QUARTERLY REPORT

MANAGEMENT DISCUSSION AND ANALYSIS
OF RESULTS OF
OPERATIONS AND FINANCIAL CONDITION

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

AS AT AND FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2011 AND 2010

DATED: NOVEMBER 7, 2011

TABLE OF CONTENTS

PART I

Basis of Presentation.. 1
Forward-Looking Disclaimer 1
Explanation of Non-GAAP Measures Used in this Document 1
Overview of the Business. 2
Business Environment. 3
Strategy 3
International Financial Reporting Standards 4
Significant Events During 2011 5

PART II

Key Performance Drivers and Indicators 7
Property and Corporate Performance 2011 and 2010 9
Outlook 16

PART III

Quarterly Performance Summary 17

PART IV

Operating Liquidity and Working Capital 18
Capital Resources, Equity and Debt Activities 18
Commitments and Contingent Liabilities 21

PART V

Risks and Uncertainties 22

PART VI

Related Party Transactions 23
Disclosure Controls and Procedures and Internal Controls Over Financial Reporting 26
Critical Accounting Policies 27
Future Accounting Policies 28
Additional Information 28

Appendix A

Properties of the Company 29

INTERIM CONSOLIDATED FINANCIAL STATEMENTS 32

PART I

BASIS OF PRESENTATION

Financial information included in this Management Discussion and Analysis ("MD&A") includes material information up to November 7, 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 Audit Committee on behalf of the Board of Directors.

FORWARD-LOOKING DISCLAIMER

Management's Discussion and Analysis ("MD&A") of the consolidated financial position and the results of operations of Plazacorp Retail Properties Ltd. (hereinafter referred to as "Plazacorp" or the "Company") for the period ended September 30, 2011 should be read in conjunction with the Company's Condensed Interim Consolidated Financial Statements and the notes thereto for the three and nine months ended September 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 November 7, 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.

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 September 30, 2011 includes interest in 112 properties totaling 5.1 million square feet and additional lands held for development. These include properties directly held by Plazacorp, its subsidiaries and through joint ventures. For the past few years, Plazacorp's growth was primarily created through the development or redevelopment of retail properties. As at September 30, 2011, the Company has $5.9 million committed to new development for 2011.

Summary of Properties

	Number of Properties September 30, 2011[1]	**Gross Leasable Area (sq. ft.) September 30, 2011[2]**	Number of Properties September 30, 2010[1]	Gross Leasable Area (sq. ft.) September 30, 2010[2]
Newfoundland and Labrador	**9**	**602,447**	9	594,537
New Brunswick	**36**	**1,547,852**	35	1,514,775
Nova Scotia	**22**	**1,006,589**	20	917,395
Ontario	**14**	**259,087**	13	232,666
Prince Edward Island	**7**	**430,652**	5	274,949
Quebec	**24**	**1,203,076**	24	1,219,805
Total	**112**	**5,049,703**	106	4,754,127

[1] Includes properties under development and non-consolidated investments.
[2] At 100%, regardless of the Company's ownership interest in the properties

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

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

BUSINESS ENVIRONMENT

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

Yearly Dividend Growth

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	Aug 2011
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 has a proven history of dividend growth, having increased its dividend nine times over the past nine years. Plazacorp began paying dividends in November 2002. Plazacorp's first full year of dividends began in 2003. As a result of the internalization of property and corporate management, 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.

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

STRATEGY

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

The Company strives to:

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

The Company invests in the following property types:

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

Management intends to achieve Plazacorp's goals by:

- acquiring or developing high quality properties with the potential for increases in future cash flows;
- focusing on property leasing, operations and delivering superior services to tenants;
- managing properties to maintain high occupancies and staggering lease maturities appropriately;
- increasing rental rates when market conditions permit;
- achieving appropriate pre-leasing prior to commencing construction;
- managing debt to obtain both a low cost of debt and a staggered debt maturity profile;
- matching, as closely as practical, the weighted average term to maturity of mortgages to the weighted average lease term;
- retaining sufficient capital to fund capital expenditures required to maintain the properties well;
- raising capital where required in the most cost-effective manner; and
- periodically reviewing the portfolio to determine if opportunities exist to re-deploy equity from slow growth properties into higher growth investments.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

Plazacorp has implemented IFRS and has presented its financial results for Q1 2011, Q2 2011 and Q3 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.

SIGNIFICANT EVENTS DURING 2011

Internalization

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

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

On July 1, 2011, the Company purchased the shares of Plaza Group Management Limited at net book value, equal to the value of the depreciated capital assets, of $113 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.

Included in Plaza Group Management Limited were loans in the amount of $1.1 million made indirectly by Michael Zakuta and Earl Brewer to Plaza Group Management Limited. These amounts were partially repaid in the third quarter with the remaining repaid in the fourth quarter upon finalizing the statement of adjustments relating to the purchase of the shares of Plaza Group Management Limited.

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

Salaries of all employees that are expensed are included in the statements of comprehensive income within administrative expenses or operating expenses, depending on the nature of the work performed by the particular employees. Certain salaries that are directly attributable to the development of properties are capitalized to development properties. Fees earned from partners in joint venture and equity-accounted investments are recorded in other income.

Other Transactions with Key Management Personnel as a Result of Internalization

(i) On July 1, 2011, as part of the internalization, Plaza Group Management Limited entered into an aircraft operating agreement with Plaza Atlantic Limited (a company owned by Michael Zakuta and Earl Brewer) with respect to the use and operation of a turbo-prop airplane, used from time to time by Plaza Group Management Limited and Plazacorp to facilitate more timely access to properties across the Corporation's portfolio for construction, development, leasing and operations. Costs associated with use of the airplane are expected to be approximately $300 thousand per year, adjusted for actual usage at the end of each fiscal year.

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

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

Equity Raise

On September 27, 2011, the Company completed a bought deal public equity offering of 6.6 million common shares at a price of $4.20 per common share to a syndicate of underwriters. The gross proceeds from the offering were $27.7 million. Net proceeds from the offering after underwriters' fees and legal and other costs of the offering were approximately $26.2 million. The Company used the proceeds to repay: the $6.9 million outstanding on the Company's Series III mortgage bonds, which matured on September 30, 2011; $1.5 million in related party promissory notes payable owing to Michael Zakuta and Earl Brewer; and the balance outstanding on the Company's operating line of approximately $5.3 million. Further proceeds of $3.0 million will be used to repay Series IV mortgages bonds which mature on June 30, 2012 and further proceeds of between $8.0 and $9.0 million will be used to fund the equity portion of the Company's future development and redevelopment activities. The remaining proceeds are for general working capital purposes.

Plazacorp granted the underwriters an over-allotment option to purchase up to an additional 990 thousand common shares at a price of $4.20 per common share, to cover over-allotments, if any. In October 2011, the underwriters exercised in full their over-allotment option. Gross proceeds to the Company from the over-allotment option were $4.2 million. Net proceeds to the Company after underwriters' fees were $4.0 million.

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 nine months ended September 30, 2011 compared to the nine months ended September 30, 2010.

Funds from Operations	➢ For the nine months ended September 30, 2011 FFO was $10.4 million, or 20.3¢ per share (20.3¢ per share diluted) compared to $10.1 million, or 20.4¢ per share (20.4¢ per share diluted) for the nine months ended September 30, 2010, a 3.1% dollar increase and a 0.5% decrease on a per share basis. The principal factors influencing FFO were: ➢ Incremental NOI growth of $1.4 million earned by properties which were transferred from properties under development to income producing status during 2010 and 2011 and same asset NOI growth of $695 thousand. ➢ The net negative impact to FFO of the internalization of property and corporate management. ➢ An increase in financing costs of $751 thousand mainly affected by the replacement of floating-rate debt with long-term debt on new properties of approximately $600 thousand, new debenture interest of $269 thousand and one-time defeasance costs on mortgages defeased of $240 thousand, offset by a reduction in debenture interest due to the expiry of debentures of $326 thousand. ➢ One-time additional tax consulting and professional fees relating to the potential conversion to a REIT structure and IFRS-related work of $247 thousand. ➢ The per share decrease in FFO was also due to an increase in the number of outstanding shares due to the issuance of shares through the equity raise in the third quarter along with the exercising of options, conversions of convertible debentures and the dividend reinvestment plan. ➢ Without the one-time costs for mortgages defeased, potential conversion to a REIT structure and IFRS-related work, FFO would have increased to $10.9 million, an 8.0% increase over the nine months ended September 30, 2010.
FFO Payout Ratio	➢ For the nine months ended September 30, 2011 the FFO payout ratio remained low by industry standards at 75.4% compared to 70.7% for the same period in the prior year.
Debt Service Ratios	➢ For the nine months ended September 30, 2011 the interest coverage ratio was 1.8 times and the debt service coverage ratio was 1.5 times, both consistent with the nine months ended September 30, 2010. The debt service ratios exceed the requirements under our borrowing arrangements.
Same-Asset Net Property Operating Income	➢ For the nine months ended September 30, 2011 same-asset NOI increased compared to the prior year by $695 thousand or 3.1%.
Weighted Average Effective Cost of Debt	➢ At September 30, 2011 the weighted average effective cost of mortgage debt decreased 21 basis points to 6.07% from 6.28% at September 30, 2010. This is mainly the result of $16.2 million of defeasances of higher cost debt for lower cost debt entered into over the last two quarters.
Occupancy Levels	➢ At September 30, 2011 overall occupancy was 97.9% compared to 97.3% at September 30, 2010.

