



PLAZACORP RETAIL
PROPERTIES LTD.

PLAZACORP RETAIL PROPERTIES LTD.

ANNUAL INFORMATION FORM

In respect of the fiscal year ended

October 31, 2003

March 15, 2004

TABLE OF CONTENTS

CORPORATE STRUCTURE	3
GENERAL DEVELOPMENT OF THE BUSINESS OF THE CORPORATION.....	4
General.....	4
Acquisitions and Development Activity Subsequent to October 31, 2003.....	9
Outlook	9
BUSINESS OF THE CORPORATION	10
Property Identification and Acquisition	10
Redevelopment and Development of Properties	11
Property Management.....	12
Financing.....	12
Properties.....	14
SELECTED FINANCIAL INFORMATION	18
Selected Annual Financial Information	18
Dividend Record and Policy	19
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND OPERATING RESULTS	19
MARKET FOR SECURITIES.....	19
MANAGEMENT OF THE CORPORATION.....	19
Directors, Executive Officers and Management of the Corporation.....	19
Employees	21
SHAREHOLDINGS	21
Conflicts of Interest.....	22
RISK FACTORS.....	22
Real Property Ownership.....	22
Tenant Termination Rights and Financial Stability	22
Fixed Costs	22
Liquidity	23
Financing Risks.....	23
Jointly Owned Property.....	23
Competition.....	23
General Uninsured Losses.....	23
Interest Rate Fluctuations.....	24
Access to Capital	24
Environmental Matters	24
Potential Conflicts of Interest	25
Acquisition and Expansion	25
ADDITIONAL INFORMATION.....	25

Forward Looking Statements

Certain statements contained in this annual information form, and in certain documents incorporated by reference herein, constitute “forward-looking statements”. When used herein and therein, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, “expect”, and similar expressions, as they relate to the Corporation or its management, are intended to identify forward-looking statements. Such statements reflect the Corporation’s current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Corporation’s actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including among others, those which are discussed under the heading “Risk Factors”. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. The Corporation does not intend, and does not assume any obligation, to update these forward-looking statements.

CORPORATE STRUCTURE

Plazacorp Retail Properties Ltd. (the “Corporation” or “Plazacorp”) was incorporated under the *New Brunswick Business Corporations Act* on February 2, 1999. The Corporation’s head office and principal place of business is located at 527 Queen Street, Suite 200, Fredericton, New Brunswick E3B 1B8.

On July 23, 1999 the Corporation completed an initial public offering of 1,000,000 common shares at \$0.20 per share for gross proceeds of \$200,000. The initial public offering was made pursuant to applicable legislation in respect of junior capital pool companies. The common shares of the Corporation were listed and posted for trading on the Alberta Stock Exchange on July 30, 1999. At that time, the Corporation was considered a junior capital pool corporation and had not conducted operations of any kind other than the identification and evaluation of potential investors, with a view to completing a major transaction.

On November 1, 1999, the Corporation amalgamated with Plazafund Retail Properties Ltd., a private company incorporated in New Brunswick and engaged in the business of owning and developing retail real estate properties in Atlantic Canada and Quebec, which constituted its major transaction for the purposes of applicable legislation. The common shares of the Corporation are now listed and posted for trading on the TSX Venture Exchange.

On December 11, 2002, on receipt of shareholder and regulatory approval, the Corporation filed articles of amendment with the director under the *Business Corporations Act (New Brunswick)* adding certain redemption rights to the common shares of the Corporation qualifying the Plazacorp to become a Mutual Fund Corporation as defined in the *Income Tax Act (Canada)*

The following table sets forth the name and jurisdiction of formation of each of the subsidiaries of the Corporation, together with and the Corporation’s percentage direct and indirect ownership of such subsidiaries, as at October 31, 2003:

Name of Subsidiary	Jurisdiction of Formation	Percentage Ownership Voting Securities	Percentage Ownership Non-Voting Securities
Exhibition Plaza Inc.	New Brunswick	55%	N/A
McAllister Drive Plaza Inc.	New Brunswick	55%	N/A
Centre Commercial Plaza Theriault Inc.	Quebec	100%	N/A
Les Galeries Montmagny (1998) Inc.	Quebec	50%	50%
Spring Park Plaza Inc.	PEI	85%	N/A

Name of Subsidiary	Jurisdiction of Formation	Percentage Ownership Voting Securities	Percentage Ownership Non-Voting Securities
Granville Street Properties Limited Partnership	PEI	60%	N/A
Wildan Properties Limited Partnership	PEI	60%	N/A
SCA Plaza Inc.	NB	55%	N/A
Plaza LPC Commercial Trust	QC	100%	N/A
Commercial St. Plaza Trust	NB	100%	N/A
Tacoma Centre Limited Partnership	NB	100%	N/A
Plazacorp Property Holdings Inc.	NB	100%	N/A

When used herein, the term “Corporation” refers to Plazacorp Retail Properties Ltd. and each of its subsidiaries, unless the context otherwise requires. All information in this Annual Information Form is presented as at October 31, 2003 unless otherwise specified.

GENERAL DEVELOPMENT OF THE BUSINESS OF THE CORPORATION

General

Plazafund Retail Properties Ltd. (“Plazafund”) amalgamated with Plazacorp Retail Properties Ltd. on November 1, 1999. Because this transaction was accounted for using the continuity of interest method, the following description of the development of the business of the Corporation includes the development of Plazafund since it commenced operations in 1999.

On March 30, 1999, Plazafund acquired Plaza Super C, an enclosed shopping mall in Shawinigan, Quebec for \$3.2 million. The Corporation has redeveloped this property converting it from an enclosed shopping centre to a 130,181 square foot strip plaza.

On May 1, 1999, Plazafund acquired an interest in four properties located in New Brunswick; Grand Falls Shopping Mall, Wedgewood Plaza, Business Depot and 55% of the shares of Exhibition Plaza Inc. The acquisition cost of the interest in each of the properties reflected the fair market value of the net assets acquired based on independent third party appraisals. The properties were acquired from various entities some of which were owned or controlled by certain directors of the Corporation namely, Earl Brewer, Michael Zakuta, Paul Leger and Richard Hamm.

