6.2 years. The average remaining repayment (amortization) period on long-term mortgage debt is 24.5 years.

The ratio of debt to gross book value of assets at June 30, 2011 (excluding convertible debentures) is 51.6%.

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 August 18, 2011	Shares	Share Capital
Current outstanding shares	52,220,361	$ 56,396,180
Employee and Director share options	120,000	523,200
Series V convertible debentures	3,377,060	16,291,815
Series VI convertible debentures	4,878,947	23,825,754
Total adjusted shares outstanding	60,596,368	$ 97,036,949

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 25 long-term land leases (affecting 24 properties) with total annual rent of $2.6 million. One of the land leases relates to shared parking facilities. The other properties under land lease represent approximately 14% of the Company's fair value of investment properties and investments. Land leases expire (excluding any non-automatic renewal periods) on dates ranging from 2012 to 2084 with an average life of 43 years, with non-automatic renewal options ranging from 9 to 66 years with an average of 30 years of renewal options. Of the 25 land leases, 12 of the land leases have options to purchase, generally at fair market value. Also see "Related Party Transactions" section of this MD&A for details on related party land leases.

Gross Capital Additions Including Leasing Fees:

(000's) (unaudited)	**3 Months Ended June 30, 2011**	3 Months Ended June 30, 2010	**6 Months Ended June 30, 2011**	6 Months Ended June 30, 2010
Leasing fees – existing properties	**$ 70**	$ 143	**$ 277**	$ 223
Leasing fees – redevelopment properties	**5**	4	**31**	65
Leasing fees – new developments	**228**	118	**386**	128
Total leasing fees	**303**	265	**694**	416
Capital additions – existing properties	**365**	288	**738**	555
Capital additions – redevelopment properties	**1,957**	224	**2,931**	225
Capital additions – new developments	**18,164**	6,125	**22,935**	7,413
Total capital additions	**20,486**	6,637	**26,604**	8,193
Total gross additions	**$ 20,789**	$ 6,902	**$ 27,298**	$ 8,609

COMMITMENTS AND CONTINGENT LIABILITIES

The Company has $5.1 million in short-term commitments in respect of developments activities. Management believes that Plazacorp has sufficient unused bank line availability, and mortgage bond deployment potential, to fund these commitments.

The Company also has contingent liabilities as original borrower on mortgages assumed by the purchasers of properties in 2007 and 2009. These commitments are subject to indemnity agreements. These sales did not relieve the Company's obligations as original borrower in respect of these mortgages. The debt subject to such guarantees at June 30, 2011 totals $22.4 million and consists of six mortgages with remaining terms ranging from 0.8 years and 11.6 years.

The Company guarantees mortgage debt in excess of its pro-rata position in joint ventures and non-consolidated subsidiaries in the amount of $4.7 million.

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 June 30, 2011, the Company held interests in 112 properties spread geographically among six provinces in Canada. Some of the more important risks are outlined below. See Financial Risk Management Note 26 to the December 31, 2010 Annual Consolidated Financial Statements for further details. Also see the Company's Annual Information Form dated March 31, 2011 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 June 30, 2011 95.1% of the Company's mortgages are at fixed rates and 4.9% are at floating 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. Refinancing debt at maturity with conventional financing is currently limited to between 70% and 75% of appraised value. 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 2011 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 25.2% of current monthly gross rents in place. The top 10 tenants collectively represent approximately 53.8% of total revenues in place. National and regional tenants represent 93.6% 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 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 $336 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 threatening actions, investigations or claims against Plazacorp relating to environmental matters. Plazacorp manages environmental exposures in a proactive manner during every aspect of the property life cycle including extensive due diligence in respect of 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. These companies employed 79 people in the accounting, finance, engineering, development, leasing and other administrative capacities, excluding property specific staff.

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 at book value of approximately $120 thousand. As a result of this transaction, property management and corporate management are now internalized and the Company will be managing all of its properties including properties previously managed by Plaza Z-Corp Inc.

As part of this transaction, employees of Plaza Z-Corp Inc. that previously provided services to Plazacorp will be employed by Plaza Group Management Limited (with Plazacorp assuming any liabilities with respect to past service). Both management agreements previously in place have been terminated.

