PLAZA

Plazacorp Retail Properties Ltd.

QUARTERLY REPORT

MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED OCTOBER 31, 2006

DATED: DECEMBER 7, 2006

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PART I

CHANGE IN YEAR END

The Company has changed the year end for Financial Reporting for the fiscal year beginning November 1, 2005 to end on December 31, 2006, changed from October 31, 2006 and reporting on the 14 months ended on December 31, 2006. See notice posted February 24, 2006 on www.sedar.com for further details. The interim financial statements follow the same accounting policies and methods of their application on the October 31, 2005 annual audited financial statements. Please note that the Company's auditors have not reviewed these interim consolidated financial statements.

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 twelve months ended October 31, 2006 should be read in conjunction with the Company's consolidated financial statements and the notes thereto for the twelve months ended October 31, 2006, with the MD&A for the year ended October 31, 2005, including the section on "Risks and Uncertainties", and with the consolidated financial statements and the notes thereto for the year ended October 31, 2005. Historical results, including trends which might appear, should not be taken as indicative of future operations or results.

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

These forward-looking statements are made as of December 7, 2006 and Plazacorp assumes no obligation to update or revise them to reflect new events or circumstances.

This Management Discussion and Analysis has been reviewed and approved by the Company and the Audit Committee.

EXPLANATION OF NON-GAAP MEASURES USED IN THIS DOCUMENT

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

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

1. Interest Coverage Ratio is defined as the multiple by which EBITDA exceeds financing costs (interest plus amortization of deferred finance charges).
2. Debt Service Coverage Ratio is defined as the multiple by which EBITDA exceeds the total of financing costs plus recurring monthly principal debt repayments.

Funds From Operations (FFO) is an industry measure and its calculation is prescribed in publications of the Real Property Association of Canada (REALpac). Plazacorp has adopted the REALpac (then known as CIPREC) white paper on FFO dated November 2004 as the basis for computing the FFO. FFO as calculated by Plazacorp may not be comparable to similar titled measures reported by other entities. FFO should not be considered as an alternative to net income or any other operating or liquidity measure provided by GAAP. FFO is an industry standard for measuring operating results exclusive of amortization and future income taxes.

PROPERTIES OWNED BY THE COMPANY

Property	Location	Total Leasable Area (sq. ft.)	Ownership Interest (%)	Occupancy or Committed as at 31-Oct-06	Notes
Strip Plazas					
Plaza Hotel de Ville	Rivière-du-Loup, QC	20,185	100%	92%	
Plaza Super C	Shawinigan, QC	130,095	100%	100%	
Les Promenades St. Francois	Laval, QC	54,738	50%	100%	
Plaza Theriault	Rivière-du-Loup, QC	25,780	100%	100%	1
Terrace Dufferin	Valleyfield, QC	17,567	50%	91%	
Carrefour des Seigneurs	Terrebonne, QC	33,900	25%	100%	
Exhibition Plaza	Saint John, NB	75,280	55%	100%	1
Nashwaaksis Plaza	Fredericton, NB	56,794	100%	100%	
Wedgewood Plaza	Riverview, NB	12,768	100%	100%	1
FHS Plaza	Fredericton, NB	24,280	100%	100%	
Lansdowne Place	Saint John, NB	204,344	50%	98%	
McAllister Drive Plaza	Saint John, NB	19,275	55%	100%	1
SCA Plaza	Saint John, NB	17,430	55%	100%	1
Empire Plaza	Fredericton, NB	13,743	100%	100%	1
Connell Road Plaza	Woodstock, NB	19,645	100%	100%	
Miramichi Power Center - Phase 1	Miramichi, NB	38,033	100%	100%	
Miramichi Power Center - Phase 2	Miramichi, NB	19,239	100%	65%	
Boulevard Plaza	Moncton, NB	83,021	100%	100%	1
Madawaska Road Plaza	Grand Falls, NB	10,410	100%	100%	
Main Place	Fredericton, NB	31,284	100%	100%	1
Major Brook Drive Plaza	Saint John, NB	40,301	55%	100%	1
Champlain Plaza	Dieppe, NB	48,754	100%	97%	
Crown Street	Saint John, NB	21,764	100%	100%	
St. Anne Street Plaza	Bathurst, NB	24,873	100%	96%	
Staples Plaza	Dartmouth, NS	153,061	50%	95%	
Staples Plaza	New Glasgow, NS	33,753	100%	100%	1
Tacoma Centre	Dartmouth, NS	160,991	100%	97%	
Commercial Street Plaza	New Minas, NS	15,342	100%	100%	
V-8 Plaza	New Glasgow, NS	13,400	100%	100%	1
209 Chain Lake Drive	Halifax, NS	89,576	50%	100%	
201 Chain Lake Drive	Halifax, NS	118,303	50%	93%	
303 Main Street Plaza	Antigonish, NS	21,484	100%	83%	
Welton Street Plaza	Sydney, NS	20,975	100%	100%	1
Tacoma Valley Field	Dartmouth, NS	25,323	100%	81%	
Starr's Road Plaza	Yarmouth, NS	60,091	100%	78%	
Pleasant Street Plaza	Yarmouth, NS	24,693	100%	91%	
University Plaza	Charlottetown, PE	62,046	43%	100%	
Belvedere Plaza	Charlottetown, PE	77,016	60%	100%	
Granville Street Plaza	Summerside, PE	62,362	60%	100%	
Spring Park Plaza	Charlottetown, PE	49,734	85%	100%	
UAS Plaza	Charlottetown, PE	23,386	100%	100%	
15260 Yonge Street	Aurora, ON	14,177	50%	86%	
Sub-total		2,069,216		97.0%	
Enclosed Malls					
Les Galeries Montmagny	West Tache, Montmagny, QC	137,252	50%	95%	1
Grand Falls Shopping Mall	Grand Falls, NB	145,060	100%	86%	
Gateway Mall	Sussex, NB	141,512	25%	97%	
Les Promenades du Cuivre	Rouyn-Noranda, QC	125,777	100%	97%	
Oromocto Mall	Oromocto, NB	77,110	100%	100%	
Sub-total		626,711		94.5%	

Property	Location	Total Leasable Area (sq. ft.)	Ownership Interest (%)	Occupancy or Committed as at 31-Oct-06	Notes
Single Use					
Bureau en Gros	Granby, QC	25,695	50%	100%	
Bureau en Gros	Rimouski, QC	25,771	50%	100%	
912 East River Road Plaza	New Glasgow, NS	16,912	100%	100%	
681 Mountain Road	Moncton, NB	19,504	100%	100%	
Staples	Saint John, NB	25,293	100%	100%	1
Sub-total		113,175		100.0%	
Income producing properties		2,809,102		96.5%	
Projects Under Development					
St Peters Avenue Plaza	Bathurst, NB	22,256	100%	89%	
Conception Bay South Plaza	Conception Bay South, NL	20,836	100%	100%	1
Kenmount Road Plaza	St John's, NL	21,404	100%	73%	
Boulevard Hebert Plaza	Edmundston, NB	23,036	100%	100%	
Bay Roberts Plaza	Bay Roberts, NL	20,036	100%	100%	
Scott Street Plaza	St Catherines, ON	21,500	50%	79%	
Plaza TS Magog	Magog, QC	16,797	50%	100%	
Kings Road Plaza	Sydney River, NS	17,036	100%	100%	
Central Avenue Plaza	Greenwood, NS	17,036	100%	100%	
Plaza BDP	Deux Montagnes, QC	17,036	37.5%	100%	
LeMarchant Road Plaza	St. John's, NL	20,036	100%	85%	
KGH Plaza	Miramichi, NB	17,036	100%	100%	
Sub-total		234,045		93.3%	
Total Excluding Non-Consolidated Trusts and Partnerships		3,043,147		96.3%	
Non-Consolidated Trusts and Partnerships					
Marche De L'Ouest	Dollard des Ormeaux, QC	126,100	20%	89%	
Plaza des Recollets	Trois Rivieres, QC	72,965	15%	96%	
Place Du Marche	Dollard des Ormeaux, QC	35,278	10%	100%	
Centennial Plaza	Dollard-des-Ormeaux, QC	152,139	10%	77%	
3550 Sources	Dollard des Ormeaux, QC	8,391	10%	100%	
Northwest Centre	Moncton, NB	177,741	10%	99%	
Village Shopping Centre	St. John's, NL	464,424	19.2%	78%	
Sub-total		1,037,038		87.6%	
Grand Total		4,080,185		94.1%	

Note: 1. Interest held subject to a ground lease.

Miramichi Power Center – Phase 2, Pleasant Street Plaza, Champlain Plaza, 15260 Yonge Street, Major Brook Drive Plaza, UAS Plaza, St. Anne Street Plaza and Crown Street became income producing properties during the twelve months ended October 31, 2006.

As at October 31, 2006 the Company owns interests in 71 properties and lands held for development in Truro, NS. Since October 31, 2006 and up to December 7, 2006 the Company acquired two more properties in Rivière-du-Loup, QC and Sussex, NB bringing the total number of properties to 73.

OVERVIEW OF BUSINESS

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

Headquartered in Fredericton, New Brunswick, Plazacorp acquires, develops and re-develops retail real estate throughout Atlantic Canada, Quebec and Ontario. The Company's portfolio as at October 31, 2006 currently includes interests in 71 properties totaling over 4.1 million square feet and lands held for development. These include properties directly held by Plazacorp as well as investments in joint ventures and other structures. Acquisitions and developments completed subsequent to October 31, 2006 are detailed in the consolidated financial statements in Note 21 Subsequent Events.

STRATEGY

Plazacorp's principal goal is to deliver a reliable and growing yield to shareholders from a balanced portfolio of retail properties.

In order to remain successful, the Company must:

- maintain access to cost effective sources of debt and equity capital to finance acquisitions;
- acquire properties at a price consistent with the Company's targeted returns on investment of 16% on a leveraged return basis after re-development or re-tenanting;
- maintain high occupancy rates on existing properties while sourcing tenants for properties under development and future acquisitions;
- diligently manage costs and maintain quality of the properties.

The Company uses a diversified investment strategy that includes the following acquisition types:

- strategic financial investments in existing properties that will provide stable recurring cash flows with opportunity for growth;
- development of new properties on behalf of existing clients or in response to demand as established by pre-leasing a major portion of proposed space;
- re-development of well located but significantly amortized shopping malls and strip plazas.

The Board of Directors approves all Plazacorp acquisitions with a view toward accepting only those that fit the portfolio at a favourable rate of return.

Management intends to achieve Plazacorp's goals by:

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

BUSINESS ENVIRONMENT

Leasing and investment markets were generally healthy in 2006. Retail occupancies and rents have remained stable due to the strength of consumer spending.

We witnessed low inflation in 2006 and throughout 2005. This combined with a low cost of debt, in comparison to recent history, has permitted Plazacorp to place its debt at favourable rates and terms. The low interest rate environment has also resulted in a more competitive acquisition environment, resulting in higher asking prices for quality real estate product with corresponding lower initial returns. While in this business environment Plazacorp remains committed to its disciplined purchase strategy.

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;
- Maintaining competitive operational costs.

Management believes that the key external performance drivers are:
- The availability of new properties for acquisitions and developments;
- The availability of equity and debt capital;
- A strong retail market where there is continual growth.