- Grand Falls Shopping Mall is a 149,943 square foot enclosed shopping mall located in Grand Falls, New Brunswick. It is the dominant shopping centre in the area. This property was acquired for \$7.35 million and was paid through the assumption of the mortgage and the issuance of 5,831,113 shares at \$0.75/share.
- Wedgewood Plaza is a 12,768 square foot strip plaza located in Riverview, New Brunswick and is fully leased to three national tenants, all under long term leases. This property was acquired for \$1.36 million through the assumption of the mortgage and the issuance of 614,667 shares at \$0.75/share.
- The Business Depot is a 25,293 square foot single purpose building in Saint John, New Brunswick leased under a long term lease to the Business Depot Ltd (operating as Staples). The Business Depot was acquired for \$2 million through the assumption of the mortgage and the issuance of 1,084,039 shares at \$0.75/share.
- Exhibition Plaza Inc. is a single purpose company that owns a 74,800 square foot strip plaza in Saint John, New Brunswick. The shares were acquired at a price of \$933,163 and was paid through the issuance of 1,244,217 shares at \$0.75 per share.

In May 1999, Plazacorp purchased two acres of land on Prospect Street in Fredericton, New Brunswick, which is a dominant retail area in the city. Plazacorp constructed FHS Plaza, a 24,366 square foot strip plaza on this site.

In October 1999, Plazacorp acquired a 55% of the shares of McAllister Drive Plaza Inc. The Corporation completed development on this 19,275 square foot property in March 2001. This property is located in Saint John, New Brunswick's key retail corridor.

On October 29, 1999, Plazacorp acquired Les Promenades Saint François, an enclosed mall located in Laval, Quebec, for \$2,750,000. In September 2001, the Corporation completed redevelopment on this property converting it from an enclosed shopping mall into a 72,925 square foot strip plaza.

On March 31, 2000, Plazacorp acquired a 100% interest in Lansdowne Place, a 202,818 square foot strip plaza located in Saint John, New Brunswick for a purchase price of \$5.85 million. Plazacorp completed significant redevelopment on this property since its acquisition. This property is leased to a number of national, regional and local tenants.

In July 2000, the Corporation completed development of a 50% co-ownership interest in a property located in Granby, Quebec. This 25,695 square foot property is a single purpose building and is leased to Staples/The Business Depot under a long term lease.

On September 1, 2000, the Corporation acquired an interest in seven new properties described below for a purchase price of \$26,041,379. As consideration, Plazacorp assumed mortgages and liabilities totalling \$21,149,587 and issued 5,891,792 shares at a price of \$1.00 per share. The acquisition cost of the interest in each of the properties reflected the fair market value of the

net assets acquired based on independent third party appraisals. The properties were acquired from various entities some of which were owned or controlled by certain directors of the Corporation namely, Earl Brewer, Michael Zakuta, and Paul Leger. The Corporation is obligated to issue up to an additional 2,777,257 common shares as further consideration upon these seven properties achieving certain performance criteria by October 31, 2003. As of the date hereof, the Corporation has not issued any shares pursuant to this obligation. The Corporation anticipates, during the fiscal year ending October 31, 2004, issuing approximately 1.4 million shares in settlement of this obligation

- An interest in Belvedere Plaza was acquired through the purchase of 60% of the units of Wildan Properties Limited Partnership. The 155,609 square foot neighbourhood strip plaza, of which 77,266 square feet is owned by the partnership, is located in Charlottetown, PEI and is leased to national tenants.
- Plazacorp acquired a 50% interest in Les Galeries Montmagny through the purchase of 50% of the outstanding shares in Les Galeries Montmagny (1988) Inc. The 134,017 square foot property is a dominant shopping mall in Montmagny, Quebec.
- The Corporation acquired a 60% interest in Granville Street Plaza in through purchase of 60% of the units of Granville Street Plaza Limited Partnership. The 127,542 square foot strip plaza, of which 81,798 square feet is owned by the partnership, is located in Summerside PEI and is leased to a mix of regional and national tenants.
- The Corporation acquired 100% of Plaza Hotel de Ville. This 20,479 square foot strip plaza is located in Rivière-du-Loup, Quebec and is well located in the main commercial area of its community.
- The Corporation acquired 50% of the outstanding shares in Centre Commercial Plaza Theriault Inc. This single purpose company holds a 24,340 square foot strip plaza called Plaza Theriault which contains national and regional tenants.
- Plazacorp acquired an 85% interest in Spring Park Plaza through the purchase of shares in Spring Park Plaza Inc. This 74,205 square foot property, of which 54,202 square feet is owned by Spring Park Plaza Inc. is located in Charlottetown, PEI.
- Plazacorp acquired a 43% interest in University Plaza, a 62,046 square foot strip plaza located in Charlottetown, PEI. The co-ownership agreement for this property ensures the Corporation's consent is required on all major decisions, treating Plazacorp as if it were a 50% owner.

On October 4, 2000, Plazacorp acquired 100% interest in Woodlawn Centre at a price of \$8 million. As part of the consideration, Plazacorp issued 1.0 million shares at \$1.00 per share as well as organized a \$1 million vendor take back mortgage. This \$1 million mortgage was subsequently converted to 1,587,301 Plazacorp common shares on January 31, 2002 at an effective price of \$0.63 per share. Subsequent to the acquisition of the property, the Corporation commenced significant redevelopment, completing it in October 2001. The

property, now renamed Staples Plaza, is located in a significant retail area in Dartmouth, Nova Scotia. This 155,975 square foot strip plaza contains many regional and national tenants including a 25,000 square foot Staples store.

On October 20, 2000, the Corporation acquired a 100% interest in the Oromocto Mall, located in Oromocto, New Brunswick at a price of \$5.4 million. Throughout 2001 the Corporation completed redevelopment on this now 136,158 square foot property which included the addition of a tenant-owned 55,875 square foot Atlantic Superstore.

In February 28, 2001, the Corporation acquired an interest in Centennial Plaza and Place du Marché in Montreal, Quebec, two properties totalling 188,553 square feet. The properties were purchased for \$19.5 million through the creation of a limited partnership, in which the Corporation invested \$550,000 for a 10% interest in the partnership units. The partnership agreement also entitles Plazacorp to a 20% residual partnership interest in both cash flows in excess of a preferred return on equity of 10% and to capital event proceeds in excess of capital contributions made by the partners.

On May 1, 2001, the Corporation acquired the remaining 50% interest in Plaza Theriault Inc., Rivière-Du-Loup, Quebec. As consideration, the Corporation issued 429,658 common shares at a price of \$1.00 per share. The Corporation is obligated to issue up to 61,670 additional common shares as further consideration contingent upon the property achieving specific performance criteria by the end of the 2003 fiscal period. As of the date hereof, the Corporation has not issued any shares pursuant to this obligation.