PROPERTY AND CORPORATE PERFORMANCE 2011 AND 2010

Funds from Operations (FFO)

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

(000's – except per share amounts and debt coverage ratios) (unaudited)	**3 Months Ended September 30, 2011**	3 Months Ended September 30, 2010	**9 Months Ended September 30, 2011**	9 Months Ended September 30, 2010
Profit for the period attributable to shareholders	**$ 5,653**	$ 7,952	**$ 20,203**	$ 22,756
Add (deduct):				
Loss on disposal of investment properties	**-**	-	**-**	125
Deferred income tax expense	**1,000**	2,173	**7,520**	6,686
Fair value adjustment to investment properties	**89**	(6,252)	**(15,479)**	(21,039)
Fair value adjustment to investments	**330**	(657)	**(1,997)**	(2,403)
Fair value adjustment to convertible debentures	**(3,556)**	248	**(344)**	2,204
Net revaluation of interest rate swaps	**189**	223	**198**	223
Non-controlling interest adjustment	**4**	15	**301**	969
Basic FFO	**3,709**	3,702	**10,402**	9,521
Adjustment for debenture issuance costs	**-**	-	**-**	565
Basic FFO - adjusted	**$ 3,709**	$ 3,702	**$ 10,402**	$ 10,086
Interest on dilutive convertible debentures	**229**	718	**-**	-
Diluted FFO	**$ 3,938**	$ 4,420	**$ 10,402**	$ 10,086
Basic Weighted Average Shares Outstanding	**52,341**	49,611	**51,253**	49,440
Diluted Weighted Average Shares Outstanding	**55,718**	59,882	**51,253**	49,444
Basic FFO – adjusted per share	**$ 0.071**	$ 0.075	**$ 0.203**	$ 0.204
Diluted FFO – adjusted per share	**$ 0.071**	$ 0.074	**$ 0.203**	$ 0.204
Debt coverage ratios				
Interest coverage ratio(1)	**1.8 times**	1.9 times	**1.8 times**	1.8 times
Debt service coverage ratio(2)	**1.5 times**	1.6 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 nine months ended September 30, 2011 increased by 3.1% 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:

- the net negative impact to FFO of the internalization of property and corporate management which was mainly reflected in the increase in salaries of internalized staff and other office costs of $1.3 million (mainly recorded in administrative expenses), net of property management and corporate management fee savings from internalization of approximately $500 thousand as well as $239 thousand of other income recorded on fees earned from third party partners in properties that Plazacorp does not own a 100% interest in;
- one-time expenses for tax consulting and professional fees relating to the potential conversion to a REIT structure and IFRS-related work reflected in administrative expenses of $247 thousand; and
- an increase in interest costs of $751 thousand mainly affected by the replacement of floating-rate debt with long-term debt on new properties of approximately $600 thousand, new debenture interest of $269 thousand and one-time defeasance costs incurred on $16.2 million of mortgages defeased of $240 thousand, offset by a decrease in debenture interest due to the expiry of debentures of $326 thousand.

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

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

Basic FFO – adjusted for the quarter ended September 30, 2011 remained flat over the same period in the prior year. FFO was impacted by an increase in administrative expenses of $887 thousand due to the internalization as previously mentioned, costs incurred relating to the potential conversion to a REIT structure and IFRS-related work, as well as an increase in interest costs of $407 thousand (partly relating to costs incurred of $154 thousand for mortgages defeased). These were offset by same-asset NOI growth and incremental NOI growth from new developments as well as $239 thousand of other income recorded on fees earned from third party partners in properties for which the Company does not own a 100% interest. FFO per share was impacted by the equity raise in the third quarter, along with the exercising of options, conversions of convertible debentures and the dividend reinvestment plan.

Adjusted Funds from Operations (AFFO)

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

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

(000's, except per share amounts and percentage data) (unaudited)	**3 Months Ended September 30, 2011**	3 Months Ended September 30, 2010	**9 Months Ended September 30, 2011**	9 Months Ended September 30, 2010
Basic FFO - adjusted	**$ 3,709**	$ 3,702	**$ 10,402**	$ 10,086
Add: Amortization of finance charges included in interest expense	**180**	283	**537**	651
Principal repayment of tenant loans	**147**	117	**421**	331
Non-controlling interest adjustment	**7**	24	**64**	33
Less: Non-cash revenue – straight-line rent	**(422)**	(164)	**(858)**	(570)
Equity accounting adjustment	**(21)**	(44)	**(108)**	(117)
Maintenance capital expenditures – existing properties	**(167)**	(113)	**(497)**	(403)
Leasing costs – existing properties	**(181)**	(101)	**(866)**	(589)
Mortgage finance charges – existing properties	**(123)**	(140)	**(285)**	(207)
Basic AFFO	**$ 3,129**	$ 3,564	**$ 8,810**	$ 9,215
Interest on dilutive convertible debentures	**-**	718	**-**	-
Diluted AFFO	**$ 3,129**	$ 4,282	**$ 8,810**	$ 9,215
Basic AFFO per share	**$ 0.060**	$ 0.072	**$ 0.172**	$ 0.186
Diluted AFFO per share	**$ 0.060**	$ 0.072	**$ 0.172**	$ 0.186
Gross dividend payments	**2,732**	2,385	**7,844**	7,129
AFFO after dividends	**$ 397**	$ 1,179	**$ 966**	$ 2,086
Dividends as a percentage of basic AFFO	**87.3%**	66.9%	**89.0%**	77.4%
Dividends as a percentage of basic FFO - adjusted	**73.6%**	64.4%	**75.4%**	70.7%

For the nine months ended September 30, 2011, AFFO decreased by $405 thousand, or 4.4% over the prior year, mainly due to the increase in FFO, more than offset by an increase in leasing costs and an increase in straight-line rent due to the addition of straight-line rent on newly developed properties and acquisitions.

Basic AFFO for the quarter ended September 30, 2011 decreased by $435 thousand, or 12.2% over the same period in the prior year mainly due to the increase in the straight-line rent mentioned above.

Same-Asset Net Property Operating Income

Same-asset categorization refers to those properties which were owned and operated by Plazacorp for the nine months ended September 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 September 30, 2011**	3 Months Ended September 30, 2010	**9 Months Ended September 30, 2011**	9 Months Ended September 30, 2010
Same-asset rental revenue	**$ 12,981**	$ 12,748	**$ 38,886**	$ 37,791
Same-asset operating expenses	**2,317**	2,293	**7,877**	7,806
Same-asset realty tax expense	**2,617**	2,687	**7,813**	7,484
Same-asset net property operating income	**$ 8,047**	$ 7,768	**$ 23,196**	$ 22,501
Same-asset net property operating income excluding non-cash revenue and land rent	**$ 8,441**	$ 8,087	**$ 24,398**	$ 23,592
Same-asset net property operating income margin excluding non-cash revenue and land rent	**64.8%**	63.4%	**62.7%**	62.4%
Total net property operating income	**$ 8,951**	$ 7,982	**$ 24,778**	$ 22,821
Total net property operating income margin	**63.1%**	61.4%	**60.3%**	59.8%

As noted in the chart above, the NOI for the same-asset pool for the nine months ended September 30, 2011, is showing growth of $695 thousand, or 3.1% over the same period in the prior year. The increase was mainly due to the lease up at Fairville Boulevard – II, Les Promenades du Cuivre, Bedford Commons, Granite Drive Plaza and Victoria Street which contributed an additional $692 thousand to NOI. Same-asset NOI excluding non-cash revenue and land rent had growth of $806 thousand, or 3.4% over the prior year, with the total NOI growing by $1.9 million, or 8.6% due to the overall growth in investment properties from development activities.

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

- the full period impact of 4 properties transferred to income producing status in 2010, accounting for $567 thousand of the increase (annualized impact to NOI of approximately $1.0 million) and 5 properties transferred to income producing status in 2011, accounting for $791 thousand of the increase (annualized impact to NOI of approximately $1.9 million);
- same-asset pool growth of $695 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 $103 thousand.

NOI for the same-asset pool for the quarter ended September 30, 2011 increased by $279 thousand, or 3.6% over the same period in the prior year due to the lease up at Fairville Boulevard – II, Bedford Commons, Granite Drive Plaza and Victoria Street. Total NOI for the quarter ended September 30, 2011 increased by $969 thousand or 12.1% 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 $94 thousand of the increase and properties transferred to income producing status in 2011 accounting for $529 thousand of the increase. This growth was partly offset by the sale of a 50% interest in a property in 2010, reducing NOI by $34 thousand.

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

(000's except percentage data) (unaudited)	**3 Months Ended September 30, 2011**	3 Months Ended September 30, 2010	**9 Months Ended September 30, 2011**	9 Months Ended September 30, 2010
New Brunswick	**$ 3,097**	$ 3,081	**$ 8,845**	$ 8,802
Quebec	**1,421**	1,349	**4,160**	4,005
Nova Scotia	**2,065**	1,894	**6,020**	5,526
Ontario	**316**	319	**966**	963
Newfoundland and Labrador	**381**	375	**1,086**	1,078
Prince Edward Island	**767**	750	**2,119**	2,127
Same-asset net property operating income	**$ 8,047**	$ 7,768	**$ 23,196**	$ 22,501
Percentage increase over prior year	**3.6%**		**3.1%**	

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
Stavanger Drive, St. John's, NL	Strip Plaza	50,563	90%	Q3 11

2010 Transactions	Property Type	Square Footage	Ownership	Income Producing During
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
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 September 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	41,682	1.8	24,033	3.7	54,150	8.9	**119,865**	**3.4**
2012	112,370	4.9	72,834	11.3	25,293	4.1	**210,497**	**6.0**
2013	138,837	6.1	44,810	6.9	-	-	**183,647**	**5.2**
2014	208,040	9.1	110,621	17.1	-	-	**318,661**	**9.0**
2015	357,106	15.7	75,657	11.7	25,695	4.2	**458,458**	**13.0**
2016	283,869	12.5	47,431	7.3	25,771	4.2	**357,071**	**10.1**
Thereafter	1,137,140	49.9	270,465	42.0	480,029	78.6	**1,887,634**	**53.3**
Subtotal	2,279,044	100.0	645,851	100.0	610,938	100.0	**3,535,833**	**100.0**
Vacant	50,347		26,452		-		**76,799**	
Total	2,329,391		672,303		610,938		**3,612,632**	
Weighted average lease term	7.2 years		6.2 years		10.3 years		**7.6 years**	

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

At September 30, 2011, overall occupancy for the portfolio (excluding properties under development and non-consolidated investments) slightly increased to 97.9% from 97.3% at September 30, 2010.

