SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended January 31, 1994

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File Number: 1-7003

PROPERTY CAPITAL TRUST
(Exact name of registrant as specified in its charter)

Massachusetts	04-2452367
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

One Post Office Square, Boston, Massachusetts 02109
(Address of principal executive offices)
(zip code)

Registrant's telephone number, including area code:
(617) 451-2400

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for at least the past 90 days.
Yes X No .

Number of shares of Common Shares outstanding as of January 31, 1994: 9,030,585

PROPERTY CAPITAL TRUST

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Property Capital Trust

Consolidated Balance Sheet

<CAPTION>

	January 31, 1994	July 31, 1993
	(Unaudited)	
<S>	<C>	<C>
Assets		
Real Estate Investments		
Owned Properties (net of accumulated depreciation)	$133,686,000	$129,153,000
Structured Transactions	63,986,000	67,475,000
	197,672,000	196,628,000
Less: Provision for possible investment losses	(18,129,000)	(20,129,000)
	179,543,000	176,499,000
Cash	448,000	324,000
Interest and rents receivable		
Owned Properties	1,492,000	1,673,000
Structured Transactions	1,294,000	965,000
Other assets	757,000	623,000
	$183,534,000	$180,084,000
Liabilities and Shareholders' Equity		
Liabilities		
Accounts payable and accrued expenses	$2,662,000	$2,894,000
Accrued interest	635,000	564,000
Bank note payable	20,600,000	16,530,000
Non-recourse mortgage notes payable	36,365,000	36,593,000
9 3/4% Convertible Subordinated Debentures	2,546,000	2,546,000
10% Convertible Subordinated Debentures	30,823,000	30,823,000
	93,631,000	89,950,000
Shareholders' Equity		
Common Shares (without par value, unlimited shares authorized, 9,030,585 issued and outstanding at January 31, 1994)	106,060,000	106,052,000
Accumulated deficit	(16,157,000)	(15,918,000)
Total Shareholders' Equity	89,903,000	90,134,000
	$183,534,000	$180,084,000

</TABLE>
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Property Capital Trust

Consolidated Statement of Operations
(Unaudited)

<CAPTION>

<S>	Three Months Ended January 31, 1994 <C>	Three Months Ended January 31, 1993 <C>	Six Months Ended January 31, 1994 <C>	Six Months Ended January 31, 1993 <C>
Revenues				
Owned Properties	$3,919,000	$2,847,000	$7,631,000	$5,412,000
Structured Transactions				
Base income	1,269,000	1,522,000	2,645,000	3,091,000
Overage income	532,000	371,000	1,088,000	839,000
	5,720,000	4,740,000	11,364,000	9,342,000
Advisory fee income	67,000	74,000	147,000	142,000
Interest income	3,000	2,000	5,000	5,000
	5,790,000	4,816,000	11,516,000	9,489,000
Expenses				
Expenses on Owned Properties	1,870,000	1,451,000	3,803,000	3,011,000
Interest	1,568,000	1,265,000	3,135,000	2,501,000
Depreciation	1,126,000	850,000	2,164,000	1,644,000
General and administrative expenses	619,000	526,000	1,119,000	1,023,000
Professional fees	116,000	287,000	288,000	443,000
Trustees' fees and expenses	45,000	51,000	82,000	101,000
	5,344,000	4,430,000	10,591,000	8,723,000
Income before Gain (Loss) on Real Estate Investments	446,000	386,000	925,000	766,000
Gain (Loss) on Real Estate Investments				
Gain on Sale of Real Estate Investments	100,000	-	100,000	7,700,000
Provision for Possible Investment Losses	-	(10,000,000)	-	(10,000,000)
	100,000	(10,000,000)	100,000	(2,300,000)
Net Income (Loss)	$546,000	($9,614,000)	$1,025,000	($1,534,000)
Net Income (Loss) per Share				
Income before Gain (Loss) on Real Estate Investments	$0.05	$0.04	$0.10	$0.08
Gain (Loss) on Real Estate Investments				
Gain on Sale of Real Estate Investments	0.01	-	0.01	0.85
Provision for Possible Investment Losses	-	(1.11)	-	(1.11)
	0.01	(1.11)	0.01	(0.26)
Net Income (Loss) per Share	$0.06	($1.07)	$0.11	($0.18)

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Property Capital Trust

Consolidated Statement of Cash Flows
(Unaudited)