Prior to July 1, 2011, Mr. Brewer and Mr. Zakuta did not receive any direct compensation from the Company for performing their duties as Chairman and President and Chief Executive Officer, respectively or as directors.

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 payment under the management agreements, effective March 30, 2009, 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, currently $185 per hour.

The following amounts were charged under the agreements:

(000's) (unaudited) **Fee Category**	**Included for Reporting Purposes In**	**6 Months Ended June 30, 2011**	6 Months Ended June 30, 2010
Property management	Property operating expenses	**$ 767**	$ 735
Corporate management	Administrative expenses	**194**	174
Leasing	Investment properties	**613**	466
Development	Investment properties	**511**	175
Financing and capital	Debt or equity	**300**	367
Acquisitions	Investment properties	**49**	67
Dispositions	Gain on disposal of investment properties	**-**	9
Legal services	Varies based on service provided	**329**	208
Total		**$ 2,763**	$ 2,201

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.

(000's) (unaudited)	Interest Rate	June 30, 2011	December 31, 2010
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
Interest bearing notes:			
Entity owned (directly or indirectly), controlled or significantly influenced by Earl Brewer, Chairman and Director of the Company	6%	750	-
Entity owned (directly or indirectly), controlled or significantly influenced by Michael Zakuta, President, Chief Executive Officer and Director of the Company	6%	750	-
Total		$ 1,761	$ 261

Bonds and Debentures Held

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

(000's) (unaudited)	June 30, 2011	December 31, 2010
Richard Hamm	$ 325	$ 325
Michael Zakuta	781	2,163
Edouard Babineau	2,100	2,150
Earl Brewer	1,571	1,755
Stephen Johnson	1,220	1,220
Barbara Trenholm	264	464
Total	$ 6,261	$ 8,077

During the first six months of 2011, Michael Zakuta converted $1,643 thousand of convertible debentures to shares and purchased $261 thousand in mortgage bonds, Edouard Babineau converted $200 thousand of convertible debentures to shares and purchased $150 thousand in mortgage bonds, Earl Brewer converted $498 thousand of convertible debentures to shares and purchased $314 thousand in mortgage bonds and Barbara Trenholm converted $200 thousand of convertible debentures to shares.

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, a wholly owned subsidiary of TC Land REIT, an entity controlled by Michael Zakuta and Earl Brewer, leases nine parcels of land to Plazacorp at a total annual rent of $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 1 is at a fixed price and the others are at fair market value. The business purpose of the leases is 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.

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 June 30, 2011 and all related public filings.

In contrast to the certificate required under Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (MI 52-109), the 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 MI 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 MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

CRITICAL ACCOUNTING POLICIES

Critical Accounting Estimates

Plazacorp's significant accounting policies are described in the March 31, 2011 condensed interim consolidated financial statements. The Company adopted IFRS as the basis of financial reporting effective January 1, 2011, with restatement of comparative periods using a transition date of January 1, 2010. The impact of the adoption of IFRS is described in the Condensed Interim Consolidated Financial Statements in Note 13.

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 borrowing costs on debt directly 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 has entered into an interest rate swap to fix the rates for two variable rate mortgages. These mortgages are valued quarterly and are recognized at fair value in mortgages payable with changes in the fair value reflected in profit and loss. At June 30, 2011, 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, 2011, 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 June 30, 2011.

APPENDIX A

PROPERTIES OF THE COMPANY[4]