During the first three quarters of 2011, the Company completed 649 thousand square feet (2010 - 663 thousand square feet) of new and renewal leasing deals at market rates (including leasing at non-consolidated investments). The 649 thousand square feet of leasing was comprised of 262 thousand square feet on new developments, and 387 thousand square feet on existing properties. Excluding leasing at non-consolidated investments, the Company completed 514 thousand square feet of new and renewal leasing deals (2010 - 454 thousand square feet) at market rates. The 514 thousand square feet of leasing was comprised of 232 thousand square feet on new developments and 282 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 97.8% at September 30, 2011, compared to 96.9% at September 30, 2010.
- Average occupancy for enclosed malls was 96.1% at September 30, 2011 compared to 96.6% at September 30, 2010.
- Occupancy for single use assets remained stable at 100% at September 30, 2011.
- Pre-leased space in properties under development and under construction is 69.5% at September 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 September 30, 2011 represent approximately 52.9% of total revenues in place.

	% of Gross Revenue		% of Gross Revenue
1. Shoppers Drug Mart	24.5	6. Reitmans	2.6
2. Dollarama	7.2	7. Bulk Barn	2.3
3. Staples	4.1	8. Michael's	2.1
4. Mark's Work Wearhouse	3.4	9. Winners	2.0
5. Sobeys	3.2	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.

	September 30, 2011	September 30, 2010
National	**89.7%**	88.7%
Regional	**3.9%**	4.3%
Local	**5.6%**	6.0%
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 and other changes to the equity position of the equity-accounted investments that would impact the residual returns on wind-up (such as debt financing incurred). The following schedule shows our ownership position, rates of preferred returns on investment and our interest in cash on capital appreciation beyond the preferred returns.

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

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

Share of profit of associates for the nine months ended September 30, 2011 includes Plazacorp's share of NOI of approximately $2.3 million. Share of profit of associates decreased by $399 thousand for the nine months ended September 30, 2011 compared to the nine months ended September 30, 2010, mainly relating to a smaller fair value increase of the underlying investment properties compared to the prior year.

For the quarter ended September 30, 2011 share of profit of associates decreased by $937 thousand compared to the quarter ended September 30, 2010, mainly due to the decrease in the fair value adjustment of $987 thousand. This decrease arose as a result of additional debt incurred at Centennial Plaza Limited Partnership, which affected the Company's share of the residual equity in this investment. The fair values of the underlying investment properties remained relatively consistent during the quarter.

Distributions received from associates for the nine months ended September 30, 2011 were $1.0 million compared to $1.0 million for the nine months ended September 30, 2010.

Change in Fair Value of Investment Properties

The net gain from the fair value adjustment to investment properties for the nine months ended September 30, 2011 was $15.5 million (for the nine months ended September 30, 2010 - $21.0 million). For the quarter ended September 30, 2011, the net loss was $89 thousand (for the quarter ended September 30, 2010 – net gain of $6.3 million). The weighted average capitalization rate at September 30, 2011 was 7.53% compared to 7.76% at September 30, 2010.

Change in Fair Value of Convertible Debentures

The net gain from the fair value adjustment to convertible debentures for the nine months ended September 30, 2011 was $344 thousand compared to a net loss of $2.2 million for the nine months ended September 30, 2010. For the quarter ended September 30, 2011 the net gain from the fair value adjustment to convertible debentures was $3.6 million compared to a net loss of $248 thousand for the quarter ended September 30, 2010. The increase in the net gain from fair values was mainly due to an increase in credit spreads as well as a change in the Company's share price.

Loss on Disposals of Investment Properties

During the nine months ended September 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.

Other Income

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

Administrative Expenses

Administrative expenses increased by $1.3 million for the nine months ended September 30, 2011, compared to the same period in the prior year, mainly due to the internalization of property and corporate management, resulting in salaries and other office costs being recorded. Salaries, benefits and other office costs included in administrative expenses amounted to approximately $884 thousand for the quarter. The increase in administrative expenses was also due to additional tax consulting relating to the potential conversion to a REIT structure of $142 thousand and professional fees relating to IFRS-related work of $105 thousand. For the quarter ended September 30, 2011 administrative expenses increased by $887 thousand compared to the same period in the prior year for the same reasons mentioned above.

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 September 30, 2011**	3 Months Ended September 30, 2010	**9 Months Ended September 30, 2011**	9 Months Ended September 30, 2010
Current income taxes	**$ 11**	$ 10	**$ 33**	$ 32
Deferred income taxes	**1,000**	2,173	**7,520**	6,686
Total income taxes	**$ 1,011**	$ 2,183	**$ 7,553**	$ 6,718

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 and redevelopment activities. Plazacorp currently owns an interest in eight projects under development and six land assemblies in progress which, upon completion, are expected to be accretive to the Company's earnings. The following properties, in which the Company currently owns an interest, are under active development or active planning and are anticipated to become income producing at various points over the next three years as follows:

Properties under development	Property Type	Status	Square Footage	Ownership	Occupied or Committed at September 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]	50%	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%	Q4 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	102,920	100%	63%	Q2 12
Manotick, Manotick, ON	Single Use	In Planning[2]	26,231	50%	100%	1-3 years

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

There are 8 other conditional land assemblies which are under purchase agreements and subject to due diligence, which would represent 193 thousand additional square feet at completion (at the Company's ownership percentage).

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

The Company is looking at the possibility of converting from a mutual fund corporation to a real estate investment trust (REIT) structure. The Company believes that a REIT structure could be beneficial for existing shareholders. No assurances can be given that this will occur 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)	Q3'11	Q2'11	Q1'11	Q4'10	Q3'10	Q2'10	Q1'10	Q4'09[1]
Total revenue [2]	**$ 14,704**	$ 15,440	$ 14,796	$ 14,923	$ 14,216	$ 14,538	$ 13,327	$ 13,233
Profit (loss) and total comprehensive income	**$ 5,807**	$ 8,339	$ 6,902	$ (195)	$ 8,171	$ 14,355	$ 1,818	$ 1,304
Dividends per share	**5.25¢**	5.06¢	5.06¢	4.81¢	4.81¢	4.81¢	4.81¢	4.63¢
Adjusted earnings (loss) per share - basic	10.8¢	16.0¢	12.7¢	(0.3¢)	16.0¢	26.9¢	3.0¢	2.7¢
Adjusted earnings (loss) per share – diluted	**9.9¢**	14.3¢	11.3¢	(0.3¢)	13.8¢	22.8¢	3.0¢	2.7¢
Funds from operations per share – basic [3]	**7.1¢**	6.8¢	6.4¢	6.8¢	7.5¢	6.3¢	6.6¢	6.8¢
Funds from operations per share – diluted [3]	**7.1¢**	6.8¢	6.4¢	6.8¢	7.4¢	6.3¢	6.6¢	6.7¢
Dividends as a percentage of basic FFO	**73.6%**	73.6%	79.4%	70.3%	64.4%	75.9%	76.6%	67.4%
Dividends as a percentage of basic AFFO	**87.3%**	85.2%	95.3%	79.1%	66.9%	85.9%	87.0%	72.5%
Total assets	**$548,796**	$526,191	$492,103	$468,990	$453,670	$441,046	$427,353	$308,927
Total mortgages, bonds, debentures, notes and bank indebtedness	**$305,133**	$313,394	$290,018	$283,394	$268,292	$263,309	$262,402	$261,169
Basic weighted average shares outstanding	**52,341**	51,013	50,428	49,835	49,611	49,463	49,242	48,651
Properties under development	**8**	9	6	7	6	6	6	6
Income producing properties (including non-consolidated investments)	**104**	103	102	100	100	97	95	94
Total properties in portfolio	**112**	112	108	107	106	103	101	100
Rentable Sq. Ft. (at 100% and excluding non-consolidated investments and properties under development)								
Strip Plazas	**2,329**	2,281	2,281	2,255	2,250	2,247	2,227	2,206
Enclosed Malls	**672**	680	659	659	658	658	657	651
Single Use	**611**	611	557	529	519	498	463	498
Total income producing properties	**3,612**	3,572	3,497	3,443	3,427	3,403	3,347	3,355
Occupancy % (at 100% and excluding non-consolidated investments and properties under development)								
Strip Plazas	**97.8**	97.4	97.7	97.5	96.9	97.7	96.5	97.0
Enclosed Malls	**96.1**	95.9	97.1	96.8	96.6	96.8	96.9	96.8
Single Use	**100**	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total income producing properties	**97.9**	97.6	98.0	97.8	97.3	97.9	97.1	97.4

(1) 2009 quarterly results are not in accordance with IFRS, but are based on prior Canadian Generally Accepted Accounting Principles.
(2) Includes investment income, other 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. Significant fluctuations in profit and loss are mainly due to non-cash fair value adjustments on the Company's investment properties and convertible debentures. Fair value adjustments are based on market parameters for which the Company has no control or ability to predict.