<CAPTION>

	Six Months Ended January 31, 1994	1993
<S>	<C>	<C>
Operating Activities		
Net Income (Loss)	$1,025,000	($1,534,000)
Adjustments to Net Income (Loss)		
Gain on sale of real estate investments	(100,000)	(7,700,000)
Increase in provision for possible investment losses	-	10,000,000
Depreciation and amortization	2,200,000	1,665,000
Changes in assets and liabilities		
Increase in interest and rents receivable	(148,000)	(80,000)
Increase in other assets, net	(170,000)	(545,000)
(Decrease) Increase in accounts payable, accrued expenses and accrued interest	(161,000)	1,075,000
Net Cash Provided by Operating Activities	2,646,000	2,881,000
Investing Activities		
Owned Properties		
Additions	(6,697,000)	(5,273,000)
Structured Transactions		
Dispositions	1,589,000	9,632,000
Additions	-	(544,000)
Net Cash (Used in) Provided by Investing Activities	(5,108,000)	3,815,000
Financing Activities		
Proceeds from (repayment of) bank note payable	4,070,000	(11,110,000)
Cash dividends paid	(1,264,000)	(1,174,000)
Amortization of non-recourse mortgage notes payable	(228,000)	(118,000)
Proceeds from exercise of stock options	8,000	-
Increase in non-recourse mortgage notes payable	-	6,000,000
Net Cash Provided by (Used in) Financing Activities	2,586,000	(6,402,000)
Net Increase in Cash	124,000	294,000
Cash at Beginning of Period	324,000	207,000
Cash at End of Period	$448,000	$501,000

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Property Capital Trust

Consolidated Statement of Shareholders' Equity
(Unaudited)

<CAPTION>

	Six Months Ended January 31, 1994	1993

<S> <C> <C>

Common Shares		
Balance at beginning of period	$106,052,000	$106,052,000
Stock options exercised	8,000	-
Balance at end of period	106,060,000	106,052,000
Accumulated Deficit		
Balance at beginning of period	(15,918,000)	(12,850,000)
Net income (loss)	1,025,000	(1,534,000)
Cash dividends paid	(1,264,000)	(1,174,000)
Balance at end of period	(16,157,000)	(15,558,000)
Total Shareholders' Equity	$89,903,000	$90,494,000

Number of Common Shares		
Common Shares issued and outstanding at beginning of period	9,028,585	9,028,585
Stock options exercised	2,000	-
Common Shares issued and outstanding at end of period	9,030,585	9,028,585

PROPERTY CAPITAL TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For the Six Months Ended January 31, 1994

1.Business

In the opinion of management of Property Capital Trust (the "Trust"), the accompanying unaudited consolidated financial statements contain all adjustments necessary to present fairly the Trust's financial position as of January 31, 1994 and the results of its operations and its cash flows for the six months ended January 31, 1994 and 1993.

The information contained in these interim financial statements should be read in conjunction with the Trust's 1993 Annual Report on Form 10-K filed with the Securities and Exchange Commission on October 20, 1993.

2.Real Estate Investments

During the quarter ended January 31, 1994 the Trust wrote down its $7,500,000 investment in 6110 Executive Boulevard by $2,000,000 to $5,500,000. This loss was fully provided for by the provision for possible investment losses at July 31, 1993.

3.Gain (Loss) on Real Estate Investments

During the second quarter of fiscal 1994, the Trust sold its land investment in the Brown County Inn for $600,000 which produced a gain of $100,000, and its $1,000,000 leasehold mortgage on the property was prepaid at par.

4.Stock Option Plan

In January 1994, options to purchase 68,850 shares were granted at $6.38 per share. All such options vest over a five year period from the date of grant and are subject to termination under certain circumstances.

ITEM 1. MANAGEMENTS'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Financial Condition, Liquidity and Capital Resources

The Trust's debt at January 31, 1994 was $90,334,000 as compared to $86,492,000 at July 31, 1993, and was composed of $33,369,000 of long-term, fixed-rate, convertible debentures with an average interest cost of 9.98%, $36,365,000 of non-recourse mortgage notes payable with an average interest cost of 8.64% and $20,600,000 of short-term bank borrowings bearing interest at the bank's prime rate plus 1/4% (the prime rate was 6.0% at January 31, 1994). The Trust's debt to equity ratio increased to 1.00x at January 31, 1994 from .96x at July 31, 1993. The increase was primarily due to additional borrowings under the Trust's bank line to fund the redevelopment of the Loehmann's Fashion Island shopping center.

The Trust's bank note payable, which is due and payable on demand, represents borrowings under a $35,000,000 revolving line of credit. The interest rate on the bank line is at the bank's prime rate plus 1/4% on borrowings up to $23,250,000. To the extent borrowings under the line exceed $23,250,000, the interest rate on any such excess borrowings will be at the bank's prime rate plus 1-1/2% and any borrowings in excess of $23,250,000 will be secured by a second lien on Loehmann's Fashion Island. During the remainder of fiscal 1994 the Trust expects to use the bank line to fund the remaining redevelopment costs of Loehmann's Fashion Island of approximately $4,000,000 and to fund capital expenditures on other Owned Properties of approximately $3,500,000. As described below, the Trust has entered into agreements to sell its interest in the Eagle apartments and its investment in Village Oaks apartments and currently intends to use the cash proceeds of approximately $10,000,000 from such sales to reduce the current amount outstanding under its bank line. However, there can be no assurance that such sales will be consummated. Accordingly, the Trust may borrow in excess of $23,250,000 under its bank line during fiscal 1994.