Property	Location	Year Built/ Redeveloped	Gross Leasable Area (sq. ft.)	Ownership Interest (%)	Occupied or Committed as at 30-Jun-11	Major Tenants[1]
Strip Plazas						
Les Promenades St. Francois	Laval, QC	1987/2001	54,738	100%	100%	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%	97%	Rossy, Caisse Populaire
Carrefour des Seigneurs[3]	Terrebonne, QC	1992/2004	33,900	25%	100%	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, NB	2005	48,815	100%	100%	Mark's Work Wearhouse, Shoppers Drug Mart
Boulevard Hebert Plaza	Edmundston, NB	2006	26,689	100%	100%	Shoppers Drug Mart
Victoria Street Plaza	Edmundston, NB	2007	22,229	100%	77%	Reitmans, Dollarama
Dundonald & Smythe	Fredericton, NB	1962/1997	19,265	100%	78%	Dollarama
Empire Plaza[2]	Fredericton, NB	2003	13,743	100%	84%	Dollarama
FHS Plaza	Fredericton, NB	1999	24,280	100%	100%	Cleve's , Bulk Barn
Main Place[2]	Fredericton, NB	1992/2004	31,416	100%	94%	Shoppers Drug Mart
Nashwaaksis Plaza	Fredericton, NB	1997	55,814	100%	99%	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 Wearhouse
Miramichi Power Cener – 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, NB	1999	12,768	100%	100%	Dollarama
Crown Street[2]	Saint John, NB	2006	21,764	100%	100%	Shoppers Drug Mart
Exhibition Plaza[2]	Saint John, NB	2004	75,185	55%	100%	Empire Cinemas
Fairville Boulevard -2	Saint John, NB	2009	61,567	100%	88%	Bulk Barn, Staples, Dollarama
Major Brook Drive Plaza[2]	Saint John, NB	2005	40,559	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	17,430	55%	100%	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 Wearhouse, Dollarama
303 Main Street Plaza	Antigonish, NS	2005	19,542	100%	92%	Shoppers Drug Mart
Bedford Commons	Bedford, NS	2009	72,622	100%	92%	Future Shop, Dollarama
Tacoma Centre	Dartmouth, NS	1983/2002	157,305	50%	100%	Sobeys, Dollarama
Tacoma Valley Field	Dartmouth, NS	2005	25,325	50%	91%	Shoppers Drug Mart
201 Chain Lake Drive[3]	Halifax, NS	1995/2004	118,505	50%	88%	Home Outfitters
209 Chain Lake Drive[3]	Halifax, NS	1998	89,549	50%	100%	Value Village, Mark's Work Wearhouse, 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	16,470	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
Pleasant Street	Yarmouth, NS	2005	22,586	100%	87%	Shoppers Drug Mart
Starr's Road Plaza	Yarmouth, NS	1976/2005	64,311	100%	100%	Empire Theatres, Dollarama

Plazacorp Retail Properties Ltd.

Property	Location	Year Built/ Redeveloped	Gross Leasable Area (sq. ft.)	Ownership Interest (%)	Occupied or Committed as at 30-Jun-11	Major Tenants[1]
Belvedere Plaza	Charlottetown, PE	1979/2000	77,459	60%	100%	Mark's Work Wearhouse, Indigo, The Brick
Spring Park Plaza	Charlottetown, PE	1998	49,734	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%	100%	Dollarama
Scott Street Plaza[3]	St. Catharines, ON	2007	25,709	50%	100%	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, 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
Sub-total			**2,281,488**		**97.4%**	
Enclosed Malls						
Les Galaries Montmagny	Montmagny, QC	1997/1990	138,346	50%	99%	Maxi, Hart, Uniprix
Les Promenades du Cuivre	Rouyn-Noranda, QC	1987/2003	148,911	100%	100%	Hart, Familiprix, Royal Bank, Staples
Grand Falls Shopping Centre	Grand Falls, NB	1972/2005	133,970	100%	93%	Staples, Shoppers Drug Mart, Hart
Oromocto Mall	Oromocto, NB	1976/2008	87,196	100%	86%	Shoppers Drug Mart/Dollarama
Gateway Mall	Sussex, NB	1978/2008	171,684	25%	97%	Sobeys, Canadian Tire
Sub-total			**680,107**		**95.9%**	
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	Riverière-du-Loup, QC	2007	41,568	50%	100%	Caisse Populair
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
Fairville Boulevard – 1	Saint John, NB	2008	57,000	100%	100%	Sobeys
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, 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			**610,938**		**100%**	
Income producing properties			**3,572,533**		**97.6%**	
Projects Under Development						
90 Blvd. Tache Ouest	Montmagny, QC	-	-	50%	-	In Planning
Jean Talon [2], [3]	Montreal, QC	-	-	35%	-	In Planning
Magog	Magog, QC	-	-	50%	-	In Planning