The key performance indicators by which Management measures Plazacorp's performance are as follows:
- Funds from operations (FFO);
- Earnings before interest, taxes, depreciation and amortization (EBITDA);
- Debt service ratios;
- "Same-Asset" net property operating income;
- Weighted average cost of debt;
- Occupancy.

Management believes that its key performance indicators allow it to track progress towards the achievement of Plazacorp's primary goal of providing a steady and increasing cash flow to our shareholders.

PART II

PERFORMANCE SUMMARY

The twelve month period ended October 31, 2006 has been a very active time for Plazacorp. The Company is still in a development phase and expects activities commenced in 2006 to increase its income producing assets significantly over the next year. Currently there are 12 properties under development and 1 land assembly in progress.

The key performance indicators discussed throughout the MD&A are summarized below. For a detailed explanation of the key performance indicators please refer to the appropriate section in this MD&A.

KEY PERFORMANCE INDICATORS

- *FUNDS FROM OPERATIONS (FFO)*
  - ⇒ For the quarter ended October 31, 2006 FFO was up 1.2¢ (24.0%) to 6.2¢ per share as compared to 5.0¢ per share for the same quarter in 2005. Year-to-date FFO was up 5.0¢ (30.3%) to 21.5¢ per share as compared to 16.5¢ per share for the same period in 2005.
- *EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)*
  - ⇒ Increase of $962 thousand (22.1%) as compared to same quarter last year and $4.1 million (26.8%) year-to-date over 2005.
- *DEBT SERVICE RATIOS*
  - ⇒ Overall ratios are stable.
  - ⇒ Interest Coverage Ratio Excluding Convertible Debentures – increased 0.1 times to 2.2 times over the same quarter in 2005 and decreased 0.1 times to 2.0 year-to-date.
  - ⇒ Debt Service Coverage Ratio Excluding Convertible Debentures unchanged for the same quarter in 2005 at 1.7 times and decreased 0.1 times to 1.6 times year-to-date.
- *SAME-ASSET NET PROPERTY OPERATING INCOME*
  - ⇒ Increased $178 thousand (4.9%) from $3.6 million to $3.8 million for the quarter ended October 31, 2006 and $523 thousand (3.7%) from $14.3 million to $14.8 million year-to-date over 2005.
- *WEIGHTED AVERAGE COST OF DEBT*
  - ⇒ Decrease in the weighted average cost of debt for permanent fixed rate loans of 39 basis points to 6.63% from 7.02% over the same period in 2005.
- *OCCUPANCY*
  - ⇒ Decrease year-over-year in strip plazas 0.3% to 97.0% from 97.3%.
  - ⇒ Decrease year-over-year in enclosed malls of 0.4% to 94.5% from 94.9%.
  - ⇒ Single use properties unchanged at 100%.
  - ⇒ Overall occupancy year-over-year is down 0.3% to 96.5% from 96.8% excluding non-consolidated trusts and partnerships and properties under development. This is largely the result of re-developments at Grand Falls Shopping Mall and Starr's Road Plaza.

OUTLOOK

The primary benefit to Shareholders of the Company's performance is a reliable and, over time, increasing dividend. Dividends to shareholders are 12.5¢ per share for 2006. Performance to date has demonstrated the strength of current strategies and operating capabilities and, barring any unforeseen events, Management is confident of delivering solid performance in 2006, as well as a significant increase to the size of the portfolio.

FUNDS FROM OPERATIONS (FFO)

Plazacorp's Summary of FFO for the current period in comparison to the previous reporting period in 2005 is presented below:

(000's – except per share amounts) **For the Periods Then Ended**	**3 Months Ended October 31, 2006**	3 Months Ended October 31, 2005	**12 Months Ended October 31, 2006**	12 Months Ended October 31, 2005
Total revenues	**$ 9,286**	$ 8,090	**$ 35,363**	$ 28,716
Basic earnings (loss) per share	**$ 0.009**	$ (0.001)	**$ 0.070**	$ (0.006)
Diluted earnings (loss) per share	**$ 0.009**	$ (0.001)	**$ 0.069**	$ (0.006)
Net income (loss)	**$ 378**	$ (44)	**$ 2,804**	$ (224)
Gain on disposals of income producing properties	**(27)**	-	**(3,112)**	-
Income tax expense	**328**	2	**1,407**	183
Amortization	**1,816**	1,956	**7,591**	6,515
Non-controlling interests	**78**	1	**227**	194
Financing costs	**2,737**	2,433	**10,486**	8,640
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**5,310**	4,348	**19,403**	15,308
Less:				
Financing costs	**(2,737)**	(2,433)	**(10,486)**	(8,640)
Current income tax (expense) recovery	**(6)**	87	**(75)**	(21)
Equity component of debenture interest	**24**	27	**94**	122
Equity accounting and non-controlling interests adjustments to FFO	**10**	(202)	**(321)**	(890)
Corporate amortization	**(11)**	(13)	**(45)**	(53)
Basic FFO	**2,590**	1,814	**8,570**	5,826
Interest on dilutive convertible debentures	**157**	285	**730**	1,264
Diluted FFO	**$ 2,747**	$ 2,099	**$ 9,300**	$ 7,090
Basic weighted average shares outstanding	**41,557**	36,255	**39,872**	35,212
Basic FFO per share	**$ 0.062**	$ 0.050	**$ 0.215**	$ 0.165
Diluted shares outstanding per consolidated financial statements	**42,307**	36,668	**40,782**	35,508
Diluted effect of convertible debentures	**4,630**	9,201	**5,146**	9,201
Total diluted weighted average shares outstanding	**46,937**	45,869	**45,928**	44,709
Diluted FFO per share	**$ 0.059**	$ 0.046	**$ 0.202**	$ 0.159

Diluted FFO includes the impact of convertible debentures not dilutive to FFO (see note 14c of the consolidated financial statements October 31, 2006).

➢ *KEY PERFORMANCE INDICATOR*

For the twelve months ended October 31, 2006 total FFO was up $2.7 million (47.1%) year-to-date and $777 thousand (42.8%) for the quarter ended October 31, 2006. On a per share basis FFO was 21.5¢ per share (20.2¢ diluted) compared to 16.5¢ per share (15.9¢ diluted) for the corresponding 2005 period and was 6.2¢ per share (5.8¢ diluted) compared to 5.0¢ per share (4.6¢ diluted) for the corresponding quarter in 2005.

The Company is continuing its substantial development program and has significant funds invested in the equity of projects under development or significant re-development. In addition to new developments, properties at Starrs Road Plaza and the Grand Falls Shopping Mall were in re-development programs during 2006. Funds invested in completed developments and re-developments started to generate earnings this year, contributing to an increase in net operating income and FFO. The Company continues its development program for 2006 and anticipates development in 2006 will enhance NOI and FFO in late 2006 and during 2007.

The year-to-date FFO was influenced by $145 thousand in lease termination fees which increased FFO by 0.3¢. The impact of the reduction in management fees to 4% from 5% and the agreement of the Chief Executive Officer, Michael Zakuta, to end salary payments by the Company, contributed approximately 1.1¢ per share to FFO year-to-date. These factors and several minor adjustments produce a current period FFO consistent with management's expectations for the Company during a development period.

The Same - Asset pool performed according to management expectations with no significant operational variances.

SUPPLEMENTAL DISCLOSURE – FUNDS FROM OPERATIONS (FFO)

(000's) **For the Twelve months Ended October 31,**	**2006**	2005
Non Cash Items Included in FFO		
Straight line rent	**$ 530**	$ 838
Above and below market rent	**229**	211
Amortization of deferred finance charges	**608**	402
Capital Expenditures for Properties Transferred to Income Producing Status:		
Square feet	**210,099**	235,662
Building cost per square foot (excluding land)	**$ 74.43**	$ 71.10
Tenant acquisition cost per square foot	**22.55**	25.30
Total cost for properties transferred to income producing status	**$ 96.98**	$ 96.40
Tenant Acquisition Costs Detailed in Operating Activities per the Statement of Cash Flows:		
Tenant acquisition cost for same asset properties	**$ 2,939**	$ 1,085
Tenant acquisition costs for excluded properties	**5,314**	5,322
Total tenant acquisition cost	**$ 8,253**	$ 6,407

Additions from Property Acquisitions, Developments and Re-developments:

(000's) **For the Periods Then Ended**	**3 Months Ended October 31, 2006**	3 Months Ended October 31, 2005	**12 months Ended October 31, 2006**	12 Months Ended October 31, 2005
Developments and re-developments	**$ 15,421**	$ 11,687	**$ 46,105**	$ 38,985
Acquisitions	**-**	6,055	**1,017**	7,769
Total additions from property acquisitions, developments and re-developments	**$ 15,421**	$ 17,742	**$ 47,122**	$ 46,754

➢ *KEY PERFORMANCE INDICATOR*

During the periods ended October 31, 2006 and 2005 Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and associated liquidity measures were as follows:

(000's) For the Period Then Ended	**3 Months Ended October 31, 2006**	3 Months Ended October 31, 2005	**12 Months Ended October 31, 2006**	12 Months Ended October 31, 2005
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**$ 5,310**	$ 4,348	**$ 19,403**	$ 15,308
Interest related to convertible debenture accretion	**$ 24**	$ 27	**$ 94**	$ 122
Interest on convertible debentures	**245**	284	**861**	1,264
Total interest on convertible debentures	**269**	311	**955**	1,386
Financing costs - excluding interest on convertible debentures	**2,468**	2,122	**9,531**	7,254
Total financing costs	**2,737**	2,433	**10,486**	8,640
Periodic mortgage principal repayments	**591**	491	**2,255**	1,771
Total debt service	**$ 3,328**	$ 2,924	**$ 12,741**	$ 10,411
Including Impact of Convertible Debentures				
Interest coverage ratio	**1.9 times**	1.8 times	**1.9 times**	1.8 times
Debt service coverage ratio	**1.6 times**	1.5 times	**1.5 times**	1.5 times
Excluding Impact of Convertible Debentures				
Interest coverage ratio	**2.2 times**	2.1 times	**2.0 times**	2.1 times
Debt service coverage ratio	**1.7 times**	1.7 times	**1.6 times**	1.7 times

The ratios including and excluding impact of convertible debentures remains stable. Both ratios are consistent with managements expectations and are acceptable and indicative of the continued ability to adequately service the Company's debt and maintain stable cash flows. These ratios are all in excess of required debt commitment in Company borrowing arrangements.

PROPERTY AND CORPORATE PERFORMANCE 2006 AND 2005

The majority of the increase in revenue from properties was attributable to new acquisitions, developments and re-developments during 2006 and 2005.

SAME-ASSET NET PROPERTY OPERATING INCOME

Same-asset categorization refers to those properties which were owned and operated by Plazacorp for the twelve months ended October 31, 2006 and October 31, 2005.