On July 1, 2001, the Corporation issued 1,405,698 common shares as consideration for the acquisition of a 100% ownership interest in Nashwaaksis Plaza, Fredericton, New Brunswick, a 100,010 square foot strip plaza, of which 51,222 square feet is owned by the Corporation. The acquisition cost of the property reflected the fair market value of the net assets acquired based on independent third party appraisals. The property was acquired from an entity controlled by Earl Brewer, Michael Zakuta, Paul Leger, and Richard Hamm, directors of the Corporation. The transaction was accounted for using the continuity of interests method whereby the recorded cost of the net assets acquired of \$192,022 was the carrying amount of the related party seller.

On August 1, 2001, the Corporation completed development on a new property located in New Glasgow, Nova Scotia. This strip plaza is a 33,753 square feet property leased to national and regional tenants including a 25,000 square foot Staples store.

On September 28, 2001, the Corporation acquired an interest in a property development located in Rimouski, Quebec. This \$1.4 million acquisition was made through a limited partnership, in which the Corporation invested \$125,020 for a 50% partnership interest. This 25,771 square foot property is a single purpose building and is leased to Staples/The Business Depot under a long term lease.

On December 4, 2001, the Corporation acquired a 50% co-ownership interest in Terrace Dufferin, a 17,587 square foot strip plaza in Valleyfield, Quebec, through an investment in Centre Commercial Dufferin (2001) Inc. Plazacorp initially funded a portion of its 50% interest in the 1.21 million purchase price with \$500,000 in Plazacorp first mortgage bonds. On March 15, 2002, the first mortgage bonds were replaced with long term financing.

On March 28, 2002, the Corporation acquired a 100% interest in Tacoma Centre, a 166,003 square foot shopping mall located in Dartmouth NS, through Tacoma Centre Limited Partnership. The Corporation utilized \$2.2 million from its first mortgage bonds as well as a vendor take back mortgage to fund the \$4.5 million purchase price. On September 12, 2002, the first mortgage bonds were repaid when the partnership completed an equity offering of \$1.44 million representing 90% of the equity requirements. Plazacorp retained a 10% equity interest in the partnership and rights to 50% of the cash flow generated by the property in excess of a preferred return. October 1, 2003, the company re-acquired a 100% interest in Tacoma Centre, through a purchase of all partnership units of Tacoma Centre Limited Partnership which it did not already own. Including assumption of debt, the total purchase price on a 100% interest basis was \$8,544,000.

On July 31, 2002, the Corporation acquired a 55% interest in SCA Plaza Inc., which has built a 17,440 square foot strip plaza on McAllister Drive, Saint John, New Brunswick. This property is leased to national and regional tenants and is an extension of the successful developments including Exhibition Plaza and McAllister Drive Plaza along McAllister Drive, Saint John's primary retail corridor.

On August 29, 2002 Plazacorp acquired an interest in Les Promenades du Cuivre through the purchase of 100% of the units of Plaza LPC Commercial Trust, a 201,561 square foot shopping mall located in Rouyn, Noranda, QC of which 129,542 square feet are owned by the Trust. The property was purchased by the Trust for \$6.2 million and was financed using a combination of Plazacorp mortgage bonds, a vendor take back mortgage and cash. On December 1, 2002, the Trust completed an equity offering of \$2.07 million representing 90% of the equity requirements. Plazacorp retained a 10% equity interest in the trust and rights to 50% of the cash flow generated by the property in excess of a preferred return. Plazacorp may acquire 100% of the property at a later date based on specific put and call agreements with its financial partners.

On April 30, 2003, the company entered into a 20-year renewable land lease agreement for the construction of Empire Plaza, a 13,800 square foot strip plaza, in Fredericton, NB. This 100% owned property was completed in August 2003.

On June 25, 2003, the Corporation exercised options, pursuant to option agreements dated March 17, 2003, to purchase interests in three properties. The interests in the properties were at the time owned by various entities owned and controlled by certain directors of Plazacorp, namely Earl Brewer, Richard Hamm, Michael Zakuta and Paul Leger. The Corporation acquired the assets at cost to the vendors. The assets are as follows:

- 20% ownership interest in Marché de l'ouest, a 93,086 ft² shopping mall located in Dollard-des-Ormeaux, QC through the purchase of 100% of the units of MDO Commercial Trust which owns 20% of the property and with rights to 30% of cash flow above a preferred return to investors. The property is currently undergoing a significant renovation including the addition of a major food anchor.
- 20% ownership interest in Northwest Centre, Moncton , NB, a 186,480 ft² strip plaza, through the purchase of units in Northwest Plaza Commercial Trust. On Oct 1, 2003, the trust closed an offering of \$1,900,000 in subordinated debt and Class A trust units to private investors. As a result of the transaction, the company's ownership position was

reduced to 10%. Co-incidentally, the company entered into put/call agreements, which provide an opportunity to acquire majority ownership in the property at a future date through the exercise of rights under the agreement.

- 100% of the units of Commercial St. Plaza Trust, owner of Commercial Street Plaza, New Minas, Nova Scotia. The company subsequently completed development of the 15,500 ft² strip plaza located in New Minas, NS. Development costs on completion will be approximately \$1,575,000.

On July 9, 2003 the company entered into a 40 year renewable land lease agreement, effective November 1, 2003, for the re-development of a 13,400 square foot strip plaza and restaurant pad in New Glasgow, NS, upon which construction began in November, 2003. The company has an option to purchase the underlying land beginning in January 2009.

On August 20, 2003, the company purchased land in Woodstock, NB to begin development of a 19,500 square foot strip plaza project upon which construction began in November 2003. Development costs on completion will be approximately \$1,800,000.

Acquisitions and Development Activity Subsequent to October 31, 2003

On December 2, 2003, The Corporation initiated a redevelopment project, with the signing of a 40-year lease for Main Place, Fredericton, NB, a 34,000 square foot retail property. The lease provides the Company with options to purchase the property at every fifth anniversary date beginning in the tenth year. The property is currently under redevelopment.

On December 4, 2003, the company acquired a 25% interest in Carrefour des Seigneurs, Terrebonne, QC, a 45,000 square foot retail plaza on a 2.635 acre site. The property was purchased for consideration of \$2,800,000 including cash and placement of a \$2,100,000 first mortgage. Of the remaining 75% interest, 50% is held by Centennial Plaza Limited Partnership in which Plazacorp owns a 10% interest with rights to 20% of excess cash flow above a preferred return to investors. The company's effective ownership interest in Carrefour des Seigneurs is 30%.