Property	Location	Year Built/ Redeveloped	Gross Leasable Area (sq. ft.)	Ownership Interest (%)	Occupied or Committed as at 30-Jun-11	Major Tenants[1]
Bourque & Haut-Bois	Sherbrooke, QC	-	-	50%	-	In Planning
Bedford Commons – 2	Bedford, NS	-	105,157	100%	68%	Winners, Staples, SportChek
Commercial Street Plaza – 2	New Minas, NS	-	-	100%	-	In Planning
Spencer Drive	Charlottetown, PE	-	101,881	100%	62%	Sobeys
Manotick[2]	Manotick, ON	-	26,231	50%	-	In Planning
Stavanger Drive	St. John's, NL	-	50,563	90%	100%	Best Buy, Petsmart
Sub-total			**283,832**		**65.3%**	
Total Excluding Non-Trust and Partnerships			**3,856,365**		**95.2%**	
Non-Consolidate Trusts and Partnerships						
3550 Sources[3]	Dollard des Ormeaux, QC	2006	8,391	10%	100%	National Bank
Centennial Plaza[3]	Dollard des Ormeaux, QC	1979/2008	152,101	10%	97%	Value Village, Jean Coutu
Marche de L'Ouest[3]	Dollard des Ormeaux, QC	1983/2003	128,151	20%	100%	IGA
Place Du Marche[3]	Dollard des Ormeaux, QC	1979/2008	35,318	10%	86%	Laurentian Bank, Starbucks
BPK Levis[3]	Levis, QC	1985	89,920	10%	94%	Jeans Depot, Maxidollar, Ressourcerie De Levis
Plaza des Recollets	Trois Rivieres, QC	2006	73,730	15%	100%	Winners/Home Sense
Northwest Centre	Moncton, NB	1998/2003	177,821	10%	100%	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	418,344	30%	82%	Hart, Labels, Dollarama, SportChek, Convergys
Sub-total			**1,202,763**		**92.5%**	
Grand Total			**5,059,128**		**94.6%**	

(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 Jean Talon and 615 King Street all have options to purchase at fair market value. The V-8 Plaza and Main Place 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 Galaries Montmagny, Gateway Mall, Bureau en Gros Rimouski and Staples Saint John.

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. .

7. Mortgages Payable

	Rate Range	Weighted Average	Maturity Dates	June 30, 2011	December 31, 2010	January 1, 2010
Fixed rate loans	4.41% - 9.07%	6.13%	Up to Jun 2031	$ 240,681	$ 225,754	$ 171,012
Less: unamortized finance charges				(3,329)	(3,188)	(2,831)
				237,352	222,566	168,181
Other fixed rate loan			-	-	-	1,358
Total net fixed rate mortgage loans				237,352	222,566	169,539
Variable rate loans:						
- $25 million development line of credit	Prime plus 1.25% or BA plus 2.75%		July 31, 2011	7,870	3,987	12,116
- $15 million development line of credit	Prime plus 1.25% or BA plus 2.75%		July 31, 2011	4,490	-	9,894
- $9.4 million development line of credit	Prime plus 0.40%		Discharged	-	-	9,074
- $9.9 million development line of credit	Prime plus 2.00%		Discharged	-	-	8,270
- $9.6 million development line of credit	Prime plus 2.00%		Discharged	-	-	7,192
Less: unamortized finance charges				(27)	(102)	(130)
Total net variable rate loans				12,333	3,885	46,416
Net mortgages payable				249,685	226,451	215,955
Impact of interest rate swaps				52	43	-
Total mortgages payable				$ 249,737	$ 226,494	$ 215,955

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 acquisition and development facilities with Canadian chartered banks available upon pledging of specific assets. At June 30, 2011 there is $27.6 million available on the development lines (December 31, 2010 - $36 million; January 1, 2010 - $19 million). Funding is secured by first mortgage charges on 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 June 30, 2011 the Company is in compliance with all covenants.