Some of Plazacorp's properties are leased on a base year or semi-gross basis or otherwise have caps on operating costs. At September 30, 2011, approximately 57% of the Company's leased area is tied to a CPI cost recovery formula. As well, anchor tenant leases may restrict Common Area Maintenance (CAM) cost recoveries. As a result of both of these factors, seasonal fluctuations in NOI and FFO occur primarily due to winter costs and yearly repair and maintenance activities which typically occur in spring and early summer which may create inconsistencies in quarterly recovery revenues compared with quarterly expenses.

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, which form a large portion of accounts payable and accrued liabilities, are funded by a combination of debt, equity and operating cash flow.

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

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

CAPITAL RESOURCES, EQUITY AND DEBT ACTIVITIES

Operating and Development Facilities

(000's)	$8.0 Million Operating	$20.0 Million Development	$15.0 Million Development
December 31, 2010	$ -	$ 3,987	$ -
Net Change	-	(2,324)	6,707
September 30 , 2011	$ -	$ 1,663	$ 6,707
Interest rate	Prime + 2.25%	Prime + 1.00% or BA + 2.75%	Prime + 1.00% or BA + 2.75%
Maturity	November 30, 2011	July 31, 2012	July 31, 2012
Security	First charges on pledged property	First charges on applicable pledged development property	First charges on applicable pledged development property
Other terms	Debt service, interest coverage, occupancy & equity maintenance covenants	Debt service, occupancy, leverage & equity maintenance covenants	Debt service, interest coverage, occupancy & equity maintenance covenants
Line reservations available for letters-of-credit	$2.0 million	$1.5 million	$500 thousand
Issued and outstanding	$198 thousand	-	-

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

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

The Company had an additional $500 thousand letter-of-credit facility maturing September 30, 2011 with a Canadian chartered bank. The Company cancelled the facility on maturity of September 30, 2011.

At September 30, 2011, there were no funds drawn on the $8.0 million operating line. The amount available to be drawn fluctuates depending on specific assets pledged (to a maximum of $8.0 million at September 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 redevelopment 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. On September 30, 2011, the remaining Series III mortgage bonds in the amount of $6.89 million matured and were repaid with the proceeds of an equity offering (see "Shares Outstanding" below for further details).

Convertible debentures are recorded at fair value and changes in the fair value are recorded quarterly in profit and loss. During the nine months ended September 30, 2011, $5.0 million in Series IV convertible debentures were converted to approximately 1,250 thousand shares, $1.0 million in Series V convertible debentures were converted to approximately 294 thousand shares and $755 thousand in Series VI convertible debentures were converted to approximately 199 thousand shares.

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 $14.0 million (at Plazacorp's consolidated share) with a weighted average term of 15 years was obtained on new developments at a weighted average interest rate of 4.92%.

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.

Four mortgages maturing in 2012, with a weighted average original interest rate of 7.8% were defeased and new long-term financing was obtained for $16.2 million (at Plazacorp's consolidated share) at a weighted average interest rate of 4.81%. Three of these mortgages total $13.6 million and each has a term of 10 years while the fourth 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 September 30, 2011, fixed-rate debt represents 96.8% 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.

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	$26,667	$19,285	$17,765	$25,183	$114,233	$209,187
Mortgages funded by defeasance	-	11,102	-	-	-	-	-	11,102
Development lines of credit	8,370	-	-	-	-	-	-	8,370
Total	$10,427	$15,099	$26,667	$19,285	$17,765	$25,183	$114,233	$228,659
As a percentage	4.6%	6.6%	11.7%	8.4%	7.8%	11.0%	49.9%	100.0%

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

(000's, except percentage data)	Balance Outstanding September 30, 2011	Effective Rates September 30, 2011	Effective Rates September 30, 2010
Fixed rate mortgage loans	**$ 253,187**	**6.07 %**	6.28 %
Bank operating facility	**$ -**	**Prime + 2.25%**	Prime + 2.25%
Bank development facility	**$ 6,707**	**Prime + 1.00%**	Prime + 1.25%
Bank development facility	**$ 1,663**	**Prime + 1.00%**	Prime + 1.25%

The weighted average term to maturity for the long-term mortgages is 6.3 years. The average remaining repayment (amortization) period on long-term mortgage debt is 24.6 years.

The ratio of debt to gross book value of assets at September 30, 2011 (excluding convertible debentures) is 48.9%.

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 November 7, 2011	Shares	Share Capital
Current outstanding shares	59,810,361	$ 86,761,480
Employee and Director share options	120,000	523,200
Series V convertible debentures	3,377,060	14,704,997
Series VI convertible debentures	4,878,947	21,856,806
Total adjusted shares outstanding	68,186,368	$ 123,846,483

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. During the third quarter of 2011 land was purchased at our Jean Talon property for $750 thousand (at Plazacorp's ownership percentage). This land had previously been under land lease. Currently Plazacorp has 24 long-term land leases (affecting 23 properties) with total annual rent of $2.7 million. One of the land leases relates to shared parking facilities. The other properties under land lease represent approximately 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 42 years, with non-automatic renewal options ranging from 9 to 66 years with an average of 30 years of renewal options. Of the 24 land leases, 11 of the land leases have options to purchase, generally at fair market value.

Gross Capital Additions Including Leasing Fees:

(000's) (unaudited)	3 Months Ended September 30, 2011	3 Months Ended September 30, 2010	9 Months Ended September 30, 2011	9 Months Ended September 30, 2010
Leasing fees – existing properties	**$ (9)**	$ 64	**$ 268**	$ 287
Leasing fees – redevelopment properties	**35**	-	**66**	65
Leasing fees – new developments	**292**	133	**678**	261
Total leasing fees	**318**	197	**1,012**	613
Capital additions – existing properties	**357**	150	**1,095**	705
Capital additions – redevelopment properties	**165**	158	**3,096**	383
Capital additions – new developments	**7,616**	6,317	**30,551**	13,730
Total capital additions	**8,138**	6,625	**34,742**	14,818
Total gross additions	**$ 8,456**	$ 6,822	**$ 35,754**	$ 15,431

COMMITMENTS AND CONTINGENT LIABILITIES

The Company has $5.9 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. 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 September 30, 2011 totals $14.2 million and consists of two mortgages with remaining terms ranging from 0.4 years to 1.6 years.

The Company has contingent liabilities as original borrower on four mortgages partially assumed by the purchasers of properties where a 75% interest in each was sold in 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 September 30, 2011 totals $8.1 million with remaining terms ranging from 3.6 years to 11.3 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 September 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 and the Company's Short Form Prospectus dated September 20, 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 September 30, 2011 96.8% of the Company's mortgages are at fixed rates and 3.2% 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. 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 24.5% of current monthly gross rents in place. The top 10 tenants collectively represent approximately 52.9% of total revenues in place. National and regional tenants represent 93.5% 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 $344 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

As mentioned in Part I of this MD&A, prior to July 1, 2011, Plaza Group Management Limited provided property management and corporate management services to Plazacorp. In Quebec, staff of Les Immeubles Plaza Z-Corp Inc. handled management duties under a separate management agreement with Plazacorp.

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

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

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 until July 1, 2011, was as follows:

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

The following amounts were charged under the agreements:

(000's) (unaudited) Fee Category	Included for Reporting Purposes In	9 Months Ended September 30, 2011	9 Months Ended September 30, 2010
Property management	Property operating expenses	**$ 767**	$ 1,087
Corporate management	Administrative expenses	**194**	274
Leasing	Investment properties	**616**	679
Development	Investment properties	**606**	276
Financing and capital	Debt or equity	**301**	597
Acquisitions	Investment properties	**49**	97
Dispositions	Gain on disposal of investment properties	**-**	17
Legal services	Varies based on service provided	**329**	341
Total		**$ 2,862**	$ 3,368

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	September 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%	514	-
Entity owned (directly or indirectly), controlled or significantly influenced by Michael Zakuta, President, Chief Executive Officer and Director of the Company	6%	514	-
Total		$ 1,289	$ 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)	September 30, 2011	December 31, 2010
Richard Hamm	$ 250	$ 325
Michael Zakuta	781	2,163
Edouard Babineau	2,000	2,150
Earl Brewer	1,481	1,755
Stephen Johnson	850	1,220
Barbara Trenholm	200	464
Total	$ 5,562	$ 8,077

During the first nine months of 2011, Richard Hamm redeemed $75 thousand in expired mortgage bonds, 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, redeemed $100 thousand in expired mortgage bonds and purchased $150 thousand in mortgage bonds, Earl Brewer converted $538 thousand of convertible debentures to shares and purchased $264 thousand in mortgage bonds, Stephen Johnson redeemed $370 thousand in expired mortgage bonds, and Barbara Trenholm converted $200 thousand of convertible debentures to shares and redeemed $64 thousand in expired mortgage bonds.

Other Related Party Transactions

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

TC Land LP, an entity controlled by Michael Zakuta and Earl Brewer, leases nine parcels of land to Plazacorp at a total annual rent of $877 thousand. The land leases expire at various times from October 2043 to November 2047, subject to options to renew. All of these land leases have options to purchase, of which 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 September 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 14.