On December 8, 2003, the company acquired an undivided 50% interest in a 77,600 square foot retail strip plaza at 209 Chain Lake Drive in the Bayer's Lake retail power centre, Halifax, NS. The property was acquired for consideration of \$5,975,000 including cash and placement of a \$4,481,250 mortgage.

Outlook

The Corporation intends to continue financing new acquisitions and developments through a combination of proceeds from the Corporation's dividend reinvestment plan (see "Selected Financial Information – Dividend Record and Policy"), partnership arrangements, debt and convertible debt financing as well as additional equity financing. Equity financing will most likely occur by the Corporation issuing shares as consideration for the acquisition of properties. Raising equity will only be contemplated if the subscription price is reasonable and fair to Plazacorp shareholders.

BUSINESS OF THE CORPORATION

The Corporation acquires and develops shopping malls and strip plazas throughout Atlantic Canada and Quebec. The Corporation's primary business focus is the purchase and redevelopment of retail properties with potential for increasing both property value and cash flow. Typically, these properties are well-located but are dated in appearance, are often neglected and have high vacancy rates. The Corporation's redevelopment expertise and excellent relationships with major retailers and financiers enable the Corporation to take advantage of these opportunities.

The Corporation also develops new strip plazas in appropriate circumstances, which generally occurs when larger tenants with whom the Corporation has a prior relationship require new premises or when a certain level of pre-leasing is obtained.

The Corporation's overall objective is to improve the value of its underlying real estate and build a portfolio that generates stable recurring cash flows.

The Corporation's value creation process has four components:

- Property Identification and Acquisition
- Redevelopment and Development of Properties
- Property Management
- Financing

Property Identification and Acquisition

The Corporation continuously identifies and evaluates opportunities for the acquisition of various interests in retail real estate properties throughout Quebec and Atlantic Canada. The Corporation pursues acquisitions of properties or projects including: i) strategic financial investments in existing properties; ii) purchase and re-development of existing properties; and iii) development of new properties.

All potential acquisitions are screened initially by management of the Corporation to determine their economic viability. The criteria used to evaluate such potential acquisitions includes a minimum net operating income or potential income and a minimum return on investment, as determined by management. Generally, potential acquisitions must offer a projected unlevered return on investment of 11% to 12% and depending on financing arrangements, cash returns on equity invested of 15 to 16%.

The Corporation is constantly monitoring the market for opportunities which will meet its specific investment criteria. Often acquisitions that are not a good fit for the Corporation in one year may, as a result of changing economic and other factors, become a good fit for the Corporation later. Determining the right time to complete an acquisition often requires patience. Plazacorp management avoids purchasing assets simply to grow its portfolio and instead focuses on building a well balanced property portfolio properly over time.

The Corporation generally targets primary enclosed malls or primary strip plazas in defined commercial areas where such commercial areas represent an entire small community or a

defined subsection of a larger community. The properties are generally largely depreciated and well-located but are dated and often neglected and have high vacancy rates.

Certain properties are targeted where there exists the opportunity for stable recurring cash flows and redevelopment costs are nominal. These properties generally respond to intensification of management and leasing efforts to improve both quality of operations , tenancy and to improve cash flow from that in place at the time of purchase.

Redevelopment and Development of Properties

Purchase and Redevelopment of Properties

Once a potential redevelopment is identified, the Corporation's leasing, construction and property management teams concurrently put together a redevelopment plan for the property. The redevelopment plan consists of identifying base building work along with associated detailed cost estimates, identifying and applying a leasing strategy, and applying a timeline to the project.

Following acquisition of a property and once applicable municipal permits and zoning are in place, the redevelopment plan is implemented. The redevelopment plan generally involves making capital improvements to the properties to improve their visual appearance, functionality and conveniences for shoppers, including applying new facades and lighting, new parking facilities or configurations, improved access and signage. The operational efficiency of properties is improved by upgrading the heating, ventilation and air conditioning systems.

In some instances unproductive enclosed malls are turned into strip plazas to maximize tenant exposure and reduce operating costs. The Corporation endeavours to secure long term leases with good quality tenants. The success of the Corporation in revitalizing retail space is due in a large part to the Corporation's ability to attract both regionally and nationally recognized retailers to its redevelopment projects.

Development of New Properties

Typically a new development site is optioned or a conditional purchase agreement is negotiated subject to zoning, financial, environmental and leasing conditions. Before the Corporation makes a firm commitment to proceed with a project, a new development must meet the following criteria: i) it must be substantially pre-leased; ii) proper zoning must be in place and any required zoning changes or variances must be obtained; iii) construction and project budgets must be established; and iv) the project must meet pre-determined financial criteria. In many instances, the Corporation will take on these projects at the request of tenants who are interested in expanding in Quebec and Atlantic Canada. In other instances, the Corporation will use its market knowledge to identify a development opportunity and offer it to its existing customers or seek new customers who will agree to lease space in the new development.

Leases under this project type are generally long term leases which will allow the Corporation to finance the project with long term fixed rate debt and thereby substantially reduce the Corporation's long term financial risk.

Property Management

Plazafund entered into a management agreement ("Management Agreement") dated January 26, 1999 with Plaza Atlantic Limited ("Plaza Atlantic"), a corporation beneficially-owned by Earl Brewer, Paul Leger and Michael Zakuta, directors of the Corporation, whereby Plaza Atlantic was retained to provide property management and other property related services including leasing and marketing, acquisitions, financing, development and dispositions for the Corporation for its existing properties and properties to be acquired in the future. This management agreement was assumed by the Corporation on the amalgamation of Plazafund and Plazacorp.

Plaza Atlantic receives compensation based on the Corporation's assessment of industry standard fees, which compensation at present is as follows: (a) management fees in an amount equal to 5% of the gross operating receipts from the Corporation's properties; (b) leasing fees for new leases in an amount equal to the greater of (i) 4% of the base rent for each year or part thereof for the first five years and 2% of the base rent for the remaining five years of the term of the new lease and (ii) \$1.50 per square foot; (c) leasing fees for renewals in an amount equal to the greater of (i) 2% of the base rent for each year of the lease term or part thereof for the first five years plus 1% of the base rent for each remaining year of the lease term and (ii) \$1,000; (d) construction fees in an amount equal to 10% of the actual costs for tendering, pricing and supervising building and tenant leasehold improvements; (e) acquisition fees in an amount equal to 2% of the total cost of acquisitions; (f) development fees in an amount equal to 4% of the hard costs of the development project which includes all costs associated with the development of the project excluding soft costs such as acquisition fees, legal fees and financing fees, among others; (g) financing fees in an amount equal to $\frac{1}{4}\%$ of the aggregate financing obtained where an outside broker has been retained and $\frac{3}{4}\%$ where no outside broker has been retained; and (h) disposition fees in an amount equal to $1\frac{1}{2}\%$ of the selling price of the project. The Management Agreement had an initial 5 year term commencing May 1, 1999 ending on April 30, 2004 and will automatically renew every five years unless either party provides notice of their intention to terminate renewal of the Management Agreement. Neither party gave notice to terminate and hence the contract will renew on May 1, 2004 for a term of 5 years to expire on April 30, 2009.