8. Bank Indebtedness

The Company has an $8.0 million operating line of credit facility with a Canadian chartered bank at the rate of prime plus 2.25%, maturing November 30, 2011. The amount available to be drawn fluctuates depending on the specific assets pledged as security. At June 30, 2011, the maximum amount available to be drawn on the facility was $8.0 million. As security, the Company has provided a $10 million demand debenture secured by a first mortgage over five properties. At June 30, 2011 there is $4.2 million drawn on the facility (December 31, 2010 – nil; January 1, 2010 - nil). A Company subsidiary has a $150 thousand unsecured operating line with a Canadian chartered bank upon which no funds were drawn at June 30, 2011 (December 31, 2010 – nil; January 1, 2010 - nil).

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

	June 30, 2011		December 31, 2010		January 1, 2010	
	Shares	**Amounts**	Shares	Amounts	Shares	Amounts
Common shares outstanding, beginning of the period	**50,189**	**$ 47,395**	48,836	$ 43,349		
Issuance of common shares:						
Shares issued through exercise of stock options	**20**	**60**	426	837		
Shares issued through dividend reinvestment plan	**226**	**969**	664	2,171		
Shares issued through debt conversion						
- face value debentures	**1,365**	**5,247**	263	1,000		
-impact of fair value of convertible debentures	**-**	**804**		38		
Common shares outstanding, end of the period	**51,800**	**$ 54,475**	50,189	$ 47,395	48,836	$ 43,349

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 six months ended June 30, 2011 no shareholder had redeemed shares under the mutual fund corporation provisions (for the six months ended June 30, 2010 – 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 six months ended June 30, 2011, shareholders were issued 226 thousand shares at a weighted average price of $4.29 per share (for the six months ended June 30, 2010 – 340 thousand shares at a weighted average price of $3.21 per share).

(c) Adjusted Earnings per Share

Basic earnings per share is calculated based on the weighted average number of shares outstanding for the period. Diluted earnings per share considers the potential exercise of outstanding stock options, as well as the potential conversion of convertible debentures that have a dilutive effect on earnings per share. Stock options or convertible debentures that do not reduce earnings per share are anti-dilutive, and are excluded from the dilution per share calculation. For the six months ended June 30, 2011, all of the Company's stock options and convertible debentures were dilutive (for the six months ended June 30, 2010 - all of the Company's convertible debentures as well as the Series III and IV stock options were dilutive).

	3 Months Ended June 30, 2011	3 Months Ended June 30, 2010	**6 Months Ended June 30, 2011**	6 Months Ended June 30, 2010
Profit or loss attributable to common shareholders - basic	**$ 8,168**	$ 13,306	**$ 14,550**	$ 14,804
Dilutive effect of conversion of – convertible debentures	**373**	325	**741**	527
Profit or loss attributable to common shareholders - diluted	**$ 8,541**	$ 13,631	**$ 15,291**	$ 15,331
Basic weighted average shares outstanding	**51,013**	49,463	**50,722**	49,353
Effect of dilutive stock options	**1**	12	**1**	11
Effect of dilutive convertible debentures	**8,639**	10,267	**8,639**	6,346
Weighted average number of dilutive shares	**59,653**	59,742	**59,362**	55,710

10. Change in Non-Cash Working Capital

	3 Months Ended June 30, 2011	3 Months Ended June 30, 2010	**6 Months Ended June 30, 2011**	6 Months Ended June 30, 2010
Receivables	**$ 1,598**	$ 4,473	**$ (301)**	$ 152
Prepaid expenses and mortgage deposits	**756**	912	**(2,708)**	(2,545)
Accounts payable and accrued liabilities	**(4,815)**	(5,464)	**(777)**	443
Income taxes payable	**19**	(95)	**38**	(65)
Total cash from change in non-cash working capital	**$ (2,442)**	$ (174)	**$ (3,748)**	$ (2,015)

11. Contingencies, Commitments, Guarantees, Indemnities, Litigation and Provisions

(a) Contingencies

The Company has a letter-of-credit facility with a Canadian chartered bank secured by Personal Property Security Act (PPSA) charges in various provinces. The facility matures September 30, 2011. These letters-of-credit are issued to facilitate municipal planning deposit requirements for the Company's developments. The facility requires that the Company maintain certain financial ratios. As at June 30, 2011, $500 thousand (December 31, 2010 - $500 thousand; January 1, 2010 - $500 thousand) of such letters-of-credit were issued and outstanding and the Company was in compliance with all covenants.