The Trust's mortgage notes payable is expected to increase in the third quarter of fiscal 1994 as a result of the Trust's acquisition of its lessee's interest in 6110 Executive Boulevard, which is subject to a $6,478,000 first mortgage, and the Trust's expected acquisition (through an Investment Partnership) of its lessee's interest in the Houston apartments investments, which are subject to non-recourse first mortgages aggregating approximately $26,000,000 (both as more fully described below). These two increases will be offset by a reduction in mortgage notes payable of $5,930,000 if the sale of the Trust's Eagle apartments occurs.

Review of Real Estate Activity During the Quarter

Apartments

With regard to the Trust's $10,000,000 partnership investment in the Houston apartments, on September 13, 1993, the Bankruptcy Court in Houston, Texas confirmed a reorganization plan for the partnership's lessee/mortgagor, which generally reduced the interest rates on and extended the terms of the first mortgages encumbering the properties and required the resumption of payments of interest and rent to the partnership on November 1, 1993 at a blended rate of 7.3% (the payments commenced as scheduled). Subsequent to the end of the second quarter the Trust directed its lessee to change the on-site management at all of the properties. The lessee then exercised its right to sell its interest in the properties to the Trust and its partners for approximately $427,000, with the closing expected to occur on or about March 31, 1994. The Trust anticipated that the lessee would exercise its right to sell its interest to the partnership and believes that such transfer will be beneficial to the Trust and its partners, as the partnership will have direct control over the management, renovation and disposition of the properties.

With regard to the Trust's $1,000,000 investment in the Village Oaks apartments in Westmont, Illinois, the Trust has granted its lessee an option to purchase the Trust's investment for $3,500,000, to be exercised no later than March 31, 1994. With regard to the Trust's $12,700,000 investment in the Eagle apartments, which is owned subject to a first mortgage of $5,930,000, the Trust has executed a purchase and sale agreement with a third party

Review of Real Estate Activity During the Quarter (continued)

Apartments (continued)

for approximately $12,600,000 with the closing to occur no later than March 31, 1994. At this time it is not possible to determine whether either sale will occur.

Shopping Centers

With regard to the redevelopment of Loehmann's Fashion Island, the Trust's 280,000 square foot shopping center located in Aventura, Florida, the project is now 85% leased. The grand reopening of the center occurred in December 1993 and the shopping center's largest tenant, Publix, opened for business in January 1994.

The Trust had previously reported on the potential sale of the Trust's land under Crossroads Mall, located in Boulder, Colorado. The sale had been contingent upon the completion of an initial public offering by an affiliate of the Trust's lessee on or before February 15, 1994. The offering was not completed by that date and, therefore, the sale did not occur.

With regard to the Trust's $500,000 mortgage loan investment in Rapids Mall, located in Wisconsin Rapids, Wisconsin, in November 1993, the mortgagor defaulted on its obligation to pay interest due the Trust. Subsequent to the end of the second quarter all payments due the Trust were collected and at the same time, the Trust granted the mortgagor an option to purchase the Trust's investment for $350,000, expiring on May 31, 1994.

Office Buildings

With regard to the Trust's sole remaining office building structured investment, 6110 Executive Boulevard in Rockville, Maryland, the Trust's lessee elected to convey its interest in the property to the Trust effective February 1, 1994, subject to a $6,478,000 non-recourse mortgage, with an interest rate of 9 5/8%. At January 31, 1994 the Trust utilized a portion of its previously established loss reserve to write down this $7,500,000 investment by $2,000,000 to $5,500,000.

On November 3, 1993 the Trust refinanced the first mortgage on the Park Place office building located in Clayton, Missouri. The result of the refinancing is a reduction on the annual effective interest expense from 8.25% to 5.65%, or an annual savings to the Trust of approximately $220,000.

Hotels

With regard to the Trust's investment in the Brown County Inn, located in Nashville, Indiana, the Trust, during the second quarter, sold its land investment for $600,000, resulting in a gain of $100,000, and its $1,000,000 leasehold mortgage on the property was prepaid at par.