Plaza Atlantic has more than 20 years' experience in managing retail properties in Quebec and Atlantic Canada. Plaza Atlantic staff take a hands-on, entrepreneurial approach to property management that focuses on three main objectives: tenant relations, operating standards and cost control.

Plaza Atlantic works closely with the Corporation's tenants to ensure the Corporation is meeting their needs and to foster and strengthen tenant relations. Plaza Atlantic controls property operating costs through economies of scale such as volume purchases, implementing preventative maintenance programs and paying close attention to detail.

Financing

The Corporation ensures that each of its properties is financed appropriately at each stage of the development or redevelopment cycle in order to preserve equity and maximize return on capital.

The acquisition and development or redevelopment of properties is financed using both internal and external sources of capital. The Corporation has strong relationships with many leading financiers and financial partners that offer short-term financing, conventional mortgage financing, equity financing and conduit financing programs.

In 2000 and 2001 Plazacorp raised a total of \$5.05 million in 5 year 12% first mortgage bonds. These mortgage bonds provide a ready sources of funds which allow purchases which are not conditional on financing, close more quickly and at better prices. Following redevelopment of the property, the mortgage bond financing is replaced with conventional long-term financing at lower interest rates. Mortgage bonds payable of \$5,050,000, pay interest at 12% per annum. On October 29, 2003 bondholders agreed to extend the maturity date of the bonds to June 20, 2008 with redemption rights after June 20, 2005. The mortgage bonds are secured by a \$5,050,000 first mortgage on Les Promenades du Cuivre, a property owned by Plaza LPC Commercial Trust.

The Corporation also raised short-term capital through the issuance of 3 year 11% debentures from December 2001 through to April 2002 to finance capital and tenant improvements. Debentures payable of \$5,000,000 are unsecured. This debenture bears interest at the rate of 11% per annum with principal due on dates ranging from December, 2004 to April, 2005.

On May 16, 2003, the Company completed a private placement of \$3,500,000 million convertible debentures(Series 1 - 9.5% Convertible Debentures). The debentures, which bear interest at 9.5% per annum, payable quarterly, will mature on April 30, 2008 and will be convertible into the Corporation's common shares at the option of the holder at any time at \$1.00 per share. The Corporation has the right to redeem the debentures for either cash or common shares any time after May 1, 2006 or on maturity. If the redemption price is satisfied by issuing common 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. Redemption from May 1, 2006 to April 30, 2007 may only occur 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.

On December 4, 2003, the Corporation completed a private placement of \$5,000,000 convertible debentures(Series 2 – 9.5% Convertible Debentures). The debentures, which bear interest at 9.5% per annum, payable quarterly, will mature on October 31, 2008 and will be convertible into Corporation's common shares at the option of the holder at any time at \$1.20 per share. The Corporation has the right to redeem the debentures for either cash or common shares any time after October 31, 2006 or on maturity. If the redemption price is satisfied by issuing common 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. Redemption from October 31, 2006 to October 31, 2007 may only occur 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.

The Corporation also finances property acquisitions through joint ventures whereby the Corporation will align itself with a growing number of financial partners. These joint ventures allow Plazacorp to manage the development risk and maximize returns on redevelopment projects.

In certain circumstances, the Corporation utilizes share capital to partially finance acquisitions. Using share capital may provide significant tax advantages for the vendor and preserves the Corporation's cash for investment in other projects.

Properties

As of October 31, 2003, the Corporation held an interest in 35 retail properties in Quebec, New Brunswick, Nova Scotia and Prince Edward Island. As at March 12, 2004 the company held interests in 38 properties comprising a total of approximately 2.6 million square feet of leaseable area.

The following table summarizes certain aspects of each of the properties:

Property/ Project	Location	Date Acquired (or completion of Development)	Property square footage including Tenant-owned square footage	Total Leasable Area (sq. ft.)	Ownership Interest (%)	Major Tenant(s)
Les Galeries Montmagny	West Tache, Montmagny, QC	September 1, 2000	134,017	134,017	50%	Uniprix Maxi Hart
Plaza Hotel de Ville	Rivière-du-Loup, QC	September 1, 2000	20,479	20,479	100%	Yellow Shoes Beau Claire
Plaza Super C	Shawinigan, QC	March 30, 1999	130,181	130,181	100%	Super "C" Rossy L'aubainerie
Exhibition Plaza	Saint John, NB	May 1, 1999	74,800	74,800	55%	Empire Theatres Marks Work Warehouse
University Plaza	Charlottetown, PEI	September 1, 2000	62,046	62,046	43%	Bargain Shop Dollarama East Side Mario's
Belvedere Plaza	Charlottetown, PEI	September 1, 2000	155,609	77,266	60%	Atlantic Superstore Marks Work Warehouse Sears
Granville Street Plaza	Summerside, PEI	September 1, 2000	127,542	81,798	60%	Canadian Tire SAAN

Property/ Project	Location	Date Acquired (or completion of Development)	Property square footage including Tenant-owned square footage	Total Leasable Area (sq. ft.)	Ownership Interest (%)	Major Tenant(s)
						Wendy's
Spring Park Plaza	Charlottetown, PEI	September 1, 2000	74,205	54,202	85%	Co-op Food Value Village Fabricville
Nashwaaksis Plaza	Fredericton, NB	July 1, 2001	100,010	51,222	100%	Atlantic Superstore (tenant owned) Dollarama CIBC
Grand Falls Shopping Mall	Grand Falls, NB	May 1, 1999	149,943	149,943	100%	Atlantic Superstore Sears
Wedgewood Plaza	Riverview, NB	May 1, 1999	12,768	12,768	100%	Blockbuster Dollarama First Choice Haircutters
FHS Plaza	Fredericton, NB	May 28, 1999	24,366	24,366	100%	Cleve's Sporting Goods Subway Blue Cross
Lansdowne Place	Saint John, NB	March 31, 2000	202,818	202,818	100%	Zellers Shoppers Drug Mart Speigal Group Dollarama
Staples Plaza	Dartmouth, NS	October 4, 2000	155,975	155,975	100%	Business Depot Penningtons Bank of Montreal
Oromocto Mall	Oromocto, NB	October 20, 2000	136,158	80,499	100%	Atlantic Superstore (tenant owned) Shoppers Drug