(000's)			Change	
For the Three Months Ended October 31,	**2006**	2005	**$**	**%**
Same-asset rental revenue	**$ 6,300**	$ 6,312	$ (12)	-
Excluded asset rental revenue	**2,786**	1,691	1,095	65
Total rental revenue	**9,086**	8,003	1,083	14
Same-asset operating expenses	**1,357**	1,672	(315)	(19)
Excluded asset operating expenses	**759**	495	264	53
Total operating expenses	**2,116**	2,167	(51)	(2)
Same-asset realty tax expense	**1,141**	1,016	125	12
Excluded asset realty tax expense	**415**	173	242	140
Total realty tax expense	**1,556**	1,189	367	31
Total expenses	**3,672**	3,356	316	9
Same-asset net property operating income	**3,802**	3,624	178	5
Excluded asset net property operating income	**1,612**	1,023	589	58
Total net property operating income	**$ 5,414**	$ 4,647	$ 767	17

(000's)			Change	
For the Twelve months Ended October 31,	**2006**	2005	$	%
Same-asset rental revenue	**$ 25,066**	$ 24,528	$ 538	2
Excluded asset rental revenue	**9,804**	3,571	6,233	174
Total rental revenue	**34,870**	28,099	6,771	24
Same-asset operating expenses	**5,790**	6,080	(290)	(5)
Excluded asset operating expenses	**2,842**	1,168	1,674	143
Total operating expenses	**8,632**	7,248	1,384	19
Same-asset realty tax expense	**4,463**	4,158	305	7
Excluded asset realty tax expense	**1,549**	562	987	176
Total realty tax expense	**6,012**	4,720	1,292	25
Total expenses	**14,644**	11,968	2,676	22
Same-asset net property operating income	**14,813**	14,290	523	4
Excluded asset net property operating income	**5,413**	1,841	3,572	194
Total net property operating income	**$ 20,226**	$ 16,131	$ 4,095	25

NOTES TO QUARTERLY INFORMATION

Total rental revenue for the three months ended October 31, 2006 have increased by $1.1 million (13.5%) from $8.0 million to $9.1 million over the same quarter last year largely as a result of asset growth. Year-to-date rental revenue has increased by $6.8 million (24.1%) from $28.1 million to $34.9 million over the same period last year. Same asset rental revenue is down $12 thousand to $6.3 million for the quarter ended October 31, 2006 over 2005 and is up $538 thousand (2.0%) to $25.1 million for the period ended October 31, 2006 in comparison to the same period last year.

Total net property operating income increased $767 thousand (16.5%) to $5.4 million for the quarter ended October 31, 2006, compared to $4.6 million in 2005, and $4.1 million (25.8%) to $20.2 million for the period ended October 31, 2006 compared to $16.1 million for the same period in 2005. Asset growth and revenue growth in the same asset category and favorable winter cost conditions are the primary reasons for the year-to-date increase.

Overall the performance of the same asset pool is consistent with management expectations given the stable nature of the underlying assets.

- ***KEY PERFORMANCE INDICATOR***

Total net property operating income for same-asset increased by $178 thousand (4.9%) for the quarter ended October 31, 2006 over 2005 and increased by $523 thousand (3.7%) for the period ended October 31, 2006 compared to the same period last year.

Significant portions of the Company's leases (49.2%) have common costs recoveries (excluding taxes), linked to the consumer price index (CPI). As a result, certain costs, may not be completely offset by cost recoveries in a period where the cost increase exceeds overall inflation. Most tenants in strip plazas are responsible for their own utilities and therefore these costs do not impact on CPI or other cost recovery formulas. There were no significant operational variances within the same asset pool other than favorable winter cost conditions.

INVESTMENT INCOME

Investment income for the quarter ended October 31, 2006 has increased by $113 thousand (129.9%) to $200 thousand from $87 thousand. Year-to-date investment income decreased by $124 thousand (20.1%) to $493 thousand from $617 thousand. This partially relates to the consolidation of the results of Plaza LPC as at September 1, 2005. Operating income from the Centennial Plaza and Marche De L'Ouest was below expectations due to vacancies. Operating income from the Village Mall is above expectations and contributed $117 thousand year to date.

ADMINISTRATIVE EXPENSES

Administrative expenses were $232 thousand for the quarter ended October 31, 2006 and were up $3 thousand (1.3%) compared to $229 thousand for the comparable quarter in 2005. Year-to-date they are down $53 thousand (5.8%) from $906 thousand to $853 thousand, this decrease is primarily attributed to the agreement by the Chief Executive Officer with the Board to stop salary payments effective November 1, 2005. This is offset by higher auditing and legal costs. Given reporting requirements applicable to public entities such as Plazacorp, it is reasonable to conclude that administrative expenses will escalate by rates exceeding general inflation.

GAIN ON DISPOSALS OF INCOME PRODUCING PROPERTIES

In the period the Company disposed of lands, surplus to development at three properties in Miramichi, Grand Falls, and Oromocto for a gain of $3,112 thousand.

AMORTIZATION

During the quarter ended October 31, 2006 amortization expense has decreased $140 thousand (7.2%) compared to the same quarter in 2005, and increased $1.1 million (16.5%) year-to-date due to asset growth and transfer to income producing status of certain properties under development in 2005.

(000's) **For the Three Months Ended October 31,**	**2006**	2005	Change
Same-asset amortization	**$ 1,125**	$ 1,306	$ (181)
Excluded assets	**691**	650	41
Total amortization	**$ 1,816**	$ 1,956	$ (140)

(000's) **For the Twelve months Ended October 31,**	**2006**	2005	Change
Same-asset amortization	**$ 5,125**	$ 5,287	$ (162)
Excluded assets	**2,466**	1,228	1,238
Total amortization	**$ 7,591**	$ 6,515	$ 1,076

Amortization will continue at high levels for the foreseeable future until significant tenant lease expirations occur and the resulting tenant acquisition costs are fully amortized. Increases in amortization are consistent with management expectation based on asset growth.

CAPITAL TAXES

The Company records capital taxes at the statutory rates on the net equity base of the Company after exemptions. For the period ended October 31, 2006 the Company and it subsidiaries recorded $443 thousand in capital taxes compared to $534 thousand in 2005. Capital taxes are a point-in-time calculation based on period-end balances and are allocated over various provincial jurisdictions. Additions to assets attract capital tax at full annual rates regardless of when an asset is purchased and significant fluctuations in this expense may occur from time to time. Debt incurred on properties under development attract capital taxes without a corresponding increase in income. The Federal and New Brunswick governments have announced the decision to phase out of capital taxes and the Company expects a significant slowing of growth in these taxes, with a decline possible after 2008.

PART III

SUMMARY OF QUARTERLY INFORMATION

November 1, 2004 to October 31, 2006

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

		Q4'06	Q3'06	Q2'06	Q1'06	Q4'05	Q3'05	Q2'05	Q1'05
Total revenue		**$ 9,286**	$ 8,822	$ 8,674	$ 8,582	$ 8,091	$ 6,969	$ 6,874	$ 6,782
Net income (loss)		**378**	1,366	(56)	1,116	(44)	(69)	(88)	(23)
Dividends		**1,301**	1,294	1,250	1,196	963	938	932	919
Dividends per share		**0.0313**	0.0313	0.0313	0.0313	0.0263	0.0263	0.0263	0.0263
Total assets		**219,940**	207,627	190,038	180,306	172,444	158,395	150,407	139,058
Mortgages payable		**143,282**	133,530	117,778	115,602	109,645	96,345	90,251	88,343
Mortgage bonds payable		**17,500**	17,500	17,525	12,525	12,525	12,525	12,550	5,050
Debentures payable		**17,119**	15,668	13,944	15,923	16,734	15,909	14,117	14,570
Notes payable		**3,070**	3,720	2,160	2,426	2,566	2,001	1,930	1,810
Bank indebtedness		**2,079**	-	-	-	-	-	-	13
Earnings (loss) per share									
	Basic	**0.009**	0.033	(0.001)	0.030	(0.001)	(0.002)	(0.002)	(0.001)
	Diluted	**0.009**	0.032	(0.001)	0.028	(0.001)	(0.002)	(0.002)	(0.001)
FFO per share	**Basic**	**0.062**	0.050	0.048	0.054	0.050	0.040	0.035	0.040
	Diluted	**0.059**	0.048	0.045	0.050	0.046	0.038	0.034	0.038
Weighted average shares Outstanding		**41,557**	41,013	39,703	37,172	36,255	35,659	35,350	33,588

Commercial real estate operations are generally not materially influenced by seasonal variations, except where leases have fixed cost recovery formulas preventing full recovery of common costs in a given period. Operational losses are impacted by economic events and cycles (local, national and international), which influences the demand for space. Factors such as consumer spending, or employment growth, are examples of events which will impact retail real estate.

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

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

SUMMARY OF ANNUAL INFORMATION

Plazacorp's Summary of Selected Annual Information for the prior three completed fiscal years is presented below:

($000's except per share amounts)		**2006**	2005	2004	2003
Total revenue		**$ 35,363**	$ 28,716	$ 25,253	$ 20,799
Net income (loss)		**2,804**	(224)	2,437	732
Dividends		**5,041**	3,752	2,799	2,506
Dividends per share		**0.125**	0.105	0.090	0.080
Total assets		**219,940**	172,449	138,161	114,995
Mortgages payable		**143,282**	109,645	82,651	74,036
Mortgage bonds payable		**17,500**	12,525	5,050	5,050
Debentures payable		**17,119**	16,734	17,300	8,370
Notes payable		**3,070**	2,566	2,053	3,541
Bank indebtedness		**2,079**	-	69	405
Earnings (loss) per share	Basic	**0.070**	(0.006)	0.077	0.024
	Diluted	**0.069**	(0.006)	0.075	0.023
FFO per share	Basic	**0.215**	0.165	0.157	0.130
	Diluted	**0.202**	0.159	0.147	0.122
Basic weighted average shares outstanding		**39,872**	35,212	31,702	29,928

The real estate assets of the Company have grown from 27 properties at November 1, 2003 to 71 properties at October 31, 2006. The summary of yearly results is influenced by significant acquisition, development and re-development activities over the last three years.

The yearly information highlights the increasing total assets over the three years and the corresponding increases in assets and revenues and is reflective of the timing of acquisitions, developments, and re-developments. Similarly, mortgage and bank debt reflects financing activities relating to both asset additions and ongoing financing activities for the existing portfolio.

PART IV

LIQUIDITY AND CAPITAL RESOURCES

Cash flow generated from operating the portfolio represents the primary source of liquidity to service debt including recurring monthly amortization of mortgage debt, fund operating, leasing and property tax costs and to fund dividends. Development activity costs are funded by a combination of debt, equity and cash flow.

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

Plazacorp's cash distribution policy reflects repayment of recurring monthly mortgage principal from FFO. Accordingly, Plazacorp attempts to reduce the overall debt level on existing properties year-over-year in order to strengthen the balance sheet and enhance the underlying value of existing shares, rather than incur new debt or raise equity in the form of share capital to cover recurring monthly mortgage principal payments. The Company has a 2006 annual dividend policy of 12.5¢ per share. The Company maintains cash flows from properties after debt repayment to ensure sufficient funds are available to pay these anticipated dividends.

WORKING CAPITAL

Rents form a recurring monthly source of funds which exceed the operating and debt service costs for the assets. Liquidity is a concern only as it relates to funding of new developments and acquisitions.

AVAILABILITY OF BANK AND MORTGAGE FINANCING

The Company has two acquisition and development facilities with Canadian Chartered banks for $35.0 million and $15.0 million to fund acquisition and development projects with a limit of $5.0 million and $6.0 million per asset funded. The interest rate on funds drawn is prime plus 5/8% and 1/2%. Standby fees are charged on the unused portion of available funding. Funding is secured by first mortgage charges on properties funded under the facility from time to time. The lines of credit mature April 23, 2007 and July 31, 2008.

At October 31, 2006, the Company had drawn $23.3 million under the $35 million facility and had drawn $2.5 million on the $15.0 million facility. The remaining facilities may be drawn subject to standard lending terms. Subsequent to October 31, 2006 and up to December 7, 2006, the Company had drawn additional funds of $1.2 million on the facilities.