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

Fair Value of Investment Properties

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

Properties Under Development

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

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

Fair Value of Convertible Debentures

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

Fair Value of Debt

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

Financial Instruments

The Company reviews all significant contracts to determine if they contain embedded derivatives**.** As of August 1, 2010 the Company 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 September 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 September 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-Sept-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%	88%	Reitmans, Dollarama
Dundonald & Smythe	Fredericton, NB	1962/1997	19,265	100%	86%	Dollarama
Empire Plaza[2]	Fredericton, NB	2003	13,743	100%	100%	Dollarama
FHS Plaza	Fredericton, NB	1999	24,280	100%	100%	Cleve's , Bulk Barn
Main Place[2]	Fredericton, NB	1992/2004	31,416	100%	94%	Shoppers Drug Mart
Nashwaaksis Plaza	Fredericton, NB	1997	55,814	100%	100%	Dollarama
Madawaska Road Plaza	Grand Falls, NB	2005	10,410	100%	100%	Pizza Delight, Tim Horton's
KGH Plaza	Miramichi, NB	2007	18,969	25%	100%	Shoppers Drug Mart
Miramichi Power Center – 1	Miramichi, NB	2005	38,033	100%	100%	Staples, Mark's Work Wearhouse
Miramichi Power Center – 2	Miramichi, NB	2005	21,936	100%	100%	Dollarama, Boston Pizza
Boulevard Plaza[2]	Moncton, NB	2004	83,021	100%	100%	Winners, Michael's
Wedgewood Plaza[2]	Riverview, NB	1999	12,768	100%	69%	Dollarama
Crown Street[2]	Saint John, NB	2006	21,764	100%	100%	Shoppers Drug Mart
Exhibition Plaza[2]	Saint John, NB	2004	75,185	55%	100%	Empire Cinemas
Fairville Boulevard -2	Saint John, NB	2009	58,897	100%	98%	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%	96%	Sobeys, Dollarama
Tacoma Valley Field	Dartmouth, NS	2005	25,325	50%	91%	Shoppers Drug Mart
201 Chain Lake Drive[3]	Halifax, NS	1995/2004	118,420	50%	92%	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	16,565	100%	100%	Dollarama, Swiss Chalet
Commercial Street Plaza	New Minas, NS	2003	15,342	100%	100%	Swiss Chalet, Penningtons
Granite Drive Plaza	New Minas, NS	2009	86,433	100%	100%	Lawtons, Future Shop, Winners
Silver Fox Plaza	New Minas, NS	2010	42,078	100%	100%	Giant Tiger, Michael's
North Sydney Plaza	North Sydney, NS	2007	20,372	100%	100%	Shoppers Drug Mart
Welton Street Plaza[2]	Sydney, NS	2004	20,975	100%	100%	Dollarama, Bulk Barn
Robie Street Plaza	Truro, NS	2007	21,890	25%	100%	Shoppers Drug Mart
Pleasant Street	Yarmouth, NS	2005	22,586	100%	87%	Shoppers Drug Mart
Starr's Road Plaza	Yarmouth, NS	1976/2005	64,319	100%	100%	Empire Theatres, Dollarama

Plazacorp Retail Properties Ltd.

Property	Location	Year Built/ Redeveloped	Gross Leasable Area (sq. ft.)	Ownership Interest (%)	Occupied or Committed as at 30-Sept-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	49,732	85%	100%	Fabricville, Value Village
UAS Plaza	Charlottetown, PE	2006	23,386	100%	100%	Shoppers Drug Mart, TD Bank
University Plaza	Charlottetown, PE	1977/1998	62,046	43%	100%	Dollarama, Smitty's, The Bargain Shop
Granville Street Plaza	Summerside, PE	1977/2011	60,957	60%	96%	Dollarama, Mark's Work Wearhouse
15260 Yonge Street[3]	Aurora, ON	2006	14,177	50%	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
Stavanger Drive	St. John's, NL	2011	50,563	90%	100%	Best Buy, Petsmart
Sub-total			**2,329,391**		**97.8%**	
Enclosed Malls						
Les Galaries Montmagny	Montmagny, QC	1997/1990	138,725	50%	100%	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%	94%	Staples, Shoppers Drug Mart, Hart
Oromocto Mall	Oromocto, NB	1976/2008	87,196	100%	84%	Shoppers Drug Mart, Dollarama
Gateway Mall	Sussex, NB	1978/2008	163,501	25%	97%	Sobeys, Canadian Tire
Sub-total			**672,303**		**96.1%**	
Single Use						
Plaza BDP[2], [3]	Deux Montagnes, QC	2007	16,940	37.5%	100%	Shoppers Drug Mart
Bureau en Gros	Granby, QC	2000	25,695	50%	100%	Staples
Plaza TS Magog	Magog, QC	2006	17,452	50%	100%	Shoppers Drug Mart
Bureau en Gros	Rimouski, QC	2001	25,771	50%	100%	Staples
CPRDL	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			**3,612,632**		**97.9%**	
Projects Under Development						
90 Blvd. Tache Ouest	Montmagny, QC	-	-	50%	-	In Planning
Jean Talon[3]	Montreal, QC	-	-	50%	-	In Planning

Plazacorp Retail Properties Ltd.

Property	Location	Year Built/ Redeveloped	Gross Leasable Area (sq. ft.)	Ownership Interest (%)	Occupied or Committed as at 30-Sept-11	Major Tenants[1]
Magog	Magog, QC	-	-	50%	-	In Planning
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	-	102,920	100%	63%	Sobeys
Manotick[2]	Manotick, ON	-	26,231	50%	100%	Shoppers Drug Mart
Sub-total			**234,308**		**69.5%**	
Total Excluding Non-Trust and Partnerships			**3,846,940**		**96.1%**	
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%	99%	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%	89%	Jeans Depot, Maxidollar, Ressourcerie De Levis
Plaza des Recollets	Trois-Rivieres, QC	2006	73,730	15%	88%	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**		**91.8%**	
Grand Total			**5,049,703**		**95.1%**	

(1) Based on square footage.

(2) Currently subject to land leases. The land leases for Plaza BDP, Boulevard Plaza, Conception Bay South Plaza, Kenmount Road Plaza, Kings Road Plaza, Joseph Howe Drive Plaza, Plaza Jean XXIII, Airport Blvd. Plaza and 615 King Street all have options to purchase at fair market value. The V-8 Plaza and Main Place 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.

NOTICE OF NO AUDITOR REVIEW

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

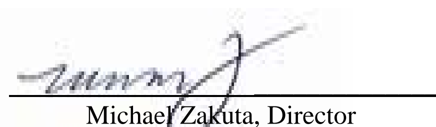
The Company's independent auditor has not performed a review of these consolidated financial statements.

Plazacorp Retail Properties Ltd.

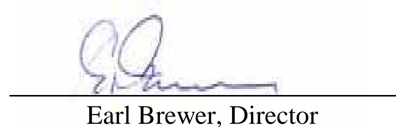
Condensed Interim Consolidated Statements of Financial Position

(unaudited) **(in thousands of Canadian dollars)**	**September 30, 2011**	December 31, 2010	January 1, 2010
Assets			
Non-Current Assets			
Investment properties (Note 4)	$ 481,230	$ 426,516	$ 375,083
Investments	43,715	28,675	23,285
Tenant loans	1,537	1,624	1,864
	526,482	456,815	400,232
Current Assets			
Cash	15,387	5,407	3,771
Receivables	1,771	1,126	720
Prepaid expenses and deposits	4,107	2,970	2,913
Income taxes receivable	-	22	68
Notes receivable	1,049	2,650	12,533
	22,314	12,175	20,005
	$ 548,796	$ 468,990	$ 420,237
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
Debentures payable (Note 5)	$ 36,562	$ 44,723	$ 22,750
Mortgage bonds payable (Note 6)	8,042	11,622	21,589
Mortgages payable (Note 7)	258,460	226,494	215,955
Deferred income tax liability	45,094	37,570	29,044
	348,158	320,409	289,338
Current Liabilities			
Accounts payable and accrued liabilities	9,169	7,072	5,360
Income taxes payable	49	-	-
Notes payable	2,069	555	2,054
	11,287	7,627	7,414
	359,445	328,036	296,752
Shareholders' equity	177,795	130,224	113,105
Non-controlling interests	11,556	10,730	10,380
	189,351	140,954	123,485
	$ 548,796	$ 468,990	$ 420,237

Contingencies, commitments, guarantees, indemnities, litigation and provisions – see Note 12.
Subsequent events – see Note 13.



Michael Zakuta, Director



Earl Brewer, Director

The notes on pages 37 to 51 are an integral part of these condensed interim consolidated financial statements.

Plazacorp Retail Properties Ltd.