The $25.0 million development line of credit has a letter-of-credit limit of $1.5 million available. As at June 30, 2011, there were no letters-of-credit issued and outstanding under this line of credit (December 31, 2010 – nil; January 1, 2010 - $442 thousand).

The $15.0 million development line of credit has a letter-of-credit limit of $500 thousand available. As at June 30, 2011, there were no letters-of-credit issued and outstanding under this line of credit (December 31, 2010 – nil; January 1, 2010 – nil).

The $8.0 million operating line of credit has $2 million available for use in the form of letters-of-credit. As at June 30, 2011, $916 thousand (December 31, 2010 - $514 thousand; January 1, 2010 - $449 thousand) of such letters-of-credit were issued and outstanding.

(b) Guarantees and Indemnities

The Company continues to guarantee certain debt assumed by purchasers in connection with past dispositions of properties. These guarantees will remain until the debt is modified, refinanced or extinguished. These commitments are subject to indemnity agreements. The estimated amount of the debt subject to such guarantees at June 30, 2011 is $14.2 million (December 31, 2010 – $14.6 million; January 1, 2010 - $15.0 million) consisting of: a $7.4 million mortgage which expires on May 1, 2012; and a $6.8 million mortgage which expires on May 1, 2013. As well, an $8.2 million commitment

(December 31, 2010 - $8.3 million; January 1, 2010 - $8.0 million) relating to the mortgages on four assets in which the Company sold a 75% interest in January of 2009 is also subject to guarantees by the Company. These mortgages have a weighted average remaining term of 4.4 years (December 31, 2010 – 4.9 years; January 1, 2010 – 5.9 years).

The Company assumed a guarantee for a development line of credit held by the Village Shopping Centre Limited Partnership. The guarantee was limited to costs for the completion of redevelopment construction at the property. At December 31, 2010, the Village Shopping Centre Limited Partnership had borrowed all of the $20.0 million line of credit (January 1, 2010 - $20.0 million) and had an exposure of $2.5 million for the remaining budgeted redevelopment costs (January 1, 2010 - $4.6 million). In January 2011, the Company refinanced the $20.0 million outstanding on the line of credit with long-term financing and the related guarantee was released. The Company now has a guarantee under the new $22.5 million mortgage limited to 25% of the mortgage amount.

The Company is contingently liable for certain obligations of its co-venturers. The guarantees provided to the mortgagees of three free-standing properties located in Granby, QC, Amherstview, ON and Port Perry, ON are subject to cross-guarantees provided by the other 50% co-owners for the full amounts of the loans. As at June 30, 2011 the Company's total exposure on the cross-guarantees is $641 thousand for the Granby, QC property (December 31, 2010 - $650 thousand; January 1, 2010 - $692 thousand) and $4.1 million for the Amherstview and Port Perry, ON properties (December 31, 2010 - $4.2 million; January 1, 2010 - $nil).

12. Subsequent Events

Dividend Reinvestment Plan

On August 15, 2011, 37 thousand shares were issued at a weighted average price of $4.16 per share for a total of $154 thousand under the dividend reinvestment plan.

Financing

The Company reduced the $25.0 million development line to $20 million. Both development lines have been renewed to July 31, 2012.

In August 2011, the Company gave its notice of intention to cancel the $500 thousand letter-of-credit facility with a Canadian chartered bank on maturity (September 30, 2011).

A mortgage which matures in March 2012, with an original interest rate of 7.725% was defeased and new long-term financing was obtained for $4.5 million at an interest rate of 5.13%.

Debentures

$1.5 million in Series IV convertible debentures were converted to 371,500 shares.
$40 thousand in Series V convertible debentures were converted to 11,764 shares.

Mortgage Bonds

$375 thousand in Series III mortgage bonds were redeemed by the holders on July 15, 2011.

Management Agreements

On July 1, 2011 the Company purchased the shares of Plaza Group Management Limited at book value of approximately $120 thousand. As a result of this transaction, property management and corporate management are now internalized and the Company will be managing all of its properties including properties previously managed by Plaza Z-Corp Inc.

As part of the transaction, employees of Plaza Z-Corp Inc. that previously provided services to Plazacorp will be employed by Plaza Group Management Limited. Both management agreements previously in place have been terminated.