The Company has a $4.8 million operating line-of-credit facility with a Canadian Chartered bank at the rate of prime + ¾%. As at October 31, 2006, $1.6 million has been drawn on this facility. This operating line of credit is secured by mortgage charges on Plaza Hotel de Ville and Plaza Theriault, Rivière-du-Loup, Quebec and the Staples Building, Saint John, New Brunswick. This line of credit matures on November 30, 2007. $400 thousand of the line has been reserved to fund the letter-of-credit requirements under a mortgage loan reducing the available funds to $4.4 million.

The Company also has a $500 thousand letter-of-credit facility with a Canadian Chartered bank of which $500 thousand has been drawn. This line is secured by Personal Property Security Act (PPSA) charges in three provinces and matures on September 30, 2007. A Plazacorp subsidiary has an unsecured bank facility in the amount of $150 thousand on which no funds were drawn as at October 31, 2006.

The above credit facilities require the Company to maintain certain balance sheet equity accounts (including convertible debentures) at predetermined levels and to maintain debt service ratios based on EBITDA in excess of fixed thresholds. As of October 31, 2006, these ratios have been maintained and management is confident the ratios will be maintained for the foreseeable future.

The current market for obtaining mortgage financing for the Company’s properties is favourable with many sources of real estate debt financing available. As at December 7, 2006, the Company had extended the existing terms of an existing mortgage on one asset totaling $1.25 million to facilitate re-development. Management is confident that all short-term financing and long-term mortgage maturing in 2006 will be renewed or converted to long-term debt at maturity on favourable terms.

EQUITY AND DEBT ACTIVITIES

DEBENTURES

During the year the Company issued $1.3 million of 8% subordinate debentures maturing July 2010 and has issued $5.0 million, Series IV, 7% convertible debentures, maturing July 31, 2011 to fund new developments and for general corporate purposes.

During the period $820 thousand of Series I convertible debentures, $2.4 million of the Series II convertible debentures, and $2.8 million of Series III convertible debentures were converted to share capital and 4.6 million shares were issued. Further conversions of these debentures is anticipated during the balance of 2006.

MORTGAGE BONDS

The Company issued $7.5 million of Series III, 8% mortgage bonds to mature May 2011 and July 2011. $2.525 million of Series I, 12% mortgage bonds were redeemed during the 12 months ending October 31, 2006.

Mortgage bond funds were deployed to fund property development as at October 31, 2006 as detailed in Note 10 to the October 31, 2006 consolidated financial statements.

MORTGAGES

The Company's strategy going forward will be to balance maturities and terms on new fixed debt with existing debt maturities to minimize exposure in any one year and to reduce overall interest costs. Maintaining or improving the average cost of debt will be dependent on capital market conditions at the time of refinancing.

The Company's use of floating rate debt has generally been limited to assets under development or re-development. The Company fixes new mortgages debt when the debt ratios and repayment terms are most favorable. Fixed rate debt represents 81.3% of total mortgage debt, including bank development facilities.

➢ ***KEY PERFORMANCE INDICATORS***

At October 31, 2006 and 2005, the Company's weighted average cost of debt was as follows:

(000's)	**Amount**	**October 31, 2006**	October 31, 2005
Fixed rate loans	**$ 110,464**	6.47%	6.87%
Variable rate loans	**985**	6.75%	5.00%
Other fixed rate loans	**6,034**	9.65%	9.57%
Bank operating facility	**1,571**	Prime + ¾%	Prime + ¾%
Bank development facilities	**25,799**	Prime + 5/8%	Prime + ¾%

(1) Fixed rate loan includes loans with fixed principal repayments and excludes interest only debt, interim variable rate loans, mezzanine debt and vendor take back loans without periodic principal repayments.
(2) As at October 31, 2006 the Company had drawn no funds on the bank operating facility.
(3) Other fixed rate loans includes second mortgage debt and vendor take back loans without periodic principal repayments.

The weighted average term to maturity for the long-term mortgages is 7.0 years. The average remaining amortization or repayment period on long-term mortgage debt is 21.6 years.

From November 1, 2005 to October 31, 2006 the Company funded $28.5 million of mortgage debt with an average rate of 5.34%, term of 10 years and average amortization of 30 years. This funding contributed to improvements in the weighted average interest cost of mortgage debt, term to maturity and remaining amortization period of mortgages outstanding as at October 31, 2006.

Plazacorp's debt strategy involves maximizing the term of long-term debt available based on the tenant profiles for the assets, at current market rates to stabilize cash flow available for reinvestment and dividend payments. Current market parameters for conventional mortgage debt are in the range of 65% - 80% of the appraised market value of the underlying property. The success of this strategy is dependant upon debt market parameters existing at that time as well as the particular features and quality of the underlying assets being financed in the period.

COMMITMENTS

Plazacorp's current commitments for acquisitions, developments and re-developments scheduled for future periods is $12.8 million. Management believes that Plazacorp has sufficient unused bank line availability, and mortgage bond deployment potential, to fund these future commitments.

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

			Payments Due by Period							
(000's)		**Total**		**Year 2007**		**2-3 years 2008 to 2009**		**4-5 years 2010 to 2011**		**After 5 years**
Contractual obligations										
Mortgages	**$**	**143,282**	$	29,303	$	13,679	$	15,336	$	84,964
Mortgage bonds and debentures		**34,920**		-		7,261		27,659		-
Operating land leases		**30,246**		1,513		3,089		3,162		22,482
Development activities		**12,837**		12,837		-		-		-
Total contractual obligations	**$**	**222,285**	$	43,653	$	24,029	$	46,157	$	107,446

(1) Operating land leases expire on dates ranging from 2011 to 2065 with renewal options ranging from 10 to 60 years.
(2) The yearly totals are based on a rolling 12 months with the first term based November1, 2006 to October 31, 2007.

The Company also has contingent liabilities as original borrower on mortgages assumed by the purchaser of 50% interests in three properties. These commitments are subject to cross-indemnity agreements. The balance outstanding on these loans is $8.1 million as at October 31, 2006. See note 17c of the October 31, 2006 consolidated financial statements.

The Company guarantees mortgage debt in excess of its pro-rata position in joint ventures and non-consolidated subsidiaries in the amount of $804 thousand. See note 17c of the October 31, 2006 consolidated financial statements.

PART V

CRITICAL ACCOUNTING POLICIES

CRITICAL ACCOUNTING ESTIMATES

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

NON-CONTROLLING INTEREST

Non-controlling interests represent the common ownership positions in subsidiary entities held by unrelated parties. The interest is recorded at the proportionate interest of those parties in the underlying book value of the entity. This interest, for each year, is increased by the non-controlling party's share in the net income of the respective entity and reduced by cash distributions to partners or shareholders of those entities.

Accumulated deficits arise in the capital accounts of subsidiary limited partnerships and corporations when, due to non-cash charges to net income such as amortization, the subsidiaries free cash flow allows cumulative cash drawings to exceed accumulated earnings and contributed capital. If the non-controlling parties have contractual obligations, by the way of guarantees, to fund their proportion of the underlying secured debt of the entity, this deficit is recorded as an asset by the Company so long as those guarantees exceed the non-controlling party's proportionate share of the accumulated deficit. Any deficit in excess of the underlying guarantees would be recorded as charges to consolidated net income by the Company. The comparison of the guarantees to the underlying deficit of the entity is performed quarterly to determine if charges to consolidated net income are warranted.

This estimate is critical in that it may impact on charges to net income related to Plazacorp's exposure to the activities of non-controlling parties.

PROPERTY ACQUISITIONS

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

ASSET VALUE IMPAIRMENT

Income producing properties are carried at cost. If events or circumstances indicate that the carrying value of the income producing properties may be impaired, a recoverability analysis is performed based upon estimated undiscounted cash flows generated from the income producing properties. If the analysis indicates that the carrying value is not recoverable from future cash flows, the income producing properties are written down to estimated fair value and an impairment loss is recognized. No impairment has been recognized in the period ended October 31, 2006 (October 31, 2005 – nil).

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

VARIABLE INTEREST ENTITIES

The Company evaluated all joint-venture relationships and partial ownership interests to determine if current methods of consolidation, equity accounting, joint-venture accounting or cost accounting are consistent with the new variable interest entity guidelines. The Company had determined that there are no significant changes required to the financial statement presentation of its consolidated subsidiaries, proportionately consolidated joint ventures or investments in non-consolidated partnerships and trusts as at October 31, 2006 compared to October 31, 2005.

There were no changes to accounting policies year-to-date, and readers should refer to the October 31, 2005 Consolidated Financial Statements for a full description of the Company's accounting policies.

PART VI

RISKS AND UNCERTAINTIES

All income property investments are subject to a degree of risk and uncertainty. Income property is affected by various factors including general economic conditions and local market circumstances. Local business conditions such as oversupply of space or a reduction in demand particularly affect income property investments. Management attempts to manage these risks through geographic and asset class diversification in Plazacorp's portfolio. At October 31, 2006 Plazacorp held interest in 71 properties spread geographically among six provinces in Canada.

INTEREST RATE AND FINANCING RISK

Current market conditions are very favourable for obtaining mortgage financing in both the fixed rate and floating rate facilities. Interest rate spreads over Government of Canada Bonds have tightened over the last twelve months. The favourable availability has been offset by fluctuations in bond rates over the year. At existing rates, the Company is able to obtain positive returns from debt financing. The availability of debt financing makes management highly confident of obtaining suitable long-term financing for projects on completion of development and maturity of existing debt as it comes due. Management's strategy attempts to mitigate Plazacorp's exposure to excessive amounts of debt maturing in any one year. Re-financing debt at maturity with conventional financing is generally limited to 65-80% of appraised value. Management is of the view that such level of indebtedness is achievable given the lending parameters currently existing in the real estate market place and is confident all debts will be financed or refinanced as they come due for the foreseeable future.

Management attempts to stagger the maturities of Plazacorp's long-term mortgage portfolio consistent with related tenant lease expiries with the view of locking in returns on developed assets for as long a period as market conditions will permit. Management is of the view that such a strategy results in the most conservative interest rate risk management practice.

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

The Company may choose to invest in mortgages to affiliates from time to time and would be subject to normal credit and interest rate risks from those investments.

CREDIT RISK

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

Currently, no one tenant represents more than 11% of contracted revenue in place. The top 10 tenants collectively represent approximately 40% of total revenues.

OCCUPANCY RISK

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

The hypothetical impact of a change in occupancy of 1% to net property operating income would be approximately $362 thousand per annum. The analysis does not identify a particular cause of such changing occupancy and as a result, it does not reflect the actions Management may take in relation to the changes.

➢ ***KEY PERFORMANCE INDICATOR***

Occupancy in the strip plazas was 97.0% for the period ended October 31, 2006 compared to 97.3% for the same period last year.

Average occupancy in the enclosed malls was 94.5% as at October 31, 2006 compared to 94.9% for the same period last year. Occupancy for single use assets remained stable at 100%. The pre-leased space in properties under development is 92.7%.

Overall the portfolio, excluding non-consolidated trusts and partnerships and properties under development is 96.5% leased compared to 96.8% for the same period in 2005. These occupancy rates are within management's expectations in view of continuing development in the portfolio and transfers of development properties to income producing status during the year.