Condensed Interim Consolidated Statements of Comprehensive Income (unaudited)
(in thousands of Canadian dollars, except per share amounts)

	3 Months Ended September 30, 2011	3 Months Ended September 30, 2010	**9 Months Ended September 30, 2011**	9 Months Ended September 30, 2010
Revenues	**$ 14,190**	$ 12,994	**$ 41,099**	$ 38,138
Operating expenses	**(5,239)**	(5,012)	**(16,321)**	(15,317)
Net property operating income	**8,951**	7,982	**24,778**	22,821
Share of profit of associates	**225**	1,162	**3,352**	3,751
Administrative expenses	**(1,213)**	(326)	**(2,340)**	(1,072)
Investment income	**50**	60	**250**	192
Other income	**239**	-	**239**	-
Other expenses	**(19)**	(19)	**(57)**	(57)
Results from operations	**8,233**	8,859	**26,222**	25,635
Finance costs	**(4,693)**	(4,286)	**(13,246)**	(12,495)
Finance costs - transaction costs for convertible debenture issuance	**-**	-	**-**	(565)
Finance costs - net gain (loss) from fair value adjustments to convertible debentures	**3,556**	(248)	**344**	(2,204)
Finance costs - net revaluation of interest rate swaps	**(189)**	(223)	**(198)**	(223)
Net gain (loss) from fair value adjustments to investment properties	**(89)**	6,252	**15,479**	21,039
Loss on disposal of investment properties	**-**	-	**-**	(125)
Profit before income tax	**6,818**	10,354	**28,601**	31,062
Income tax expense				
- Current	**11**	10	**33**	32
- Deferred	**1,000**	2,173	**7,520**	6,686
	1,011	2,183	**7,553**	6,718
Profit and total comprehensive income for the period	**$ 5,807**	$ 8,171	**$ 21,048**	$ 24,344
Profit and total comprehensive income for the period				
- Shareholders	**$ 5,653**	$ 7,952	**$ 20,203**	$ 22,756
- Non-controlling interests	**154**	219	**845**	1,588
	$ 5,807	$ 8,171	**$ 21,048**	$ 24,344
Adjusted earnings per share – basic (Note 9)	**$ 0.108**	$ 0.160	**$ 0.394**	$ 0.460
Adjusted earnings per share – diluted (Note 9)	**$ 0.099**	$ 0.138	**$ 0.357**	$ 0.413

The notes on pages 37 to 51 are an integral part of these condensed interim consolidated financial statements.

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

	Share Capital (Note 9)	Retained Earnings	Total Attributable to Shareholders	Non-Controlling Interests	Total Equity
Balances as at January 1, 2010	$ 43,349	$ 69,756	$ 113,105	$ 10,380	$ 123,485
Total comprehensive income for the period	-	22,756	22,756	1,588	24,344
Transactions with shareholders, recorded directly in equity:					
- Contributions by shareholders	2,245	-	2,245	-	2,245
- Distributions to shareholders	-	(7,129)	(7,129)	-	(7,129)
- Distributions to non-controlling interests and changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	(777)	(777)
Balance as at September 30, 2010	$ 45,594	$ 85,383	$ 130,977	$ 11,191	$ 142,168
Total comprehensive income for the year	$ -	$ 22,593	$ 22,593	$ 1,556	$ 24,149
Transactions with shareholders, recorded directly in equity:					
- Contributions by shareholders	4,046	-	4,046	-	4,046
- Distributions to shareholders	-	(9,520)	(9,520)	-	(9,520)
- Distributions to non-controlling interests and changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	(1,206)	(1,206)
Balance as at December 31, 2010	$ 47,395	$ 82,829	$ 130,224	$ 10,730	$ 140,954
Total comprehensive income for the period	$ -	$ 20,203	$ 20,203	$ 845	$ 21,048
Transactions with shareholders, recorded directly in equity:					
- Contributions by shareholders	9,001	-	9,001	-	9,001
- Contributions by shareholders – equity raise	26,211	-	26,211		26,211
- Distributions to shareholders	-	(7,844)	(7,844)	-	(7,844)
- Distributions to non-controlling interests and changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	(19)	(19)
Balance as at September 30, 2011	$ 82,607	$ 95,188	$ 177,795	$ 11,556	$ 189,351

The notes on pages 37 to 51 are an integral part of these condensed interim consolidated financial statements.

Plazacorp Retail Properties Ltd.

Condensed Interim Consolidated Statements of Cash Flows (unaudited) (in thousands of Canadian dollars)	**3 Months Ended September 30, 2011**	3 Months Ended September 30, 2010	**9 Months Ended September 30, 2011**	9 Months Ended September 30, 2010
Cash obtained from (used for):				
Operating activities				
Profit for the period	**$ 5,807**	$ 8,171	**$ 21,048**	$ 24,344
Interest expense	**4,785**	4,265	**13,498**	12,319
Items not affecting cash:				
Non-cash investment income	**(225)**	(1,162)	**(3,352)**	(3,751)
Amortization of finance charges	**180**	283	**537**	651
Net change in fair value of investment properties	**89**	(6,252)	**(15,479)**	(21,039)
Net change in fair value of convertible debentures	**(3,556)**	248	**(344)**	2,204
Transaction costs from convertible debenture issuance	**-**	-	**-**	565
Loss on disposal of investment properties	**-**	-	**-**	125
Net change in fair value of interest rate swap	**189**	223	**198**	223
Current and deferred income taxes	**1,011**	2,183	**7,553**	6,718
Straight-line rent revenue	**(422)**	(164)	**(858)**	(570)
Interest paid	**(4,733)**	(4,234)	**(13,465)**	(12,731)
Income taxes received (paid)	**5**	66	**(90)**	(59)
Leasing commissions	**(318)**	(197)	**(1,012)**	(613)
Change in non-cash working capital (Note 10)	**1,601**	696	**(2,147)**	(1,319)
	4,413	4,126	**6,087**	7,067
Financing activities				
Issuance (repayment) of notes payable	**(215)**	6	**1,514**	(1,515)
Issue of common shares	**26,211**	110	**26,266**	800
Dividends paid to shareholders	**(2,732)**	(2,385)	**(7,844)**	(7,129)
Dividend reinvestment proceeds	**154**	318	**1,123**	1,408
Net proceeds from bonds and debentures	**(7,263)**	(835)	**(3,601)**	6,678
Gross mortgage proceeds	**17,032**	36,577	**47,262**	51,040
Financing charges incurred from mortgage placement	**(151)**	(677)	**(557)**	(905)
Mortgages repaid	**(7,552)**	(29,755)	**(12,719)**	(47,373)
Periodic mortgage principal repayments	**(964)**	(838)	**(2,727)**	(2,466)
	24,520	2,521	**48,717**	538
Investing activities				
Acquisitions (Note 11)	**(113)**	-	**(113)**	-
Developments and redevelopments	**(8,138)**	(6,625)	**(34,742)**	(14,818)
Proceeds from disposal of investment properties	**-**	-	**-**	464
Payments of bonds purchased for mortgage defeasances	**214**	36	**309**	107
Bonds purchased for mortgage defeasances	**(4,199)**	-	**(13,668)**	-
Equity accounted investments – contributions to and distributions from	**356**	105	**1,673**	102
Contributions paid by subsidiaries to non-controlling interests	**(8)**	(51)	**(19)**	(191)
Decrease (increase) in deposits for acquisitions and financings	**47**	(3)	**48**	73
Decrease in notes receivable	**3**	4,038	**1,601**	9,722
Repayment of tenant loans	**147**	117	**421**	331
Funding of tenant loans	**-**	-	**(334)**	(269)
	(11,691)	(2,383)	**(44,824)**	(4,479)
Net decrease in cash	**17,242**	4,264	**9,980**	3,126
Cash less bank indebtedness, beginning of the period	**(1,855)**	2,633	**5,407**	3,771
Cash less bank indebtedness, end of the period	**$ 15,387**	$ 6,897	**$ 15,387**	$ 6,897

The notes on pages 37 to 51 are an integral part of these condensed interim consolidated financial statements.

1. Reporting Entity

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

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

2. Basis of Preparation

(a) Statement of Compliance

The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the more significant policies of which are described below in Note 3. These accounting policies are based on IFRS standards that are expected to be applicable and what the Company expects to adopt for its December 31, 2011 financial statements (the first annual financial statements to be prepared in accordance with IFRS). As these financial statements represent the Company's initial presentation of its results and financial position under IFRS, they were prepared in accordance with IAS 34, "Interim Financial Reporting" and IFRS 1, "First-time Adoption of IFRS".

The condensed interim financial statements do not include all the information required for full annual financial statements. The condensed interim financial statements should be read in conjunction with the 2010 annual financial statements in addition to the supplemental annual disclosures (see the condensed interim financial statements for the three months ended March 31, 2011).

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company as well as relevant reconciliations are provided in Note 14.

The condensed interim consolidated financial statements were authorized for issue by the Audit Committee on behalf of the Board of Directors of the Company on November 7, 2011.

(b) Basis of Measurement

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

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

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

(c) Use of Estimates and Judgements

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

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

3. Summary of Significant Accounting Policies

The Company's accounting policies are included in the March 31, 2011 condensed interim consolidated financial statements. These policies have been applied consistently to all periods presented in these interim consolidated financial statements and in preparing the opening IFRS consolidated statement of financial position as at January 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated. The exemptions the Company has taken in applying IFRS for the first time are set out in Note 14.

(a) General and Consolidation

The condensed interim consolidated financial statements comprise the financial statements of the Company and the entities that it controls. Entities subject to joint control arrangements are accounted for using proportionate consolidation. Entities subject to significant influence are accounted for using the equity method. The financial statements of the consolidated and equity accounted entities are prepared for the same reporting period as the Company, using consistent accounting policies.

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

(b) Future Changes in Accounting Policies

A number of new standards, and amendments to standards and interpretations under IFRS, are not yet effective for the year ending December 31, 2011, and have not been applied in preparing these condensed interim consolidated financial statements.

(i) Financial instruments – disclosures

The IASB has issued an amendment to IFRS 7, "Financial Instruments – Disclosures", requiring incremental disclosures regarding transfers of financial assets. This amendment is effective for annual periods beginning on or after July 1, 2011. The Company will apply the IFRS 7 amendment at the beginning of its 2012 financial year and does not expect the implementation to have a significant impact on the Company's disclosures.