Property/ Project	Location	Date Acquired (or completion of Development)	Property square footage including Tenant-owned square footage	Total Leasable Area (sq. ft.)	Ownership Interest (%)	Major Tenant(s)
						Mart
McAllister Drive Plaza	Saint John, NB	September 1, 2001	19,275	19,275	100%	Cleve's Sporting Goods McDonalds Restaurant
Staples Plaza	New Glasgow, NS	August 1, 2001	33,753	33,753	100%	Business Depot Cleve's Sporting Goods
Les Promenades St. Francois	Laval ,QC	October 29, 1999	72,925	72,925	100%	Provigo Pharmacie Jean Coutu Caisse Populaire
Business Depot	Saint John, NB	May 1, 1999	25,293	25,293	100%	Business Depot
Bureau en Gros	Granby, QC	July 31, 2000	25,695	25,695	50%	Business Depot
Centennial Plaza and Place du Marche	Dollard-des- Ormeaux, QC	February 28, 2001	188,553	188,553	10% of partnership units+ 20% residual interest	Vaillancourt Pharmacie Jean Coutu
Plaza Theriault	Rivière-du-Loup, QC	September 1, 2000 (50%)	24,340	24,340	100%	Banque Nationale Burger King
Bureau en Gros	Rimouski QC	September 28, 2001	25,771	25,771	50%	Business Depot
Terrace Dufferin	Valleyfield, QC	December 4, 2001	17,587	17,587	50%	Videotron Mike's
Tacoma Centre	Dartmouth, NS	March 28, 2002	166,003	166,003	10% of partnership units+50% residual interest in cash flow	Canadian Tire Royal Bank Blockbuster Dollarama

Property/ Project	Location	Date Acquired (or completion of Development)	Property square footage including Tenant-owned square footage	Total Leasable Area (sq. ft.)	Ownership Interest (%)	Major Tenant(s)
SCA Plaza	Saint John, NB	July 31, 2002	17,430	17,430	55%	Bulk Barn M&M Meats A&W
Les Promenades du Cuivre	Rouyn-Noranda, QC	August 29, 2002	201,561	129,542	10% 50% residual interest in cash flow	Metro- Richilieu Uniprix Hart Royal Bank
Empire Plaza	Fredericton, NB	April 30,2003	13,600	13,600	100%	Dollarama
Northwest Centre	Moncton, NB	June 25, 2003	238,000	186,480	10%	Pets Unlimited Zeller's Atlantic Fabric Princess Auto
Connell Rd Plaza	Woodstock, NB	August 20,2003	19,500	19,500	100%	Marks Dollarama
Marche de l'ouest	Dollard-des- Ormeaux, QC	June 25, 2003	93,086	93,086	20%	IGA Krispy Kreme
Commercial St. Plaza	New, Minas, NS	June 25, 2003	15,500	15,500	100%	Reitman's Swiss Chalet
Carrefour des Seigneurs	Terrebonne, QC	Dec 4, 2003	45,000	45,000	25%	Jean Couto
209 Chain Lake	Halifax, NS	December 8, 2003	77,600	77,600	50%	Marks Value Village
V-8 Plaza	New Glasgow, NS	July 9, 2003	14,000	14,000	100%	Dollarama Swiss Chalet
Main Place	Fredericton, NB	December 2, 2003	31,174	31,174	100%	Shopper's Drug

SELECTED FINANCIAL INFORMATION

Annual Financial Information

The following selected financial information has been derived from the audited consolidated financial statements of the Corporation for the fiscal years ended October 31, 2003, 2002 and 2001. The information should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Operating Results and the Annual Financial Statements and accompanying notes of the Corporation contained in the Corporation's 2003 Annual Report.

	Fiscal Year Ended		
	October 31, 2001	October 31, 2002	October 31, 2003
	(audited \$)		
OPERATING RESULTS			
Revenue.....	\$16,339,590	19,600,000	20,874,330
Net operating income.....	9,328,506	11,398,581	12,548,501
Net income.....	1,082,367	399,276	809,400
Net income per share			
basic.....	0.040	0.014	0.027
fully diluted.....	0.04	0.014	0.027
Funds from Operations ("FFO") after minority interest and adjusted for non-operating and non-recurring items. (FFO is a non-GAAP measure as explained in the Management Discussion and Analysis in 2003 Annual Report).	2,974,320	3,483,841	3,991,866
Funds from operations ("FFO") per share after minority interest and adjusting for non-operating and non-recurring items (FFO is a non-GAAP measure as explained in the Management Discussion and Analysis in 2003 Annual Report).			
basic.....	0.111	0.119	.133
fully diluted.....	0.111	0.119	.133
FINANCIAL POSITION			
Total assets.....	98,193,528	105,358,271	113,544,712
Long term debt.....	72,563,275	82,013,128	88,834,060
SHAREHOLDERS' EQUITY			
Total shareholders' equity.....	16,285,328	16,986,783	17,709,685

Dividend Record and Policy

On September 18, 2002, the Corporation announced a dividend policy to provide for an annual \$0.08 per common share dividend, payable quarterly. In January 2004 the Corporation announced an increase in the annual dividend to \$0.09 per common share, payable quarterly. There were no dividends paid during the fiscal year ended October 31, 2002. During the fiscal year ended October 31, 2003 and up to March 15, 2004 dividends were declared and paid as follows:

Record Date	Payment Date	Amount per common share
November 1, 2002	November 15, 2002	\$0.02
January 16, 2003	February 14, 2003	\$0.02
April 16, 2003	May 15, 2003	\$0.02
July 18, 2003	August 15, 2003	\$0.02
October 15, 2003	November 14, 2003	\$0.02
January 15, 2004	February 13, 2004	\$0.0225

In December 2002, the Corporation announced the implementation of a dividend reinvestment plan. The plan will enable shareholders to reinvest dividends that they receive in additional common shares of the Corporation. Participants in the plan will also be entitled to receive a 3% bonus on amounts reinvested to be paid in additional common shares of the Corporation. Shares purchased under the plan will be priced at the weighted average closing price of the common shares of the Corporation on the previous 20 trading days. During the fiscal year ended October 31, 2003 the company issued 52,460 shares under the dividend reinvestment plan for consideration of \$44,672 for an average price per share issued of \$0.852 per share.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND OPERATING RESULTS

Reference is made to the information contained under the heading "Management's Discussion and Analysis" contained in the Corporation's 2003 Annual Report, which information is specifically incorporated by reference herein.

