PRIMARIS RETAIL REIT Announces Fourth Quarter and Annual Financial Results

Toronto (Ontario) March 9, 2010 – Primaris Retail REIT (TSX:PMZ.UN) is pleased to report solid financial results.

President and CEO, John Morrison, commented "2009 was a milestone year for Primaris. We successfully completed the transition to the internalized management model and are well positioned for a bright future. Late in the year we completed the most significant investment ever made by Primaris, and indeed, it was the largest real estate transaction of the year in Canada. Operationally 2009 will be remembered as a year that challenged consumers, retailers and landlords alike. It was demonstrated in lower tenant sales and fewer new store openings by tenants. However, occupancy rates remained strong in our properties and we continued to achieve rent increases on lease renewals, thereby underscoring the strength of our assets."

Highlights

Funds from Operations

- Funds from operations for the fourth quarter ended December 31, 2009 were $19.6 million or $0.310 per unit diluted, down $3.7 million from the $23.3 million, or $0.371 per unit diluted reported for the fourth quarter of 2008. The principal reasons for the change are 1) increases in general and administrative expenses which includes $2.5 million of non-recurring internalization costs, 2) an increase in interest expense primarily due to the issuance of a third series of convertible debentures, and 3) a decrease in same property net operating income.

- Funds from operations for the year ended December 31, 2009 were $81.4 million or $1.297 per unit diluted, down $8.5 million from the $89.9 million, or $1.435 per unit diluted reported for 2008. The decline includes $6.0 million spending towards non-recurring internalization costs.

Net Operating Income

- Net operating income for the fourth quarter ended December 31, 2009 was $40.8 million, an increase from the $40.3 million recorded in the fourth quarter of 2008.

- Net operating income for the year ended December 31, 2009 was $153.2 million, an increase from the $152.9 million recorded in 2008.

Same Property – Net Operating Income

- Net operating income for the fourth quarter ended December 31, 2009, on a same property basis, decreased 1.4% from the comparative three-month period. After adjusting for a decrease in the lease surrender revenue during 2009, same property net operating income would have only decreased 1.0%.

The decline is due to an increase in non-recoverable costs incurred in the fourth quarter of 2009 that are one-time and non-recurring. These costs include a lease termination payment to a tenant and the results of a sales tax audit covering the years 2005 -2009.

- Net operating income for the year ended December 31, 2009, on a same property basis, decreased 0.6% from 2008. Excluding the $1,787 increase in new property management fee structure and $1,002 for the decrease in lease surrender revenue, same property net operating income would have increased 1.2%.

Operations

- Primaris renewed or leased 202,847 square feet of space during the fourth quarter. The weighted average new rent in these leases, on a cash basis, represented a 10.3% increase over the previous rent paid.

- Primaris renewed or leased 1,109,980 square feet of space during 2009, which includes the renewal of two anchor stores. The weighted average new rent in these leases, on a cash basis, represented a 6.2% increase over the previous rent paid.

- The portfolio occupancy rate increased during the fourth quarter and was 97.2% at December 31, 2009, compared to 96.4% at September 30, 2009 and down from 98.2% at December 31, 2008.

- Same tenant sales, for the 15 properties owned during all of the 24 months ended December 31, 2009 was $442 as compared to $457 for the previous 12 months.

- During the fourth quarter, Primaris incurred and expensed $2.5 million of transitions costs, included in general and administrative expenses. The total for the year is $6.0 million.

Liquidity

- Prior to the fourth quarter, Primaris was extremely liquid with significant cash balances and a $120 million unutilized credit facility. During the fourth quarter of 2009, Primaris completed the issue of convertible debentures raising a net additional $82 million dollars of cash. These resources were used to fund two acquisitions completed in mid December. At the end of the year, Primaris had $15 million of cash on hand and $15 million drawn on its credit facility, leaving $105 million remaining on the credit facility. With the exception of a small $3.7 mortgage maturing in the first quarter of 2010, there are no loan maturities until 2011 and no commitments to fund mezzanine loans.

Financial Results

Funds from operations for the three months ended December 31, 2009 were $19.6 million or $0.314 per unit basic ($0.310 diluted). This compares to funds from operations of $23.3 million or $0.375 per unit basic ($0.371 diluted) earned during the three months ended December 31, 2008. The principal reasons for the change are 1) increases in general and administrative expenses which includes one-off internalization

costs, 2) an increase in interest expense primarily due to the issuance of a third series of convertible debentures and 3) a decrease in same property net operating income.

Funds from operations for the year ended December 31, 2009 were $81.4 million or $1.304 per unit basic ($1.297 diluted). This compares to funds from operations of $89.9 million or $1.448 per unit basic ($1.435 diluted) earned during 2008.

Net income for the three months ended December 31, 2009 was $6.4 million or $0.103 per unit (basic and diluted). This compares to $5.1 million or $0.083 per unit (basic and diluted) earned during the three months ended December 31, 2008.