(ii) Deferred taxes – recovery of underlying assets

The IASB has issued an amendment to IAS 12, "Income Taxes", which introduces an exception to the general measurement requirement of IAS 12 in respect of investment properties measured at fair value. Under IAS 12, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. To provide a practical approach in such cases, the amendment introduces a presumption that an investment property is recovered entirely through sale. This policy is effective for fiscal years after January 1, 2012; however earlier adoption is permitted. The Company has applied the policy effective January 1, 2010.

(iii) Financial instruments

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

In addition to the above, the IASB recently issued four new standards: IFRS 10, "Consolidated Financial Statements", IFRS 11, "Joint Arrangements", IFRS 12, "Disclosure of Interest in Other Entities", and IFRS 13, "Fair Value Measurement". These new standards are effective on January 1, 2013. The extent of the impact of these new standards has not been fully determined.

4. Investment Properties

	September 30, 2011	December 31, 2010	January 1, 2010
Balance, beginning of period:	**$ 426,516**	$ 375,083	$ -
Additions (deductions):			
Additions	**38,377**	31,669	-
Disposals	**-**	(4,204)	-
Straight line rent receivable change	**858**	730	-
Fair value adjustment	**15,479**	23,238	-
Balance, end of period:	**$ 481,230**	$ 426,516	$ 375,083

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

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

(i) External appraisals

External appraisals from independent appraisers are obtained in the normal course of business and as refinancing activities require them. Where available, the fair value of various investment properties are based on these external appraisals. Of the total fair value in the chart above, $34.0 million of investment properties were based on such external appraisals (December 31, 2010 - $18.9 million; January 1, 2010 - $27.5 million).

(ii) Direct capitalization income approach

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

As at September 30, 2011 the Company has utilized the following range of capitalization rates:

	Number of Properties	**Primary Market**	**Secondary Market**
Freestanding	37	6.50% – 7.50%	6.75% - 8.00%
Anchored Strip – Class A	11	6.50% - 7.75%	7.00% - 8.50%
Anchored Strip – Class B	15	6.75% - 8.00%	7.25% - 9.00%
Unanchored Strip	29	7.25% - 8.50%	7.75% - 10.00%
Enclosed Malls – Community	5	7.00% - 9.00%	7.75% - 10.25%

Freestanding - defined as freestanding retail space with less than 30,000 square feet and a national tenant.

Anchored Strip – Class A - defined as a food or equivalent-anchored retail strip, 75,000-125,000 square feet and where the anchor tenant represents 70% or more of gross leasable area ("GLA") / gross revenue.

Anchored Strip – Class B - defined as a food or equivalent-anchored retail strip, 75,000-125,000 square feet and where the anchor tenant represents less than 70% of GLA / gross revenue.

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

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

As at December 31, 2010 the Company has utilized the following range of capitalization rates:

	Number of Properties	Primary Market	Secondary Market
Freestanding	37	6.50% – 8.00%	6.75% - 8.50%
Anchored Strip – Class A	11	6.50% - 7.75%	7.00% - 8.50%
Anchored Strip – Class B	15	7.00% - 8.25%	7.50% - 9.25%
Unanchored Strip	27	7.50% - 8.50%	7.75% - 10.00%
Enclosed Malls – Community	5	7.00% - 9.00%	7.75% - 10.25%

As at January 1, 2010 the Company has utilized the following range of capitalization rates:

	Number of Properties	Primary	Secondary
Freestanding	34	7.25% - 8.25%	7.50% - 9.00%
Anchored Strip – Class A	9	7.25% - 8.00%	7.50% - 8.75%
Anchored Strip – Class B	14	7.50% - 8.25%	7.75% - 9.25%
Unanchored Strip	27	7.75% - 8.50%	8.00% - 10.00%
Enclosed Malls – Community	5	7.75% - 9.00%	8.25% - 10.25%

(a) Straight-line Rent

Included in investment properties as at September 30, 2011 is $6.2 million (December 31, 2010 - $5.3 million; January 1, 2010 - $4.6 million) of straight line rent receivables arising from the recognition of rental revenue on a straight line basis over the lease terms in accordance with IAS 17, "Leases".

(b) Surplus Land

Included in investment properties as at September 30, 2011 is $1.2 million of surplus lands at fair value (December 31, 2010 - $1.1 million; January 1, 2010 - $1.1 million).

(c) Properties Under Development

Included in investment properties as at September 30, 2011 is $40.0 million of properties under development (December 31, 2010 - $17.5 million; January 1, 2010 - $8.1 million).

(d) Borrowing Costs

The total amount of borrowing costs capitalized for the nine months ended September 30, 2011 is $754 thousand (for the nine months ended September 30, 2010 - $531 thousand).

5. Debentures Payable

Debentures payable consist of the following:

	Maturity Date	**Interest Rate**	**September 30, 2011**	December 31, 2010	January 1, 2010
Convertible[1]					
Series IV	July 31, 2011	7.0%	$ -	$ 5,242	$ 4,794
Series V	October 14, 2014	8.0%	14,705	16,304	12,797
Series VI	March 31, 2015	7.5%	21,857	23,177	-
Total convertible debentures			36,562	44,723	17,591
Non convertible debentures[2]	-	8.0%	-	-	5,159
Net debentures			$ 36,562	$ 44,723	$ 22,750

[1] Recorded at fair value
[2] Recorded at amortized cost

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

	Series V	Series VI
Conversion price	$3.40	$3.80
Company's first redemption date	October 14, 2012	March 31, 2013
Maturity date	October 14, 2014	March 31, 2015
Face value outstanding September 30, 2011	$11,482	$18,540

For the nine months ended September 30, 2011, holders of $5.0 million of Series IV convertible debentures, $1,018 thousand of Series V convertible debentures and $755 thousand of Series VI convertible debentures (for the nine months ended September 30, 2010 - nil) exercised their option to convert to 1,250 thousand common shares, 299 thousand common shares and 199 thousand common shares, respectively (for the nine months ended September 30, 2010 – nil). Non-convertible debentures in the amount of $3.0 million with original maturity dates from July 31, 2010 to February 24, 2011 were converted to Series VI convertible debentures during 2010 and $2.1 million matured and were repaid.

6. Mortgage Bonds Payable

Mortgage bonds payable are secured by the following properties:

					September 30, 2011	December 31, 2010	January 1, 2010
	Series IV	**Series V**	**Series VI**	**Series VII**	**Total**	Total	Total
Grand Falls Shopping Mall, Grand Falls, NB, 2nd Mortgage	$ 960	$ -	$ -	$ -	$ 960	$ 960	$ 6,700
LeMarchant Road Plaza, St. John's, NL, 1st Mortgage	-	-	-	-	-	1,650	1,257
Victoria Street Plaza, Edmundston, NB, 1st and 2nd Mortgage	-	-	-	-	-	2,124	1,669
Commercial Street-Phase 2, New Minas, NS, 1st Mortgage	224	-	-	-	224	400	408
Bedford Commons Plaza, Bedford, NS, 2nd Mortgage	-	-	-	-	-	-	800
Fairville Boulevard, Saint John, NB, 2nd Mortgage	-	-	-	-	-	-	185
Fairville Boulevard (ANBL), Saint John, NB, 1st Mortgage	-	-	900	-	900	-	-
Granite Drive, New Minas, NS, 2nd Mortgage	-	-	-	-	-	-	1,285
Plaza Royale, Shawinigan, QC, 2nd Mortgage	-	-	-	-	-	-	2,510
Fairville Boulevard – Phase 2, Saint John, NB, 2nd Mortgage	-	-	-	-	-	-	3,470
Boulevard Hebert Plaza, Edmundston, NB, 1st	-	1,185	-	-	1,185	1,185	1,185
Miramichi West, Miramichi, NB, 2nd Mortgage	235	-	-	-	235	235	375
Ville Marie Drive Plaza, Marystown, NL, 1st Mortgage	-	-	-	-	-	-	260
Miramichi Phase II, Miramichi, NB, 2nd Mortgage	177	-	-	-	177	177	177
Main & Victoria, Shediac, NB, 2nd Mortgage	167	-	-	-	167	167	167
Main & Western, Sussex, NB, 2nd Mortgage	218	-	-	-	218	218	218
Starr's Road Plaza, Yarmouth, NS, 2nd Mortgage	379	-	-	-	379	379	379
Kenmount Road Plaza, St. John's, NL, 2nd Mortgage	317	-	-	-	317	317	317
Airport Blvd. Plaza, Gander, NL, 2nd Mortgage	323	-	-	-	323	323	323
Stavanger Drive, St. John's, NL, 2nd Mortgage	-	-	-	-	-	1,960	-
Spencer Drive, Charlottetown, PE, 2nd Mortgage	-	-	-	-	-	1,590	-
Bourque & Haut-Bois, Sherbrooke, QC, 1st Mortgage	-	-	-	3,000	3,000	-	-
Gross mortgage bonds payable	$3,000	$1,185	$ 900	$3,000	$8,085	$11,685	$21,685
Less: unamortized finance charges					(43)	(63)	(96)
Net mortgage bonds payable					$8,042	$11,622	$21,589

	Series IV	**Series V**	**Series VI**	**Series VII**
Interest Rate	7.5%	8.0%	5.25%	7.0%
Next Redemption Date	n/a	n/a	n/a	n/a
Maturity Date				
Tranche 1	June 30, 2012	June 4, 2016	February 24, 2016	May 31, 2012
	$3,000	$1,185	$900	$3,000