Acquisitions

A parcel of vacant land was purchased adjacent to a property located in Halifax, NS for $150 thousand.

The Company purchased land in Montmagny, QC for $200 thousand that had previously been leased under a land lease with the vendor.

13. Transition to IFRS

The Company's financial statements for the year ending December 31, 2011 will be the first annual financial statements that comply with IFRS. These condensed interim consolidated financial statements were prepared as described in Note 2, including the application of IFRS 1. The first date at which the Company has applied IFRS was January 1, 2010 ("the transition date") and has prepared its opening IFRS balance sheet as at that date. IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be December 31, 2011. However, it also provides for certain optional exemptions and certain mandatory exceptions for first-time adopters, which are described in more detail as they apply to the Company below. Prior to the adoption of IFRS the Company prepared its financial statements in accordance with the previous Canadian Generally Accepted Accounting Principles ("Canadian GAAP").

(a) Elected Exemptions From Full Retrospective Application

In preparing these condensed interim consolidated financial statements in accordance with IFRS 1, the Company has applied certain of the optional exemptions from full retrospective application of IFRS. The optional exemptions applied by the Company are described below.

(i) Business combinations

The Company has applied the business combinations exemptions in IFRS 1 to not apply IFRS 3, "Business Combinations" retrospectively to past business combinations. Accordingly, the Company has not restated business combinations that took place prior to the transition date.

(ii) Leases

The Company has elected under IFRS 1 not to reassess whether an arrangement contains a lease under IFRIC 4 for contracts that were assessed under previous Canadian GAAP. Arrangements entered into before the effective date of EIC 150 that have not subsequently been assessed under EIC 150, were assessed under IFRIC 4, and no additional leases were identified.

(b) Reconciliations of Equity and Comprehensive Income as Reported Under Former Canadian GAAP and IFRS

The following are reconciliations of the Company's total equity and comprehensive income reported in accordance with previous Canadian GAAP to its total equity and comprehensive income reported in accordance with IFRS, as required by IFRS 1. As a result of the transition to IFRS, and mainly relating to the effects of variable interest entities noted below, certain items on the statement of cash flows have been affected and reclassified accordingly:

	Notes	December 31, 2010	June 30, 2010	January 1, 2010
Shareholders' equity as reported under former Canadian GAAP		$ 25,225	$ 25,964	$ 28,060
Non-controlling interests to shareholders' equity	(i)	(1,338)	(1,049)	(672)
Differences increasing (decreasing) reported amount:				
Investment properties	(ii)	132,762	119,970	100,332
Investments	(iii)	21,274	18,739	16,664
Convertible debentures	(iv)	(9,372)	(3,737)	(1,179)
Lease accounting	(v)	92	108	123
Deferred income taxes	(vi)	(27,363)	(23,559)	(19,534)
Refundable capital gains tax	(vii)	(63)	(133)	(30)
Borrowing costs	(viii)	(245)	(194)	(183)
Variable interest entities	(x)	46	(39)	1
Stock options	(xi)	(64)	(75)	(97)
Shareholders' equity as reported under IFRS		$ 140,954	$ 135,995	$ 123,485

	Notes	12 Months Ended December 31, 2010	6 Months Ended June 30, 2010	3 Months Ended June 30, 2010
Comprehensive income as reported under former Canadian GAAP		$ 2,518	$ 637	$ 281
Add back: non-controlling interests	(ix)	476	260	57
Differences increasing (decreasing) reported amount:				
Investment properties	(ii)	32,603	19,808	16,453
Investments	(iii)	4,612	2,075	1,677
Convertible debentures	(iv)		(2,331)	(584)
Lease accounting	(v)	(31)	(15)	(7)
Deferred income taxes	(vi)	(7,747)	(4,025)	(3,522)
Refundable capital gains tax	(vii)	(82)	(106)	-
Borrowing costs	(viii)	(63)	(11)	19
Variable interest entities	(x)	(100)	(119)	(19)
Comprehensive income as reported under IFRS		$ 24,149	$ 16,173	$ 14,355

(i) Reclassification of non-controlling interests to shareholders equity

IAS 1, "Presentation of Financial Statements" requires non-controlling interests to be classified as a component of equity. Under previous Canadian GAAP non-controlling interest was classified outside of equity.