MARKET FOR SECURITIES

The common shares of the Corporation are listed and posted for trading on the TSX Venture Exchange and trade under the stock symbol "PLZ".

MANAGEMENT OF THE CORPORATION

Directors, Executive Officers and Management of the Corporation

The names, municipality of residence, positions held with the Corporation and principal occupations within the previous five years of the current directors and executive officers of the Corporation are as follows:

Name and Municipality of Residence	Position(s) held with the Corporation	Director Since	Principal Occupation During Past Five Years
Earl A. Brewer Fredericton, New Brunswick ⁽³⁾	Director and Chairman of the Board	1999	Chairman of Plazacorp Retail Properties Ltd. since 1999 (formerly Chairman, President and Chief Executive Officer from 1999 to 2002); Chairman of Plaza Atlantic Ltd. since 2001. (formerly President, CEO & Chairman from 1999 – 2001 and Secretary – Treasurer from 1992-1999); Chairman & Secretary of Greenarm Management since 1999 (formerly Secretary from 1993 to 1999); and Secretary and Principal of Greenarm Corporation since 1981.
J. Paul Leger Fredericton, New Brunswick ^{(1) (3)}	Director	1999	President of Greenarm Corporation, Fredericton since 2004 and formerly Secretary and Vice-President of Plazacorp Retail Properties Ltd. from 2001-2004, (formerly Secretary and Chief Financial Officer 1999 - 2001); President of Plaza Atlantic Limited since 2001 (formerly Secretary and Chief Financial Officer from 1999 – 2001 and President from 1996 to 1999); Co-owner & Assistant Secretary of Greenarm Management since 2001 (formerly Co-owner & President from 1995 to 2001).
Michael A. Zakuta Beaconsfield, Quebec ⁽³⁾	Vice- President and Director	1999	Vice President of Plazacorp Retail Properties Ltd. since 1999; Vice President of Plaza Atlantic Limited since 1992; and Officer and principal shareholder of several private real estate development companies since 1986.
Richard Hamm, Toronto, Ontario ⁽¹⁾⁽²⁾	Director, President and Chief Executive Officer	1999	President and Chief Executive Officer of Plazacorp Retail Properties since 2002; Principal of Stepp Three Holdings Ltd. since 1997; Partner in Bluewater/Chescott Investment Management Ltd. Previously President of Canada Trust Mutual Funds in 1995 and Senior Vice-President at Trimark Investment Management Inc. from 1986 to 1994.

Name and Municipality of Residence	Position(s) held with the Corporation	Director Since	Principal Occupation During Past Five Years
Stephen Johnson Toronto, Ontario ⁽¹⁾⁽²⁾	Director	1999	President and CEO of Canadian Real Estate Investment Trust since 1996. Previously Chief Operating Officer of Dorchester Corporation, from 1993 to 1996, Previously President of DS Marcil Inc. and Vice-President and Director of RBC Dominion Securities Inc.
Peter Sheehan Fredericton, New Brunswick	Chief Financial Officer	N/A	Chief Financial Officer of Plazacorp Retail Properties Ltd. since 2001. Director of Finance and Administration of Plaza Atlantic Limited since 2001. Previously President of Plaza N.S. Ltd. from 1999 to 2001 and principal of Kelsey Properties from 1992 to 1999. Previously held various positions in several real estate companies based in Atlantic Canada including Dorchester Corporation, Marcil Trust and Novawest Properties Inc.

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee
- (3) Member of Management and Reporting Committee

Each director of the Corporation will hold office until the close of next annual meeting of shareholders of the Corporation or until such director's successor is duly elected or appointed. The Corporation will ask shareholders at the annual general meeting to be held April 21, 2004 to approve an increase in the number of board members to seven(7) from five (5) currently.

Employees

The Corporation has four employees which carry out corporate responsibilities such as corporate accounting, corporate finance, and investor relations activities. The day to day management of the properties including property accounting, operations, leasing, financing, acquisition and development functions are carried out by Plaza Atlantic Ltd., See "Business of the Corporation – Property Management".

SHAREHOLDINGS

As at October 31, 2003, the directors and executive officers of the Corporation as a group, owned, directly or indirectly, or exercised control or direction over, 18,822,830 common shares of the Corporation, representing approximately 63% of the issued and outstanding common shares before consideration of convertible debentures. Should all convertible debentures be

converted, including those held by directors and executive officers, the combined beneficial ownership would be approximately 53% of the total potential issued and outstanding common shares

Conflicts of Interest

The Corporation entered into the Management Agreement dated January 26, 1999 with Plaza Atlantic, a corporation beneficially owned by Earl Brewer, Paul Leger and Michael Zakuta, directors of the corporation.

RISK FACTORS

There are certain risks inherent in the activities of the Corporation, which investors should carefully consider before investing, including the following:

Real Property Ownership

All real property investments are subject to elements of risk. Such investments are affected by general economic conditions, such as availability of long term mortgage funds, local real estate markets, supply and demand for leased premises, competition from other available premises and various other factors. The value of real property and any improvements thereto may also depend on the credit and financial stability of the tenants.

Tenant Termination Rights and Financial Stability

The Corporation's income would be adversely affected if a significant number of tenants were to become unable to meet their obligations under their leases or if a significant amount of available space in the Corporation's properties were not able to be leased on economically favourable lease terms. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to the Corporation than the existing lease. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting the Corporation's investment may be incurred. Furthermore, at any time, a tenant of any of the Corporation's properties may seek the protection of bankruptcy, insolvency or similar laws that could result in the rejection and termination of such tenant's lease and thereby cause a reduction in the cash flow available to the Corporation. The ability to rent unleased space in the properties in which the Corporation has an interest will be affected by many factors. Costs may be incurred in making improvements or repairs required by a new tenant. The failure to rent unleased space on a timely basis or at all would likely have an adverse effect on the Corporation's financial condition.

Fixed Costs

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges must be made by the Corporation throughout the period of its ownership of its properties regardless of whether the property is producing any income. If the Corporation is unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale.

Liquidity

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may tend to limit the Corporation's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the Corporation were to be required to liquidate its real property investments, the proceeds to the Corporation might be significantly less than the aggregate carrying value of its properties.

Financing Risks

The Corporation will be subject to the risks associated with debt financing, including the risk that the Corporation's existing mortgages will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness.