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

The Company had the ability to redeem up to one-half of the bonds on the third and fourth anniversaries of the initial closing date of the Series IV bonds at a price equal to the principal amount. The Company did not redeem any Series IV bonds on the fourth anniversary date of April 25, 2011, and therefore has no more redemption rights remaining on this series of bonds. he 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	September 30, 2011	December 31, 2010	January 1, 2010
Fixed rate loans	4.21% - 8.02%	6.07%	Up to June 2031	$ 253,187	$ 225,754	$ 171,012
Less: unamortized finance charges				(3,252)	(3,188)	(2,831)
				249,935	222,566	168,181
Other fixed rate loan			-	-	-	1,358
Total net fixed rate mortgage loans				249,935	222,566	169,539
Variable rate loans:						
- $20 million development line of credit	Prime plus 1.00% or BA plus 2.75%		July 31, 2012	1,663	3,987	12,116
- $15 million development line of credit	Prime plus 1.00% or BA plus 2.50%		July 31, 2012	6,707	-	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				(86)	(102)	(130)
Total net variable rate loans				8,284	3,885	46,416
Net mortgages payable				258,219	226,451	215,955
Impact of interest rate swaps				241	43	-
Total mortgages payable				$ 258,460	$ 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 365-day revolving acquisition and development facilities with Canadian chartered banks available upon pledging of specific assets. One was a $25 million facility and the other is a $15 million facility. Both facilities came up for renewal on July 31, 2011. On renewal, the $25 million development line was reduced to $20 million. Both facilities were renewed. The interest rate for both development lines was reduced from prime plus 1.25% to prime plus 1.00% on renewal. At September 30, 2011 there is $26.6 million available on the development lines (December 31, 2010 - $36 million; January 1, 2010 - $19 million). Funding is secured by first mortgage charges on development properties. The Company must maintain certain financial ratios to comply with the facilities. These covenants include loan-to-value, debt service, interest coverage and occupancy ratios, as well as shareholder equity tests. As of September 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 September 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 September 30, 2011 there is nil drawn on the facility (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

	September 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	**264**	**1,123**	664	2,171		
Shares issued through equity raise	**6,600**	**26,211**				
Shares issued through debt conversion						
- face value debentures	**1,748**	**6,773**	263	1,000		
-impact of fair value of convertible debentures	**-**	**1,045**		38		
Common shares outstanding, end of the period	**58,821**	**$ 82,607**	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 nine months ended September 30, 2011 no shareholder had redeemed shares under the mutual fund corporation provisions (for the nine months ended September 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 nine months ended September 30, 2011, shareholders were issued 264 thousand shares at a weighted average price of $4.26 per share (for the nine months ended September 30, 2010 – 437 thousand shares at a weighted average price of $3.22 per share).

On September 27, 2011, the Company completed a bought deal public equity offering of 6.6 million common shares at a price of $4.20 per common share to a syndicate of underwriters. The gross proceeds from the offering were $27.7 million. Net proceeds from the offering after underwriters' fees and legal and other costs of the offering were approximately $26.2 million. The Company used the proceeds to repay: the $6.9 million outstanding on the Company's Series III mortgage bonds, which matured on September 30, 2011; $1.5 million in related party promissory notes payable owing to Michael Zakuta and Earl Brewer; and the balance outstanding on the Company's operating line of approximately $5.3 million. Further proceeds of $3.0 million will be used to repay Series IV mortgages bonds which mature on June 30, 2012 and further proceeds of between $8.0 and $9.0 million will be used to fund the equity portion of the Company's future development and redevelopment activities. The remaining proceeds are for general working capital purposes.

Plazacorp granted the underwriters an over-allotment option to purchase up to an additional 990 thousand common shares at a price of $4.20 per common share, to cover over-allotments, if any. In October 2011, the underwriters exercised in full their over-allotment option. Gross proceeds to the Company from the over-allotment option were $4.2 million. Net proceeds to the Company after underwriters' fees were $4.0 million.

(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 nine months ended September 30, 2011, all of the Company's convertible debentures were dilutive and the stock options were anti-dilutive (for the nine months ended September 30, 2010 - all of the Company's convertible debentures as well as the Series IV stock options were dilutive).

	3 Months Ended September 30, 2011	3 Months Ended September 30, 2010	**9 Months Ended September 30, 2011**	9 Months Ended September 30, 2010
Profit or loss attributable to common shareholders - basic	**$ 5,653**	$ 7,952	**$ 20,203**	$ 22,756
Dilutive effect of conversion of – convertible debentures	**360**	328	**1,068**	855
Profit or loss attributable to common shareholders - diluted	**$ 6,013**	$ 8,280	**$ 21,271**	$ 23,611
Basic weighted average shares outstanding	**52,341**	49,611	**51,253**	49,440
Effect of dilutive stock options	**-**	4	**-**	4
Effect of dilutive convertible debentures	**8,256**	10,267	**8,256**	7,692
Weighted average number of dilutive shares	**60,597**	59,882	**59,509**	57,136

10. Change in Non-Cash Working Capital

	3 Months Ended September 30, 2011	3 Months Ended September 30, 2010	**9 Months Ended September 30, 2011**	9 Months Ended September 30, 2010
Receivables	**$ (344)**	$ 5,229	**$ (1,185)**	$ (1,585)
Prepaid expenses and mortgage deposits	**1,523**	(350)	**(639)**	(198)
Accounts payable and accrued liabilities	**403**	(4,274)	**(380)**	438
Income taxes payable	**19**	91	**57**	26
Total cash from change in non-cash working capital	**$ 1,601**	$ 696	**$ (2,147)**	$ (1,319)

11. Internalization

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

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

On July 1, 2011, the Company purchased the shares of Plaza Group Management Limited at net book value, equal to the value of the depreciated capital assets, of $113 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.

Included in Plaza Group Management Limited were loans in the amount of $1.1 million made indirectly by Michael Zakuta and Earl Brewer to Plaza Group Management Limited. These amounts were partially repaid in the third quarter with the remaining repaid in the fourth quarter upon finalizing the statement of adjustments relating to the purchase of the shares of Plaza Group Management Limited.

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

Salaries of all employees that are expensed are included in the statement of comprehensive income within administrative expenses or operating expenses, depending on the nature of the work performed by the particular employees. Certain salaries that are directly attributable to the development of properties are capitalized to development properties. Fees earned from partners in joint venture and equity-accounted investments are recorded in other income.

(a) Other Transactions with Key Management Personnel as a Result of Internalization

(i) On July 1, 2011, as part of the internalization, Plaza Group Management Limited entered into an aircraft operating agreement with Plaza Atlantic Limited (a company owned by Michael Zakuta and Earl Brewer) with respect to the use and operation of a turbo-prop airplane, used from time to time by Plaza Group Management Limited and Plazacorp to facilitate more timely access to properties across the Corporation's portfolio for construction, development, leasing and operations. Costs associated with use of the airplane are expected to be approximately $300 thousand per year, adjusted for actual usage at the end of each fiscal year.

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

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

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

(a) Contingencies

The $20.0 million development line of credit has a letter-of-credit limit of $1.5 million available. As at September 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 September 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 September 30, 2011, $198 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 September 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 $8.1 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 4.2 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 September 30, 2011 the Company's total exposure on the cross-guarantees is $637 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).

13. Subsequent Events

Financing

During October the $1.663 million outstanding on the $20.0 million development line at September 30, 2011 and $2.983 million of the $6.707 million on the $15.0 million development line were repaid.

Equity Issue

The Company issued an additional 990 thousand common shares at a price of $4.20 per common share for additional gross proceeds of $4.2 million from the exercise of the over-allotment option from the recently completed public equity offering of 6.6 million common shares.

Related Parties

The Company repaid the remaining related party loan to Michael Zakuta and Earl Brewer for $1.1 million (see Note 11).

Deposits on Land

The Company made deposits on two conditional land assemblies which are under purchase agreements and subject to due diligence in the amount of $200 thousand.

14. 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	September 30, 2010	January 1, 2010
Shareholders' equity as reported under former Canadian GAAP		$ 25,225	$ 24,382	$ 28,060
Non-controlling interests to shareholders' equity	(i)	(1,338)	(1,023)	(672)
Differences increasing (decreasing) reported amount:				
Investment properties	(ii)	132,762	128,830	100,332
Investments	(iii)	21,274	19,562	16,664
Convertible debentures	(iv)	(9,372)	(3,878)	(1,179)
Lease accounting	(v)	92	100	123
Deferred income taxes	(vi)	(27,363)	(25,373)	(19,534)
Refundable capital gains tax	(vii)	(63)	(133)	(30)
Borrowing costs	(viii)	(245)	(209)	(183)
Variable interest entities	(x)	46	(26)	1
Stock options	(xi)	(64)	(64)	(97)
Shareholders' equity as reported under IFRS		$ 140,954	$ 142,168	$ 123,485

	Notes	12 Months Ended December 31, 2010	9 Months Ended September 30, 2010	3 Months Ended September 30, 2010
Comprehensive income as reported under former Canadian GAAP		$ 2,518	$ 1,013	$ 376
Add back: non-controlling interests	(ix)	476	362	102
Differences increasing (decreasing) reported amount:				
Investment properties	(ii)	32,603	28,668	8,860
Investments	(iii)	4,612	2,898	823
Convertible debentures	(iv)	(8,037)	(2,477)	(146)
Lease accounting	(v)	(31)	(23)	(8)
Deferred income taxes	(vi)	(7,747)	(5,838)	(1,813)
Refundable capital gains tax	(vii)	(82)	(106)	-
Borrowing costs	(viii)	(63)	(26)	(15)
Variable interest entities	(x)	(100)	(127)	(8)
Comprehensive income as reported under IFRS		$ 24,149	$ 24,344	$ 8,171

(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 is 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.