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. Environmental risk is relevant to Plazacorp's ability to sell or finance affected assets and could potentially result in liabilities for the costs of removal and remediation of hazardous substances or claims against Plazacorp. Management is not aware of any material non-compliance with environmental laws or regulations with regard to Plazacorp's portfolio, or of any pending or threatening actions, investigations or claims against Plazacorp relating to environmental matters.

Plazacorp has formal policies and procedures to manage environmental exposures in a proactive manner during every aspect of the property life cycle.

LITIGATION RISK

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

PART VII

SHARES OUTSTANDING

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

As at December 7, 2006	Shares	Share Capital
Current Outstanding Shares	41,805,378	$ 29,823,585
Employee and Director Share Options	1,475,752	2,643,894
Series II Convertible Debentures	366,667	440,000
Series III Convertible Debentures	4,136,250	6,618,000
Series IV Convertible Debentures	1,250,000	5,000,000
Total adjusted shares outstanding	49,034,047	$ 44,525,479

The Company has the right to redeem the Series I, Series II, Series III and Series IV outstanding convertible debentures at maturity, through the issuance of shares, based on 95% of the 20 day weighted average trading price ending 5 days before redemption.

Plazacorp has the right, but not the obligation, to acquire a majority interest in Northwest Centre Commercial Trust through a call agreement from April 2006 to March 2007. An assessment of market conditions would be required prior to making any offer to unitholders pursuant to the call agreement. Compliance with securities regulations would be required should Plazacorp choose to issue shares in settlement of this right.

RELATED PARTY TRANSACTIONS

MANAGEMENT COMPANY

Plaza Atlantic Limited manages the Company's properties under a management contract that expires April 30, 2009 and has managed the properties since 1999. In Quebec, staff of Les Immeubles Plaza–Z Corp handles management duties under sub-contracting arrangements with Plaza Atlantic Limited. The majority of employees engaged in the property management, development, leasing and property accounting activities are employees of Plaza Atlantic Limited or Plaza Z Corp. These companies employ 76 people in the accounting, finance, engineering, development, leasing, and other administrative capacities excluding property specific staff.

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

The purpose of the management arrangement is to provide the Company the services of a fully staffed and professional management company in all its operational areas which allows Plazacorp access to significant professional management services at reasonable cost. Both Plaza Atlantic Limited and Les Immeubles Plaza Z–Corp manage properties for third parties.

Mr. Brewer and Mr. Zakuta do not receive any direct compensation from the Company for performing their duties as Chairman and President, respectively or as Directors.

The fees payable under the management contract are as follows:

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

During the twelve months ended October 31, 2006 and 2005 the following amounts were billed under the contract:

(000's) **For the Twelve Months Ended October 31,**	**2006**	2005
Management fees	**$ 1,290**	$ 1,260
Leasing fees	**1,499**	1,260
Development fees	**769**	980
Financing fees	**297**	141
Acquisition fees	**278**	88
Land lease fees	**26**	-
Disposition fees	**164**	-
Legal services	**297**	251
Total	**$ 4,620**	$ 3,980

NOTES PAYABLE TO RELATED PARTIES

Notes payable as at October 31, 2006 fall into two categories:

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

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

(000's) **As at October 31,**	**Interest Rate**	**2006**	2005
Interest bearing notes:			
Les Immeubles Plaza Z Corp and related entities controlled by Michael Zakuta, President and Chief Executive Officer of the Company	Prime +1%	**$ 262**	$ 262
Non-Interest bearing notes:			
Various companies owned (directly and indirectly), controlled or significantly influenced by Michael Zakuta, President and Chief Executive Officer of the Company	n/a	**1,304**	916
Total		**$ 1,566**	$ 1,178

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

TC Land LP, a wholly owned subsidiary of TC Land REIT, an entity controlled by Michael Zakuta and Earl Brewer, purchased the land underlying V8 Plaza, New Glasgow, NS, subject to a ground lease with Plazacorp, and are now the leasor under the lease at an annual payment of $87 thousand and entered into a land lease with the Company on the Conception Bay South property with an annual rent of $109 thousand.

DISCLOSURE CONTROLS

The Company's board of directors has adopted a disclosure policy with the following broad objectives to ensure information releases on all material information, events and continuous disclosure documents are:

- timely, factual and accurate;
- broadly disseminated in accordance with all applicable legal and regulatory requirements; and,
- in compliance with National Instrument 51-102 – Continuous Disclosure Obligations.

Management has concluded, given the size of the management team and the scope of its operations, that the disclosure policies, and the related control procedures, have been effective during the period covered by this MD&A in meeting the stated objectives.

INTERESTS IN JOINT VENTURES

The Company uses joint ventures for several reasons, principally:

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

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

OTHER

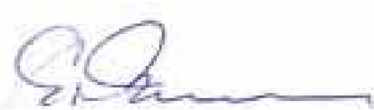
Additional information relating to Plazacorp including the Management Information Circular, Material Change reports and all other continuous disclosure documents required by the securities regulators, are filed on the System for Electronic Document Analysis and Retrieval (SEDAR) and can be accessed electronically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

Plazacorp Retail Properties Ltd.

Consolidated Balance Sheet **As at October 31,** **(000's)**	**2006**	2005
Assets		
Income producing properties and properties under development (Note 3)	**$ 193,327**	$ 153,648
Cash and cash equivalents	**810**	989
Receivables (Note 4)	**2,724**	2,304
Prepaid expenses and deposits (Note 5)	**3,980**	3,984
Deferred charges (Note 6)	**3,120**	2,653
Intangible assets (Note 7)	**2,965**	3,909
Refundable capital gains tax (Note 13)	**32**	108
Investments (Note 8)	**9,911**	1,905
Goodwill	**2,025**	2,025
Deficits of subsidiaries	**1,046**	919
	$ 219,940	$ 172,444
Liabilities		
Mortgages payable (Note 9)	**$ 143,282**	$ 109,645
Mortgage bonds payable (Note 10)	**17,500**	12,525
Debentures payable (Note 11)	**17,119**	16,734
Bank indebtedness (Note 12)	**2,079**	-
Notes payable	**3,070**	2,566
Accounts payable and accrued liabilities	**3,447**	3,569
Dividends payable	**1,301**	963
Income taxes payable (Note 13)	**350**	196
Future income tax liability (Note 13)	**7,770**	6,438
Below market leases (Note 7)	**645**	950
	196,563	153,586
Shareholders' Equity		
Equity portion of convertible debt (Note 11)	**484**	586
Share capital (Note 14)	**29,517**	22,679
Contributed surplus (Note 15)	**47**	27
Deficit	**(6,671)**	(4,434)
	23,377	18,858
	$ 219,940	$ 172,444

Contingencies, commitments, guarantees, and indemnities – see consolidated financial statement note 17.
Subsequent events – see consolidated financial statement note 21.

Michael Zakuta, Director



Earl Brewer, Director

See accompanying notes to the consolidated financial statements

Consolidated Statement of Deficit For the Years Ended October 31, (000's)	**2006**	2005
Deficit, beginning of the year	**$ (4,434)**	$ (458)
Net income (loss)	**2,804**	(224)
Dividends	**(5,041)**	(3,752)
Deficit, end of the year	**$ (6,671)**	$ (4,434)

See accompanying notes to the consolidated financial statements

Plazacorp Retail Properties Ltd.

Consolidated Statement of Income (Loss) For the Periods then Ended (000's) – Except Per Share Amounts	**3 Months Ended October 31, 2006**	3 Months Ended October 31, 2005	**Year Ended October 31, 2006**	Year Ended October 31, 2005
Rental revenues	**$ 9,086**	$ 8,003	**$ 34,870**	$ 28,099
Operating expenses	**3,672**	3,356	**14,644**	11,968
Net property operating income	**5,414**	4,647	**20,226**	16,131
Investment income	**200**	87	**493**	617
Income from properties and investments	**5,614**	4,734	**20,719**	16,748
Financing costs	**2,737**	2,433	**10,486**	8,640
Income before undernoted	**2,877**	2,301	**10,233**	8,108
Administrative expenses	**232**	229	**853**	906
Amortization	**1,816**	1,956	**7,591**	6,515
Capital taxes	**72**	157	**463**	534
Income (loss) before undernoted	**757**	(41)	**1,326**	153
Gain on disposals of income producing properties	**27**	-	**3,112**	-
Income (loss) before income taxes and non-controlling interests	**784**	(41)	**4,438**	153
Income tax expense (Note 13) – current	**6**	(87)	**75**	21
– future	**322**	89	**1,332**	162
	328	2	**1,407**	183
Income (loss) before non-controlling interests	**456**	(43)	**3,031**	(30)
Non-controlling interests	**78**	1	**227**	194
Net income (loss)	**$ 378**	$ (44)	**$ 2,804**	$ (224)
Basic earnings (loss) per share (Note 14c)	**$ 0.009**	$ (0.001)	**$ 0.070**	$ (0.006)
Diluted earnings (loss) per share (Note 14c)	**$ 0.009**	$ (0.001)	**$ 0.069**	$ (0.006)

See accompanying notes to the consolidated financial statements

Plazacorp Retail Properties Ltd.

Consolidated Statement of Cash Flows For the Periods then Ended (000's)	**3 Months Ended October 31, 2006**	3 Months Ended October 31, 2005	**Year Ended October 31, 2006**	Year Ended October 31, 2005
Cash obtained from (used for):				
Operating activities				
Net income (loss)	**$ 378**	$ (44)	**$ 2,804**	$ (224)
Items not affecting cash:				
Amortization (see cash flow supplemental – note 6)	**2,026**	2,089	**8,173**	6,712
Gain on disposals of income producing properties	**(27)**	-	**(3,112)**	-
Stock option compensation	**10**	8	**34**	20
Interest relating to debenture accretion	**24**	27	**94**	122
Non-controlling interests	**78**	2	**227**	194
Future income taxes	**322**	89	**1,332**	162
	2,811	2,171	**9,552**	6,986
Tenant acquisition costs	**(3,130)**	(1,782)	**(8,253)**	(6,407)
Change in non-cash working capital (see cash flow supplemental – note 9)	**533**	(2,759)	**(851)**	(3,271)
	214	(2,370)	**448**	(2,692)
Financing activities				
Decrease in bank indebtedness	**-**	-	**-**	(69)
Increase (decrease) in notes payable	**(649)**	565	**506**	586
Issue of common shares, pursuant to employee option agreements	**60**	13	**377**	65
Dividends paid to non-controlling interests	**(84)**	(433)	**(354)**	(582)
Dividends paid to shareholders	**(1,246)**	(885)	**(4,294)**	(3,310)
Proceeds from bonds and debentures	**1,676**	909	**11,326**	10,394
Redemption of bonds	**-**	-	**(25)**	(25)
Proceeds from mortgage financing	**14,829**	11,459	**55,139**	34,335
Mortgage repayments at maturity	**(4,486)**	-	**(19,248)**	(8,948)
Mortgage principal repayments	**(591)**	(491)	**(2,255)**	(1,771)
	9,509	11,137	**41,172**	30,675
Investing activities				
Acquisitions, developments and re-developments	**(12,291)**	(9,044)	**(38,854)**	(32,006)
Net proceeds from disposals of properties	**27**	200	**3,877**	200
Decrease (increase) in investments	**236**	(38)	**(8,007)**	(555)
Decrease (increase) in deposits on properties	**351**	(594)	**527**	(253)
Decrease in mortgage receivable	**-**	-	**-**	5,050
Increase in deferred charges	**(242)**	(213)	**(1,421)**	(609)
	(11,919)	(9,689)	**(43,878)**	(28,173)
Net decrease in cash and cash equivalents	**(2,196)**	(922)	**(2,258)**	(190)
Cash and cash equivalents, beginning of the period	**927**	1,911	**989**	1,179
Cash and cash equivalents (deficiency), end of the period	**$ (1,269)**	$ 989	**$ (1,269)**	$ 989

Cash deficiency is made up of positive cash balances net of bank indebtedness.