Results of Operations for the Three and Six Months ended January 31, 1994 versus the Three and Six Months ended January 31, 1993

Revenues

Revenues from Owned Properties (base rent plus expense reimbursements) increased 38% and 41% for the three and six months ended January 31, 1994 as compared to the same periods in the prior year, primarily due to the Trust's acquisition of its lessee's interest in One Park West (in March 1993) and an increase in rental income from Loehmann's Fashion Island as new tenants occupy the shopping center. This latest factor should cause revenues from Owned Properties to increase further during the remainder of fiscal 1994. Additionally, revenues from Owned Properties are expected to increase in the third and fourth quarters of fiscal 1994 as compared to

Revenues (continued)

the second quarter due to the Trust's expected acquisition of its lessees' interests in 6110 Executive Boulevard and the Houston apartments in the third quarter of fiscal 1994, offset in part by a decrease if Eagle apartments is sold.

Base income from Structured Transactions decreased 17% and 14% for the three and six months ended January 31, 1994 as compared to the same periods in the prior year, primarily due to the conversion of One Park West to an Owned Property (in March 1993). Base income from Structured Transactions is expected to decrease in the third quarter of fiscal 1994 as compared to the second quarter principally due to the anticipated conversion of 6110 Executive Boulevard and the Houston apartments to Owned Properties in the third quarter of fiscal 1994, the sale of the Brown County Inn in January 1994 and the possible sale of Village Oaks in the third quarter.

Overage income increased 43% and 30% for the three and six months ended January 31, 1994 as compared to the same periods in the prior year due to the receipt of overage income from two apartment investments which did not pay any overage income in the comparable periods last year and increased overage from one of the hotel investments as compared to the comparable periods last year.

Expenses

Expenses on Owned Properties increased 29% and 26% for the three and six months ended January 31, 1994 as compared to the same periods in the prior year. The increases were primarily due to the conversion of One Park West to an Owned Property (in March 1993). Expenses on Owned Properties will increase further in the third and fourth quarters of fiscal 1994 as compared to the second quarter, principally due to the expected conversions of 6110 Executive Boulevard and the Houston apartments to Owned Properties, offset, in part, by a decrease if Eagle apartments is sold.

Interest expense increased 24% and 25% for the three and six months ended January 31, 1994 as compared to the same periods in the prior year. The increase was primarily due to the interest expense incurred on the first mortgage on the One Park West investment (acquired in March 1993) offset by a reduction in the interest expense on the Park Place office building as a result of the refinancing in November 1993. Interest expense is expected to increase further in fiscal 1994 as compared to the second quarter, due principally to the expensing of all interest related to Loehmann's Fashion Island once the redevelopment is completed and the expected acquisition of 6110 Executive Boulevard and the Houston apartments which are both subject to first mortgage financing, partially offset by a decrease if Eagle apartments is sold.

Depreciation expense increased 32% for the three and six months ended January 31, 1994 as compared to the same periods in the prior year primarily due to the acquisition of One Park West (in March 1993) and the increase in the depreciation of Loehmann's Fashion Island as portions of the redeveloped center are placed in service. Depreciation expense is expected to increase further in fiscal 1994 as compared to the second quarter principally due to the completion of the redevelopment of Loehmann's Fashion Island and the expected acquisition of 6110 Executive Boulevard and the Houston apartments, offset in part by a decrease if Eagle apartments is sold.

General and administrative expenses increased 18% and 9% for the three and six months ended January 31, 1994 as compared to the same periods in the prior year primarily due to year end compensation adjustments made in December 1993. General and administrative expenses for the remaining two fiscal quarters are each expected to be less than in the second quarter.

Professional fees decreased 60% and 35% for the three and six months ended January 31, 1994 as compared to the same periods in the prior year due to the completion of the bankruptcy proceedings with regard to the Houston apartments investments. Professional fees are expected to remain stable for the remainder of fiscal 1994.

Results of Operations for the Three and Six Months ended January 31, 1994 versus the Three and Six Months ended January 31, 1993 (continued)

Gain on Sale of Real Estate Investments

During the second quarter the Trust sold its land investment in the Brown County Inn, located in Nashville, Indiana, for $600,000, resulting in a gain of $100,000.

Income before Gain (Loss) on Real Estate Investments

During the remainder of fiscal 1994, the Trust expects income before gain (loss) on real estate investments to decrease due principally to an expected increase in depreciation expense related to the anticipated conversions of the Houston apartments and 6110 Executive Boulevard to Owned Properties.

Dividends

Dividends declared for the first and second quarters of fiscal 1994 and 1993 were $.07 each. The Trust pays dividends approximately 55 days following the end of each fiscal quarter.

Part II. Other Information

Item 1. Legal Proceedings
None

Item 4. Submission of Matters to a Vote of Security Holders
None

Item 6. Exhibits and Reports on Form 8-K
None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Trust has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PROPERTY CAPITAL TRUST
Registrant

March 16, 1994	\S\ ROBERT M. MELZER
Date	Robert M. Melzer
	President and Chief Executive Officer
	(Principal Financial Officer)

December 16, 1993

</TABLE>