Net income for the year ended December 31, 2009 was $6.7 million or $0.107 per unit (basic and diluted). This compares to net income of $9.8 million or $0.157 per unit (basic and diluted) earned during 2008.

Primaris made one small acquisition in the second quarter of 2009 and made two larger investments late in the fourth quarter of 2009 which contributed to the operations for the three months ended December 31, 2009. The total purchase price for the 2009 acquisitions was $366.9 million. In addition, three acquisitions were made at various times during 2008 (purchase price $14.5 million). These acquisitions and the related debt financings explain part of the difference between the years ended December 31, 2009 and 2008.

General and administrative expenses in the fourth quarter include $2.5 million of transition costs. $6.0 million of transition costs are expensed for the 2009 year.

The distribution payout ratio for the fourth quarter of 2009, expressed on a per unit basis as distributions paid divided by diluted funds from operations was 98.2% as compared to an 82.2% payout ratio for the fourth quarter of 2008.

The distribution payout ratio for 2009 year was 94.0% as compared to an 85.0% payout ratio for 2008.

The payout ratios are sensitive to both seasonal operating results and financial leverage.

At December 31, 2009 Primaris' total enterprise value was approximately $2.3 billion (based on the market closing price of Primaris' units on December 31, 2009 plus total debt outstanding). At December 31, 2009 Primaris had $1,282.4 million of outstanding debt, equating to a debt to total enterprise value ratio of 56.0%. On a net of cash basis, this ratio would be 55.7%. Primaris' debt consisted of $1,095.1 million of fixed-rate senior debt with a weighted average interest rate of 5.7% and a weighted average term to maturity of 6.6 years, $5.7 million of 6.75% fixed-rate convertible debentures, $87.7 million of 5.85% fixed-rate convertible debentures, $78.9 million of 6.30% fixed-rate convertible debentures, and a $15 million draw on the operating line. Primaris had a debt to gross book value ratio, as defined under the Declaration of Trust, of 53.4%. During the three months ended December 31, 2009, Primaris had an interest coverage ratio of 2.2 times as expressed by EBITDA divided by net interest expensed. Primaris defines EBITDA as net income increased by depreciation, amortization, interest expense and, if applicable, income tax expense. EBITDA is a non-GAAP measure and may not be comparable to similar measures used by other Trusts.

Operating Results
Net Operating Income – Same Properties

	Three months ended December 31, 2009	Three months ended December 31, 2008	Variance to Comparative Period Favourable/ (Unfavourable)
Operating revenue	$ 70,780	$ 71,154	$ (374)
Operating expenses	31,126	30,925	(201)
Net operating income	$ 39,654	$ 40,229	$ (575)

The same-property comparison consists of the 26 principal properties that were owned throughout both the current and comparative three-month periods. Net operating income, on a same-property basis, decreased $575, or 1.4%, in relation to the comparable three month period. Net operating income would have decreased only 1.0% adding back the change in lease surrender revenue. The decline is due to an increase in non-recoverable costs incurred in the fourth quarter of 2009 that are one-offs and non-recurring. These costs include a lease termination payment to a tenant and the results of a sales tax audit covering the years 2005 -2009.

Liquidity

Prior to the fourth quarter, Primaris was extremely liquid with significant cash balances and a $120 million unutilized credit facility. During the fourth quarter of 2009, Primaris completed the issue of convertible debentures raising a net additional $82 million dollars of cash. These resources were used to fund two acquisitions completed in mid December. At the end of the year, Primaris had $15 million of cash on hand and $15 million drawn on its credit facility, leaving $105 million remaining on the credit facility. With the exception of a small $3.7 mortgage maturing in the first quarter of 2010, there are no loan maturities until 2011 and no commitments to fund mezzanine loans. The annual requirement to fund loan principal payments amounts to approximately $22 million. The $120 million credit facility is scheduled to mature in July 2010. Management is confident that it will be able to extend the term of this facility.

Tenant Sales

For the 15 reporting properties owned throughout both the years ended December 31, 2009 and 2008 (same properties), sales per square foot, on a same-tenant basis, have decreased to $449 from $465 per square foot. For the same 15 properties the total tenant sales volume has decreased 3.4%.