See accompanying notes to the consolidated financial statement

Plazacorp Retail Properties Ltd.
Consolidated Statement of Cash Flows – Supplemental Cash Flow Disclosure
For the Periods Ended October 31, 2006 and 2005

1) Investing in Properties and Equipment

a) Cash and Non-Cash Additions

(000's)	**3 Months Ended October 31, 2006**	3 Months Ended October 31, 2005	**Year Ended October 31, 2006**	Year Ended October 31, 2005
Gross additions from property acquisitions, developments, and re-developments	**$ 15,421**	$ 17,742	**$ 47,122**	$ 46,754
Less: Assumed mortgages	-	(5,170)	-	(6,215)
Assumed future income tax liabilities	-	(1,542)	-	(1,542)
Debenture issued on acquisition	-	(939)	-	(939)
Assumed working capital surplus	-	389	**(15)**	8
Minority interest adjustment	-	346	-	347
Cash additions to income producing properties and intangible assets/liabilities	**15,421**	10,826	**47,107**	38,413
Less: total tenant acquisition costs (operating activity)	**(3,130)**	(2,059)	**(8,253)**	(6,684)
Plus: tenant acquisition costs assumed on acquisitions (operating activity)	-	277	-	277
Cash additions from property acquisitions, developments, and re-developments	**$ 12,291**	$ 9,044	**$ 38,854**	$ 32,006

b) Acquisitions

On June 30, 2006 the Company acquired a 50% interest in 15260 Yonge Street through the acquisition of 50% of the net assets. The following table summarizes the net assets acquired:

(000's)	**3 Months Ended October 31, 2006**	3 Months Ended October 31, 2005	**Year Ended October 31, 2006**	Year Ended October 31, 2005
Real estate assets				
Land	**$ -**	$ 1,343	**$ -**	$ 1,848
Building	-	2,940	-	3,758
Development costs	-	-	**1,004**	-
Deferred charges	-	-	**13**	-
Tenants acquisition costs	-	195	-	277
Net intangible assets	-	2,005	-	2,238
Goodwill	-	(79)	-	-
Less: Intangible liabilities	-	(349)	-	(352)
	-	6,055	**1,017**	7,769
Net liabilities				
Net working capital deficiency (surplus)	-	(159)	**15**	(29)
Future income tax liability	-	1,114	-	1,365
Assumed mortgage	-	5,170	-	6,215
Debentures issued	-	939	-	939
Minority interest	-	(418)	-	(418)
Mortgage de-consolidation	-	(2,837)	-	(2,837)
	-	3,809	**15**	5,235
Net assets acquired, funded from cash	**$ -**	$ 2,246	**$ 1,002**	$ 2,534

2) Mortgage Financing

(000's)	**3 Months Ended October 31, 2006**	3 Months Ended October 31, 2005	**Year Ended October 31, 2006**	Year Ended October 31, 2005
Proceeds from development lines of credit	**$ 8,167**	$ -	**$ 26,593**	$ 10,459
Proceeds from long term mortgages	**6,662**	16,629	**28,546**	30,091
Gross mortgage proceeds	**14,829**	16,629	**55,139**	40,550
Less: Assumed mortgages	**-**	(5,170)	**-**	(6,215)
Proceeds from mortgage financing	**$ 14,829**	$ 11,459	**$ 55,139**	$ 34,335

3) Mortgage Repayments

(000's)	**3 Months Ended October 31, 2006**	3 Months Ended October 31, 2005	**Year Ended October 31, 2006**	Year Ended October 31, 2005
Repayment of development lines of credit	**$ 2,044**	$ -	**$ 15,834**	$ 4,559
Repayment of mortgages	**3,033**	3,328	**5,669**	8,997
Gross mortgage repayments	**5,077**	3,328	**21,503**	13,556
Less: Repayment of development lines of credit	**(2,044)**	-	**(15,834)**	-
Mortgage repayments at maturity	**(2,442)**	-	**(3,414)**	(8,948)
Mortgage de-consolidation	**-**	(2,837)	**-**	(2,837)
Mortgage principal repayments	**$ 591**	$ 491	**$ 2,255**	$ 1,771

4) Dividends

(000's)	**3 Months Ended October 31, 2006**	3 Months Ended October 31, 2005	**Year Ended October 31, 2006**	Year Ended October 31, 2005
Dividends declared during the period	**$ 1,301**	$ 963	**$ 5,041**	$ 3,752
Adjustment for accrued dividends	**(6)**	(24)	**(337)**	(237)
Dividends paid	**1,295**	939	**4,704**	3,515
Dividend re-investment through share subscriptions	**(49)**	(54)	**(410)**	(205)
Dividends paid in cash	**$ 1,246**	$ 885	**$ 4,294**	$ 3,310

5) Debentures Converted to Share Capital

(000's) (except per share amounts)		**3 Months Ended October 31, 2006**	3 Months Ended October 31, 2005	**Year Ended October 31, 2006**	Year Ended October 31, 2005
Series I debentures converted to share capital	Face value	**$ 100**	$ 300	**$ 820**	$ 2,330
	Conversion	**$ 1.00**	$ 1.00	**$ 1.00**	$ 1.00
	Shares issued	**100**	300	**820**	2,330
Series II debentures converted to share capital	Face value	**$ -**	$ 580	**$ 2,380**	$ 1,980
	Conversion	**$ 1.20**	$ 1.20	**$ 1.20**	$ 1.20
	Shares issued	**-**	483	**1,983**	1,650
Series III debentures converted to share capital	Face value	**$ 100**	$ 200	**$ 2,829**	$ 350
	Conversion	**$ 1.60**	$ 1.60	**$ 1.60**	$ 1.60
	Shares issued	**63**	125	**1,769**	219
Total debentures converted to share capital		**$ 200**	$ 1,080	**$ 6,029**	$ 4,660
Total shares issued		**163**	908	**4,572**	4,199

6) Amortizations

(000's)	**3 Months Ended October 31, 2006**	3 Months Ended October 31, 2005	**Year Ended October 31, 2006**	Year Ended October 31, 2005
Amortization of income producing properties	**$ 694**	$ 958	**$ 2,992**	$ 2,633
Amortization of tenant acquisition costs	**911**	881	**3,686**	3,334
Amortization of intangible assets (except above/below market tenant leases)	**188**	125	**868**	448
Amortization of other deferred charges	**23**	(8)	**45**	100
Amortization expense per the Statement of Income (Loss)	**1,816**	1,956	**7,591**	6,515
Amortization of deferred financing charges (included with financing costs)	**200**	174	**608**	402
Amortization of above/below market tenant leases (included with revenue)	**(54)**	(47)	**(229)**	(211)
Amortization of deferred recoverable expenses (included with operating expenses)	**64**	6	**203**	6
Total amortizations charged to income	**$ 2,026**	$ 2,089	**$ 8,173**	$ 6,712

7) Financing Costs

(000's)	**3 Months Ended October 31, 2006**	3 Months Ended October 31, 2005	**Year Ended October 31, 2006**	Year Ended October 31, 2005
Financing costs expensed	**$ 2,737**	$ 2,433	**$ 10,486**	$ 8,640
Interest capitalized to properties	**400**	185	**1,040**	843
Financing costs charged	**3,137**	2,618	**11,526**	9,483
Adjustment for accrued interest	**79**	(62)	**(48)**	(67)
Financing costs paid in cash	**$ 3,216**	$ 2,556	**$ 11,478**	$ 9,416

8) Income and Capital Taxes

(000's)	**3 Months Ended October 31, 2006**	3 Months Ended October 31, 2005	**Year Ended October 31, 2006**	Year Ended October 31, 2005
Cash income and capital tax paid	**$ 122**	$ 294	**$ 379**	$ 924

9) Changes in Non-Cash Working Capital

(000's)	**3 Months Ended October 31, 2006**	3 Months Ended October 31, 2005	**Year Ended October 31, 2006**	Year Ended October 31, 2005
Receivables	**$ 14**	$ (873)	**$ (420)**	$ (364)
Prepaid expenses and deposits	**166**	(50)	**(523)**	(635)
Accounts payable and accrued liabilities	**351**	(1,571)	**(138)**	(1,844)
Income taxes payable net of refundable capital gains tax	**2**	(265)	**230**	(428)
Total cash from change in non-cash working capital	**$ 533**	$ (2,759)	**$ (851)**	$ (3,271)

10) Gain on Sale of Income Producing Properties

For the year ended October 31, 2006 the Company disposed of land surplus to the development of income producing properties in Miramichi, Oromocto and Grand Falls for net proceeds of $3.9 million, resulting in a gain on disposal of $3.1 million.

1. Nature of Operations

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

2. Basis of Presentation

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

a) Interim Financial Statements

The Company has changed the year end for financial reporting for the fiscal year beginning November 1, 2005 to end December 31, 2006, changed from October 31, 2006 and reporting on the 14 months ended on December 31, 2006. The interim financial statements follow the same accounting policies and methods of their application as the October 31, 2005 annual audited financial statements.

In the opinion of the Company the accompanying consolidated financial statements contain all the adjustments necessary to present fairly the financial position as of October 31, 2006, and 2005, and the results of operations for the year ended October 31, 2006 and 2005 and the changes in cash flows for the year ended October 31, 2006 and 2005. While the Company believes that disclosures presented are adequate to make the information not misleading, it is suggested that these financial statements be read in conjunction with the audited financial statements and notes included in the Company's Annual Report for the year ended October 31, 2005.

b) Principles of Consolidation

The consolidated financial statements include the accounts of Plazacorp Retail Properties Ltd., its subsidiaries and its proportionate interest in joint ventures in accordance with the pronouncements of CICA 1590, 3051, 3055, and after November 1, 2004 the provisions of Accounting Guideline #15 (Consolidation of Variable Interest Entities).