(ii) Investment properties

The Company considers its commercial properties, commercial developments and surplus lands to be investment properties under IAS 40, "Investment Property". Investment properties include land and buildings held primarily to earn rental income or for capital appreciation or both, rather than for use in the production or supply of goods or services, administrative purposes, or for sale in the ordinary course of business. Similar to former Canadian GAAP, investment property is initially recorded at cost under IAS 40. However, subsequent to initial recognition, IFRS requires that an entity choose either the cost or fair value

model to account for investment property. The Company has elected to use the fair value model. The adjustment to retained earnings represents the cumulative unrealized gain in respect of the Company's investment properties, net of the de-recognition of related goodwill, straight-line rent and intangible assets and liabilities which are inherently reflected in the fair value adjustment. The adjustment to comprehensive income represents the change in fair value during the relevant period, net of de-recognition of depreciation and amortization on investment properties and intangible assets and liabilities previously recorded under former Canadian GAAP.

(iii) Investments

The Company's equity share of the underlying fair value of investment properties included in equity-accounted investments is recorded under IFRS. The adjustment to retained earnings represents the cumulative unrealized gain in respect of the Company's investments. The adjustment to comprehensive income represents the change in fair value during the relevant period, net of de-recognition of depreciation and amortization.

(iv) Convertible debentures

Under previous Canadian GAAP, the value of the conversion feature of the Company's convertible debentures was included as a component of shareholders' equity and was not remeasured at fair value at each reporting date. The liability component of the convertible debentures was measured at amortized cost. Under IFRS, the Company measures the entire convertible debentures at fair value. The conversion feature is no longer separately classified from the debt portion and recorded in shareholders' equity under IFRS. As a result of recording the convertible debentures at fair value, any transaction costs relating to the issuance of convertible debentures in a given year, are expensed to finance costs as incurred. The adjustment represents the cumulative unrealized change in the fair value of the convertible debentures, net of de-recognition of the equity component (conversion feature) of the convertible debentures. The adjustment to comprehensive income represents the change in fair value during the relevant period, net of de-recognition of non-cash interest relating to the debentures and net of transaction costs incurred on convertible debentures issued.

(v) Lease accounting

For both previous Canadian GAAP and IFRS, rental revenue from operating leases is recognized on a straight-line basis over the terms of the leases. Under IFRS however, rental revenue from operating leases is determined considering all rentals from the inception of the lease whereas for previous Canadian GAAP this determination considered only rental revenues to be received on a prospective basis subsequent to November 1, 2003, the adoption date of this accounting policy for Canadian GAAP purposes.

(vi) Deferred income taxes

The increase in deferred income tax liabilities and deferred income tax expense under IFRS compared with previous Canadian GAAP primarily relates to the change in temporary differences resulting from the impact of the increased carrying values of the Company's investment properties.

(vii) Refundable capital gains tax

Under IFRS taxes on capital gains are expensed as incurred and a recovery booked to the expense when a capital gains dividend has been declared and payable.

(viii) Borrowing costs

As a result of the adoption of IFRS and in accordance with IAS 23, "Borrowing Costs", certain borrowing costs previously capitalized under previous Canadian GAAP do not qualify for capitalization under IFRS.

(ix) Non-controlling interests add-back to comprehensive income

Non-controlling interests is included in the determination of comprehensive income under IFRS. This adjustment adds back non-controlling interests expensed to comprehensive income under former Canadian GAAP.

(x) Variable interest entity adjustment

Under former Canadian GAAP, the Company consolidated its interest in Plazacorp Ontario1 Limited Partnership, Plazacorp Ontario2 Limited Partnership and Plazacorp Ontario3 Limited Partnership as a result of the variable interest entity guidelines. Since the Company does not control these entities they are not consolidated under IFRS.

(xi) Stock options

Under former Canadian GAAP, stock option compensation expense was measured as the fair value of the options on the grant date and recognized over the vesting period in contributed surplus. Under IFRS, the Company accounts for its stock options as a liability using the fair value method, under which a compensation cost is recognized at the time of grant. The stock options are measured at fair value at each reporting period.