Jointly Owned Property

The Corporation jointly owns certain properties. In making such joint ownership investments, there is a risk that the Corporation may incur a loss if a co-owner is unable to fulfill its obligations to the Corporation.

Competition

The Corporation competes for real property acquisitions with individuals, corporations, institutions (Canadian and foreign) which are seeking or may seek real property investments similar to those desired by the Corporation. An increase in the availability of investment funds and an increase in interest in immovable property investments may tend to increase competition for immovable property investments, thereby increasing purchase prices and reducing the yield on them.

Numerous other developers, managers and owners of properties compete with the Corporation in seeking tenants. Some of the properties of the Corporation's competitors are better located or less levered than the Corporation's properties. Some of the Corporation's competitors are better capitalized and stronger financially and hence better able to withstand an economic downturn. The existence of competition for the Corporation's tenants could have an adverse effect on the Corporation's ability to lease space in its properties and on the rents charged or concessions granted, and could adversely affect the Corporation's revenues and its ability to meet its debt obligations.

However, the Corporation believes that its portfolio of well located and well managed real estate puts the Corporation in a good position vis a vis its competitors for tenants. The Corporation believes that its local market knowledge, relationships with key retailers and financiers and development expertise put it at a distinct competitive advantage in its market niche.

General Uninsured Losses

The Corporation carries comprehensive general liability, fire, flood, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. There are, however, certain types of risks, generally of a catastrophic nature, such as wars, terrorism or environmental contamination, which are either uninsurable or not insurable on an economically viable basis. The Corporation has insurance for earthquake risks,

subject to certain policy limits, deductibles and self-insurance arrangements, and will continue to carry such insurance if it is economical to do so. Should an uninsured or underinsured loss occur, the Corporation could lose its investment in, and anticipated profits and cash flows from, one or more of its properties, but the Corporation would continue to be obliged to repay any recourse mortgage indebtedness on such properties.

Interest Rate Fluctuations

The Corporation's financing may include indebtedness with interest rates based on variable lending rates that will result in fluctuations in the Corporation's cost of borrowing.

Access to Capital

The real estate industry is highly capital intensive. The Corporation will require access to capital to maintain its properties and to fund its growth strategy. There is no assurance that capital will be available when needed or on favourable terms.

Environmental Matters

As an owner of real property, the Corporation will be subject to various federal, provincial and municipal laws relating to environmental matters. Such laws provide that the Corporation could be liable for the costs of removal of certain hazardous substances and remediation of certain hazardous locations. The failure to remove or remediate such substances or locations, if any, could adversely affect the Corporation's ability to sell such real estate or to borrow using such real estate as collateral and could potentially also result in claims against the Corporation. The Corporation is not aware of any material non-compliance with environmental laws at any of its properties. The Corporation is also not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of its properties or any pending or threatened claims relating to environmental conditions at its properties. The Corporation has adopted an environmental management program, including policies and procedures to review and monitor environmental matters associated with its properties. The Corporation's environmental policy includes a requirement to obtain a Phase I environmental assessment and, if appropriate, a Phase II assessment conducted by an independent and experienced environmental consultant before acquiring a property. In addition, where necessary and indemnities are not in place, the Corporation has environmental insurance on its properties, with coverage of environmental claims by third parties, cost of clean up, remediation and legal defence, subject to normal qualifications.

Asbestos-containing material ("ACM") is known to be present at a limited number of the Corporation's Properties. The Corporation is aware of the presence of polychlorinated biphenyls ("PCBs") in transformers at certain of its properties, the majority of which are owned by the relevant public utility. The Corporation is also aware of the residual presence of dry-cleaning fluid ("PERC") at one property which was the subject of an intensive remediation effort by the former owner. The Corporation intends to manage such ACMs, PCBs and PERC in accordance with applicable laws and, provided such laws do not become materially more stringent, the future costs of ACM abatement, ACM and PCB removal and containment or PERC monitoring will not be material to the financial position of the Corporation.

The Corporation will make the necessary capital and operating expenditures to ensure compliance with environmental laws and regulations. Although there can be no assurances, the

Corporation does not believe that costs relating to environmental matters will have a material adverse effect on the Corporation's business, financial condition or results of operation. However, environmental laws and regulations may change and the Corporation may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have an adverse effect on the Corporation's business, financial condition or results of operation.

Potential Conflicts of Interest

The Corporation may be subject to various conflicts of interest because of the fact that its directors and management of the Corporation, are engaged in a wide range of real estate and other business activities.

The directors, the management of the Corporation, may from time to time deal with persons, firms, institutions or corporations with which the Corporation may be dealing, or which may be seeking investments similar to those desired by the Corporation. In such circumstances, the interests of the directors, the management of the Corporation could conflict with those of the Corporation. In addition, from time to time, these persons may be competing with the Corporation for available investment opportunities.

Acquisition and Expansion

The Corporation's success will depend in large part on identifying suitable acquisition and development opportunities, pursuing such opportunities, consummating acquisitions and acquiring developments, and effectively operating the Corporation's properties. If the Corporation is unable to manage its growth effectively, its business, operating results and any other financial condition could be adversely affected.

ADDITIONAL INFORMATION

Additional information, including Corporation's and officers' remuneration and indebtedness, principal holders of the Corporation's securities, options to purchase securities and interests of insiders in material transactions, as applicable, is contained in the Corporation's information circular for its most recent annual meeting of shareholders. Additional financial information is provided in the Corporation's comparative financial statements for the year ended October 31, 2003. A copy of such documents may be obtained upon request from the Secretary of the Corporation.

The Corporation will also provide to any person upon request to the Secretary of the Corporation:

- (a) when common shares are in the course of a distribution pursuant to a prospectus or when a preliminary prospectus has been filed in respect of a distribution of Units,
 - (i) one copy of the Corporation's Annual Information Form, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the Annual Information Form;
 - (ii) one copy of the comparative financial statement of the Corporation for its most recently completed financial year together with the accompanying report of the

auditors and one copy of any interim financial statements of the Corporation subsequent to the financial statements for its most recently completed financial year;

- (iii) one copy of the Corporation's information circular in respect of its most recent annual meeting of the shareholders that involved the election of directors or one copy of any annual filing prepared in lieu of that information circular, as appropriate; and
 - (iv) one copy of any other document that is incorporated by reference into the preliminary prospectus or the prospectus and are not required to be provided under (i) to (iii) above; or
- (b) at any other time, one copy of any other document referred to in (a)(i), (ii) and (iii) above, provided the Corporation may require the payment of a reasonable charge if the request is made by a person who is not a shareholder.