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

	Ownership Interest	
	October 31, 2006	October 31, 2005
Accounting Method – Consolidation		
Exhibition Plaza Inc. (1)	**55%**	55%
MDO Commercial Trust	**100%**	100%
Spring Park Plaza Inc.	**85%**	85%
Granville Street Properties Limited Partnership	**60%**	60%
Wildan Properties Limited Partnership	**60%**	60%
Tacoma Plaza Limited Partnership	**100%**	100%
Commercial Street Plaza Trust	**100%**	100%
Plazacorp Real Estate Investment Trust	**100%**	100%
Plazacorp Retail Limited Partnership #1	**100%**	100%
Plazacorp Master Limited Partnership	**100%**	100%
Plaza LPC Commercial Trust	**100%**	100%
Scott Street Plaza	**75%**	-

	Ownership Interest	
	October 31, 2006	October 31, 2005
Accounting Method – Proportionate Consolidation		
Les Galeries Montmagny, QC	**50%**	50%
University Plaza, PE	**43%**	43%
Societe en Commandite RBEG Limited Partnership, QC	**50%**	50%
Bureau en Gross, QC	**50%**	50%
Terrance Dufferin, QC	**50%**	50%
Carrefour des Seigneurs, QC	**25%**	25%
Les Promenades St-Francois, QC	**50%**	50%
Staples Plaza – Woodlawn, NS	**50%**	50%
Lansdowne Place, NB	**50%**	50%
201 Chain Lake Drive, NS	**50%**	50%
209 Chain Lake Drive, NS	**50%**	50%
Fundy Retail Ltd.	**50%**	50%
TS Magog	**50%**	-
15260 Yonge Street	**50%**	-
Plaza BDP	**37.5%**	-
Accounting Method – Equity		
Centennial Plaza Limited Partnership	**10%**	10%
MDO Limited Partnership	**20%**	20%
Trois Riviere Limited Partnership	**15%**	15%
Village Shopping Centre Limited Partnership	**19.2%**	-
Accounting Method – Cost		
Northwest Plaza Commercial Trust	**10%**	10%

(1) On November 1, 2005 SCA Plaza Inc. and McAllister Drive Plaza Inc. were amalgamated with Exhibition Plaza Inc.
(2) On March 31, 2006 assets of Centre Commercial Theriault Inc. were wound up into Plazacorp Retail Properties Ltd.

c) Financial instruments

The estimated fair value of the Company’s long-term debt including mortgage payable, mortgage bonds payable, unsecured debentures payable, convertible debentures (debt portion), and notes payable is based on the values derived using current interest rates for each related instrument with similar terms and conditions. As at October 31, 2006 the fair value of the Company’s long-term debt exceeds the recorded value by $5.2 million (fair value exceeded recorded value by $5.6 million at October 31, 2005).

The Company’s fair value of the exposure from mortgage guarantees is not readily determinable (Note 17c).

3. Income Producing Properties and Properties Under Development

	October 31, 2006			October 31, 2005		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Land	**$ 30,718**	**$ -**	**$ 30,718**	$ 24,155	$ -	$ 24,155
Buildings	**122,654**	**(13,610)**	**109,044**	104,763	(10,865)	93,898
Tenant acquisition costs	**35,943**	**(11,198)**	**24,745**	29,387	(9,209)	20,178
Furnishings and equipment	**742**	**(390)**	**352**	636	(319)	317
Parking lot	**3,083**	**(1,021)**	**2,062**	2,660	(875)	1,785
Total income producing	**193,140**	**(26,219)**	**166,921**	161,601	(21,268)	140,333
Properties under development	**26,406**	**-**	**26,406**	13,315	-	13,315
Grand total	**$ 219,546**	**$ (26,219)**	**$ 193,327**	$ 174,916	$ (21,268)	$ 153,648

During the period the Company capitalized $1,040 thousand of interest and $59 thousand of operational losses from properties under development to the cost of land or buildings (for the year ended October 31, 2005 – $843 thousand and $112 thousand respectively).

4. Receivables

Receivables consist of the following:

(000's) **As at October 31,**	**2006**	2005
Tenant accounts receivables	**$ 209**	$ 211
Straight-line rent receivable	**1,964**	1,434
Other	**551**	659
Total receivables	**$ 2,724**	$ 2,304

5. Prepaid Expenses and Deposits

Prepaid expenses and deposits consist of the following:

(000's) **As at October 31,**	**2006**	2005
Prepaid expenses – operations	**$ 2,384**	$ 1,826
Prepaid expenses – other	**177**	36
Deposits for acquisitions	**177**	704
Deposits for mortgages	**1,242**	1,418
Total prepaid expenses and deposits	**$ 3,980**	$ 3,984

6. Deferred Charges

Deferred charges consist of the following:

(000's)	October 31, 2006			October 31, 2005		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Deferred finance charges	**$ 4,184**	**$ (1,423)**	**$ 2,761**	$ 3,659	$ (1,340)	$ 2,319
Other deferred charges	**660**	**(301)**	**359**	406	(72)	334
Total deferred charges	**$ 4,844**	**$ (1,724)**	**$ 3,120**	$ 4,065	$ (1,412)	$ 2,653

Included with financing costs is $608 thousand (2005 - $402 thousand) of amortization expense relating to deferred finance charges. Included with amortization is $45 thousand (2005 – $100 thousand) of amortization expense relating to other deferred charges. Included with operating expenses is $203 thousand (2005 - $6 thousand) relating to other deferred charges.

7. Intangible Assets and Below Market Leases

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

(000's)	**October 31, 2006**			October 31, 2005		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Above market leases	**$ 250**	**$ (107)**	**$ 143**	$ 277	$ (59)	$ 218
Value of in place leases	**2,141**	**(882)**	**1,259**	2,548	(662)	1,886
Tenant relationships	**1,894**	**(331)**	**1,563**	1,916	(111)	1,805
Total intangible assets	**$ 4,285**	**$ (1,320)**	**$ 2,965**	$ 4,741	$ (832)	$ 3,909

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

(000's)	**October 31, 2006**			October 31, 2005		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Below market leases	**$ 1,110**	**$ (465)**	**$ 645**	$ 1,380	$ (430)	$ 950

8. Investments

Investments consist of the following:

(000's) **As at October 31,**	**2006**	2005
Limited Partnership		
Centennial Plaza Limited Partnership	**$ 561**	$ 510
Commercial Trusts and Trust Subsidiaries		
Northwest Plaza Commercial Trust	**260**	260
MDO Commercial Trust	**1,445**	1,135
Village Shopping Centre Limited Partnership	**1,877**	-
	3,582	1,395
Other Investments		
Bonds – substituted for mortgage security	**5,768**	-
Total investments	**$ 9,911**	$ 1,905

The bond has been pledged as security on a mortgage.

9. Mortgages Payable

(000's)	Average Rate	Maturity Dates	October 31, 2006	October 31, 2005
Fixed rate loans	**6.47%**	**Up to Apr 2020**	**$ 110,464**	$ 87,501
Other fixed rate loans	**9.65%**	**Dec 2009**	**6,034**	6,085
Variable rate loans – regular long term mortgage	**Prime plus 0.75%**	**Oct 2006**	**985**	1,020
Total long-term mortgages			**117,483**	94,606
Variable rate loans - development lines of credit	**Prime plus 0.625%**	**Apr 2007 and Jul 2008**	**25,799**	15,039
Total mortgages payable			**$ 143,282**	$ 109,645

For details on annual principal repayments, see financial statement note 17c.

10. Mortgage Bonds Payable

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

(000's) As at October 31,	2006 Series II	2006 Series III	2006 Total	2005
Mortgage Bonds				
Champlain Plaza, Dieppe, NB, 2nd Mortgage	**$ -**	**$ -**	**$ -**	$ 952
Tri County, Starrs Road Plaza, Yarmouth, NS, 2nd Mortgage	**-**	**2,500**	**2,500**	3,153
Empire Theatre, Starrs Road Plaza, Yarmouth, NS, 1st Mortgage	**805**	**-**	**805**	-
Madawaska Road Plaza, Grand Falls, NB, 2nd Mortgage	**-**	**-**	**-**	454
UAS Plaza, Charlottetown, PE, 2nd Mortgage	**895**	**-**	**895**	-
Main Place, Fredericton, NB, 2nd Mortgage	**-**	**-**	**-**	667
912 East River Plaza, New Glasgow, NS, 2nd Mortgage	**-**	**-**	**-**	245
315 Main Street Plaza, Antigonish, NS, 2nd Mortgage	**-**	**-**	**-**	1,178
MBD Plaza, Saint John, NB, 2nd Mortgage	**-**	**-**	**-**	1,626
Pleasant Street Plaza, Yarmouth, NS, 2nd Mortgage	**352**	**-**	**352**	1,906
Miramichi Power Center-Phase 1, Miramichi, NB, 1st Mortgage	**-**	**-**	**-**	1,392
St. Peters Street, Bathurst, NB, 2nd Mortgage	**485**	**-**	**485**	824
Crown Street, Saint John, NB, 2nd Mortgage	**562**	**-**	**562**	98
Miramichi Power Center-Phase 2, Miramichi, NB, 2nd Mortgage	**487**	**-**	**487**	30
St. Anne Street, Bathurst, NB, 2nd Mortgage	**118**	**-**	**118**	-
Kings Road, Sydney River, NS, 1st Mortgage and 2nd Mortgage	**1,906**	**28**	**1,934**	-
Kenmount Road, St John's, NL, 1st Mortgage and 2nd Mortgage	**2,589**	**311**	**2,900**	-
Conception Bay South Plaza, NL, 2nd Mortgage	**317**	**-**	**317**	-
Bay Roberts Plaza, NL, 2nd Mortgage	**392**	**-**	**392**	-
Boulevard Hebert Plaza, Edmunston, NB, 2nd Mortgage	**676**	**-**	**676**	-
Central Avenue Plaza, Greenwood, NS, 2nd Mortgage	**416**	**-**	**416**	-
Grand Falls Mall, Grand Falls, NB, 2nd Mortgage	**-**	**4,661**	**4,661**	-
Mortgage bonds outstanding	**$ 10,000**	**$ 7,500**	**$ 17,500**	$ 12,525

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

11. Debentures Payable and Equity Portion of Convertible Debt

Debentures payable consist of the following:

As at October 31,			**2006**		2005	
(000's) **Debentures**	**Maturity Date**	**Interest Rate**	**Debt Component Outstanding**	**Value of Option to Convert**	Debt Component Outstanding	Value of Option to Convert
Convertible						
Series 1	April 30, 2008	9.5%	**$ -**	**$ -**	$ 803	$ 34
Series 2	October 31, 2008	9.5%	**432**	**18**	2,748	116
Series 3	April 30, 2009	8.5%	**6,673**	**308**	9,350	436
Series 4	July 31, 2011	7.0%	**4,855**	**158**	-	-
Total convertible debentures			**11,960**	**484**	12,901	586
Non convertible subordinate	July 31, 2010	8.0%	**5,159**	**-**	3,833	-
Total			**$ 17,119**	**$ 484**	$ 16,734	$ 586

Convertible debenture terms are as follows:

	Series I	**Series II**	**Series III**	**Series IV**
Conversion price	$1.00	$1.20	$1.60	$4.00
First redemption date	May 1, 2006	November 1, 2006	May 1, 2007	August 1, 2009
Maturity date	April 30, 2008	October 31, 2008	April 30, 2009	July 31, 2011
Face value outstanding, October 31, 2006 (000's)	-	$440	$6,821	$5,000

Convertible debentures may only be redeemed during the year immediately following the first redemption date if the share price of the Company exceeds 115% of the conversion price for 20 consecutive trading days ending 5 days preceding the applicable redemption date. If the convertible debentures are redeemed in shares, the holder will receive shares equal to the principal amount maturing divided by 95% of the then current market price of the common shares.

12. Bank Indebtedness

The Company has a $4.8 million operating line of credit facility with a Canadian chartered bank at the rate of Prime plus ¾%, maturing November 31, 2007. $400 thousand of this operating line of credit is reserved for letters-of-credit. The operating line of credit was repaid during November 2006.

13. Income Taxes

As at October 31, 2005, the Company had income tax loss carry-forwards in the amount of $4.1million, expiring as follows:

(000's)	**Amount**
2012	$ 2,168
2013	303
2014	1,607
Total	$ 4,078

The income tax benefit of these losses has been recognized in the financial statements by reducing the future income tax liability arising from the difference between the tax and book values of income producing properties and other assets. Please note that this loss carry forward amount excludes the effect of the 2006 corporate income tax returns.

As a mutual fund corporation, the Company is entitled to a refund of taxes paid in respect of realized qualifying capital gains upon payment of sufficient dividends to affect a refund. The Company has earned $305 thousand in refunded capital gains tax of which $273 thousand has been triggered for a refund from the payment of a capital gains dividend. The difference of $32 thousand (October 31, 2005 - $108 thousand) has been recognized as a refundable capital gains tax that will be receivable after payment of a qualifying capital gains dividend.

14. 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*

(000's)	**October 31, 2006**		October 31, 2005	
	Shares	**Amounts**	Shares	Amounts
Common shares outstanding, beginning of the year	**36,684**	**$ 22,679**	32,288	$ 17,685
Issuance of common shares:				
Shares issued through exercise of options	**222**	**390**	87	76
Shares issued through dividend re-investment plan	**161**	**410**	110	205
Shares issued through debt conversion				
- face value debentures	**4,572**	**6,029**	4,199	4,660
- accumulated interest accretion net of finance charges	**-**	**9**	-	53
Common shares outstanding, end of the year	**41,639**	**$ 29,517**	36,684	$ 22,679

As at October 31, 2006, no shares (October 31, 2005 - $3.1 million shares) are subject to escrow provisions.

Pursuant to the Company's Dividend Re-Investment Plan, during the period ended October 31, 2006, shareholders were issued 161 thousand shares at a weighted average price of $2.54 per share (for the year ended October 31, 2005 – $110 thousand shares at a weighted average of $1.86 per share).

c) Earnings per Share

Basic earnings per share are calculated based on the weighted average number of shares outstanding for the period. Diluted earnings per share consider the potential exercise of outstanding stock options, as well as the potential conversion of convertible debentures that have a negative impact to earnings per share. Stock options or convertible debentures that do not reduce earnings per share are anti-dilutive, and are excluded from the dilution per share calculation.

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

(000's) For the Periods then Ended	3 Months Ended October 31, 2006	3 Months Ended October 31, 2005	Year Ended October 31, 2006	Year Ended October 31, 2005
Weighted average number of shares	**41,557**	36,255	**39,872**	35,212
Effect of dilutive stock options	**750**	403	**543**	296
Effect of dilutive debenture conversions	**-**	-	**367**	-
Weighted average number of diluted shares	**42,307**	36,658	**40,782**	35,508
Net income (loss), net of income tax	**$ 378**	$ (44)	**$ 2,804**	$ (224)
Diluted net income (loss), net of income tax	**$ 380**	$ (44)	**$ 2,833**	$ (224)

15. Stock Options / Contributed Surplus

The Company has a stock option plan whereby directors and certain employees of the Company or its affiliates may be granted stock options at an exercise price not less than 100% of the market value on the date of grant.

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

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

(000's)	Directors Options		Employees Options	
For the Year Ended October 31,	2006	2005	2006	2005
Options outstanding, start of the year	**255**	-	**1,391**	144
Options granted	**-**	255	**100**	1,360
Options expired	**-**	-	**(25)**	(25)
Options exercised	**(85)**	-	**(137)**	(88)
Options outstanding, end of the year	**170**	255	**1,329**	1,391

Details of options outstanding are as follows:

(000's) – Except exercise price

	Exercise Price	# of Options	Expiry Date	# of Options Exercisable
Series III	$1.72	1,379	February 3, 2010	372
Series III	$1.85	20	April 15, 2010	-
Series IV	$2.75	100	April 12, 2011	-

The Company recorded $34 thousand in compensation expense related to stock options for the year ended October 31, 2006 (October 31, 2005 – $20 thousand).

The amount of compensation expensed for Series III options not exercised at the end of the year is $41 thousand (October 31, 2005 - $23 thousand). The amount of compensation expensed from Series IV options not exercised at the end of the year is $6 thousand (October 31, 2005 – nil). The cumulative amount of $47 thousand (October 31, 2005 - $27 thousand) is accounted for as Contributed Surplus.

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

	Series II	**Series III**	**Series IV**
Expected life of options	5 years	5 years	5 years
Volatility	18%	16%	17%
Risk free rate of return	5.4%	3.58%	4.34%
Dividend rate	0%	6.10%	4.55%

16. Related Party Transactions

Plaza Atlantic Limited (the “Property Manager”), a private Corporation wholly owned by some of the Company’s directors, namely Earl Brewer, Michael Zakuta, and Paul Leger, a former director, is engaged to act as the Company’s Property Manager. The Property Manager is responsible for all property management functions including leasing, operations and maintenance, and also assists the Company on acquisition, financing, development activities and other management decisions.

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

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

Fees charged or owed to the Property Manager are as follows:

(000’s)		**For the Year Ended October 31,**	
Fee Category	**Included for Reporting Purposes In**	**2006**	2005
Management fees	Property operating expenses	**$ 1,290**	$ 1,260
Leasing fees	Tenant acquisition costs	**1,499**	1,260
Development fees	Income producing properties	**769**	980
Financing fees	Deferred charges	**297**	141
Acquisition fees	Income producing properties	**278**	88
Land lease fees	Income producing properties	**26**	-
Disposition fees	Gain on disposal of income producing properties	**164**	-
Legal services	Property acquisition cost and general administrative	**297**	251
Total fees billed by the Property Manager		**$ 4,620**	$ 3,980

The Directors own directly or indirectly mortgage bonds, subordinated debentures, and convertible debentures of the Company, purchased at various times at the face value, as follows:

(000's) Related Party	**For the Year Ended October 31, 2006**	**2005**
Richard Hamm, Director	**$ 325**	$ 775
Michael Zakuta, Director	**1,200**	1,749
Edouard Babineau, Director	**600**	700
Earl Brewer, Director	**608**	820
Stephen Johnson, Director	**975**	1,125
Barbara Trenholm, Director	**264**	100
Total related party mortgage bonds and debentures held	**$ 3,972**	$ 5,269

For the year ended October 31, 2006, Series I mortgage bonds were redeemed by the Company from Directors or companies controlled by Directors, Earl Brewer ($50 thousand), Michael Zakuta ($225 thousand), Stephen Johnson ($220 thousand) and Richard Hamm ($75 thousand).

For the year ended October 31, 2006, Series II debentures were converted by Directors of the Company or companies owned and controlled by Director, Richard Hamm ($350 thousand) resulting in the issuance of 291 thousand shares.

For the year ended October 31, 2006, Series III debentures were converted by Directors of the Company, or companies owned and controlled by Directors, Michael Zakuta ($874 thousand), Earl Brewer ($300 thousand), and Richard Hamm ($200 thousand), and Ed Babineau ($500 thousand) resulting in the issuance of 1.2 million shares.

TC Land LP, a wholly owned subsidiary of TC Land REIT, an entity controlled by Michael Zakuta and Earl Brewer purchased the land underlying V8 Plaza, New Glasgow, NS subject to a ground lease with Plazacorp, and are now the lessor under the lease at an annual rent of $87 thousand and entered into a land lease with the Company on the Conception Bay South property with an annual rent of $109 thousand.

Two directors directly or beneficially through companies they control share interests in common with the Company having a 50% interest in the Gateway Mall, Sussex, NB property being Earl Brewer (25%) and Michael Zakuta (21.5%). There are no loans outstanding or fees charged by the related parties as a result of the joint ownership.

As at October 31, 2006 $1.3 million (October 31, 2005 - $917 thousand) in interest bearing notes and $262 thousand (October 31, 2005 - $262 thousand) in non-interest bearing notes amounts were owed to Les Immeuble Plaza Z Corp Inc., a company controlled by Michael Zakuta, a director of the Company.

17. Contingencies, Commitments, Guarantees and Indemnities

a) Letters-of-Credit

The Company's bankers have issued letters-of-credit in support of the Company's obligations under certain long-term mortgages. The facility is secured by Personal Property Security Act (PPSA) charges in each province and matures September 2007. The facility, under which the letters-of-credit are issued, requires that the Company maintain certain financial ratios to comply with the facility. As at October 31, 2006, $500 thousand (October 31, 2005 - $450 thousand) of such letters-of-credit were issued and outstanding and the Company was in compliance with the terms of the credit facility.

b) Commitments

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

(000's) Contractual Obligations	**2007**	**2008**	**2009**	**2010**	**2011**	**After 5 Years**	**Total**
Mortgages	$ 29,303	$ 2,685	$ 10,994	$ 12,170	$ 3,166	$ 84,964	**$143,282**
Bonds and debentures	-	440	6,821	15,159	12,500	-	**34,920**
Operating land leases [1]	1,513	1,519	1,570	1,579	1,583	22,482	**30,246**
Development activities	12,837	-	-	-	-	-	**12,837**
Total contractual obligations	**$ 43,653**	**$ 4,644**	**$ 19,385**	**$ 28,908**	**$ 17,249**	**$ 107,446**	**$ 221,285**

(1) Operating leases expire on dates ranging from 2011 to 2065 with renewal options ranging from 10 to 60 years

c) Guarantees and Indemnities

The Company continues to guarantee certain debt assumed by purchasers in connection with historical dispositions of properties. These guarantees will remain until the debt is modified, refinanced or extinguished. The Company has recourse under these guarantees in the event of default by the purchaser, in which case the Company would have a claim against the underlying property. The estimated amount of the debt subject to such guarantees at October 31, 2006 is $8.1 million (October 31, 2005 – $8.3 million) with an estimated weighted average remaining term of 5.9 years (October 31, 2005 – 6.9 years).

The mortgage on Lansdowne Place contains cross-default provisions with the mortgages of Nashwaaksis Plaza and Spring Park Plaza. The total outstanding under these two loans is $3.5 million (October 31, 2005 - $3.6 million). Plazacorp indemnifies its co-venturer in respect of the cross-default provisions through the co-ownership agreements governing Lansdowne Place, Staples Plaza Dartmouth and Les Promenades St. Francois including cross-default provisions in support of this indemnity.

The Company is contingently liable for certain obligations of a co-venturer. The guarantee provided to the mortgagee of Staples-Granby, is subject to a cross-guarantee provided by the other 50% co-owner for the full amount of the loan. As at October 31, 2006 the total exposure on this cross-guarantee is $804 thousand (October 31, 2005 - $834 thousand).

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

The fair value of the Company's exposure from mortgage guarantees is not readily determinable.

18. Litigation

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

19. Risk Management

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

a) Interest Rate Risk

Interest rate risk arises for every 100 basis points increase to interest rates, it would increase interest expense and decrease pre-tax earnings in the annual amount of $1.73 million.

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

b) Credit Risk

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

The Company is also subjected to risk from borrowers defaulting on the repayment of their mortgages. The Company ensures that adequate security is provided to support all mortgage receivables.

20. Comparative Figures

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

21. Subsequent Events

Between October 31, 2006 and December 7, 2006 the following material activities have taken place:

Debentures

$203 thousand of Series III convertible debentures were converted to shares and 127 thousand shares were issued.

Acquisition

The Company purchased land in North Sydney, NS, Sussex, NB and Rivière-du-Loup, QC for future development for a total investment of $1.6 million.

Financing

The Company obtained long term financing of $13.0 million and $3.0 million, for terms of 7 and 30 years, at 5.7% and 5.1% respectively.

The Company is assuming a guarantee for the completion of construction for a $15.8 million development line of credit held by the Village Mall Limited Partnership.

22. Involvement of Company's Auditors

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