	Same Tenant Sales per Square Foot		Variance		All Tenant Total Sales Volume		Variance	
	2009	2008	$	%	2009	2008	$	%
Dufferin Mall	531	565	(34)	-6.1%	85,187,698	90,172,219	(4,984,521)	-5.5%
Eglinton Square	358	373	(15)	-3.9%	28,436,990	35,516,731	(7,079,741)	-19.9%
Heritage Place	305	317	(12)	-3.8%	26,067,435	29,013,041	(2,945,606)	-10.2%
Lambton Mall	352	367	(15)	-4.1%	48,556,289	52,296,581	(3,740,292)	-7.2%
Place d'Orleans	459	464	(5)	-1.0%	107,595,206	105,170,770	2,424,436	2.3%
Place Du Royaume	385	389	(4)	-1.1%	107,171,410	104,713,073	2,458,337	2.3%
Place Fleur De Lys	318	322	(4)	-1.4%	72,228,388	73,256,840	(1,028,452)	-1.4%
Stone Road Mall	513	534	(21)	-4.0%	113,351,590	118,594,448	(5,242,858)	-4.4%
Aberdeen Mall	380	413	(33)	-8.1%	47,720,749	52,077,777	(4,357,028)	-8.4%
Cornwall Centre	532	537	(5)	-0.9%	78,574,269	76,966,196	1,608,073	2.1%
Grant Park	504	502	2	0.3%	28,505,331	29,868,605	(1,363,274)	-4.6%
Midtown Plaza	570	579	(9)	-1.6%	134,751,523	134,286,195	465,328	0.3%
Northland Village	461	470	(9)	-1.9%	46,664,172	47,260,709	(596,537)	-1.3%
Orchard Park Shopping Centre	467	495	(28)	-5.6%	137,851,045	148,037,425	(10,186,380)	-6.9%
Park Place Mall	492	523	(31)	-5.9%	76,177,354	81,474,358	(5,297,004)	-6.5%
	449	**465**	**(16)**	**-3.4%**	**1,138,841,459**	**1,178,706,978**	**(39,865,519)**	**-3.4%**

The tenants' sales decreased 3.4% per square foot, while the national average tenant sales as reported by the International Council of Shopping Centers ("ICSC") for the 12-month period ended December 31, 2009, decreased 1.7%. Primaris' sales productivity of $449 is lower than the ICSC average of $539, largely because the ICSC includes sales from super regional malls that have the highest sales per square foot in the country.

Leasing Activity

Primaris Retail REIT's property portfolio remains well leased.

The portfolio occupancy rate increased during the fourth quarter of 2009 and was 97.2% at December 31, 2009, compared to 96.4% at September 30, 2009 and down from 98.2% at December 31, 2008. These percentages include space for which signed leases are in place but where the tenant may not yet be in occupancy.

Primaris renewed or leased 202,847 square feet of space during the fourth quarter of 2009. Approximately 75% of the leased spaces during the fourth quarter of 2009 consisted of the renewal of existing tenants. The weighted average new rent in these leases, on a cash basis, represented a 10.3% increase over the previous rent paid.

Primaris renewed or leased 1,109,980 square feet of space during 2009, which includes the renewal of two anchor stores. Approximately 80% of the leased spaces during the fourth quarter of 2009 consisted of the renewal of existing tenants, or 74% if the anchor stores are excluded. The weighted average new rent in these leases, on a cash basis, represented a 6.2% increase over the previous rent paid.

Development Activity

At Lambton Mall in Sarnia, Ontario, Canadian Tire leased a 139,000 square foot store, previously occupied by Wal-Mart. Canadian Tire began work on the premises in October 2008, and opened on April 15, 2009. The former 106,331 square foot Canadian Tire store remained in operation until the new store opened. Primaris' budget for this phase of the project was approximately $3,500, and Canadian Tire spent additional funds in completing their store and executing their move. The scope of work included a small expansion as well as constructing a connection between the new store and the interior of the mall, something that did not exist with the previous tenant. Now that the former Canadian Tire store has been vacated, a second phase of the project will be planned, with Lambton Mall modifying and re-leasing the vacated space. Plans for this second phase are not yet finalized; however, discussions are underway with a number of retailers to participate in this second phase.

Comparison to Prior Period Financial Results

	Three Months Ended December 31, 2009	Three Months Ended December 31, 2008	Comparative Period Favourable/ (Unfavourable)
Revenue			
Minimum rent	$ 43,838	$ 41,992	$ 1,846
Recoveries from tenants	25,650	25,750	(100)
Percent rent	1,038	1,331	(293)
Parking	1,873	1,935	(62)
Interest & other income	157	775	(618)
Total revenue	72,556	71,783	773
Expenses			
Property operating	18,846	18,477	(369)
Property tax	12,603	12,198	(405)
Depreciation & Amortization	15,337	19,327	3,990
Interest	16,529	14,667	(1,862)
Ground rent	312	292	(20)
	63,627	64,961	1,334
Income from operations	8,929	6,822	2,107
General & administrative	(4,892)	(3,053)	(1,839)
Future income taxes	2,400	1,380	1,020
Gain on Sale of Land	-	-	-
Net income	**$ 6,437**	**$ 5,149**	**$ 1,288**
Depreciation of income producing properties	13,301	17,570	(4,269)
Amortization of leasing costs	1,712	1,708	4
Accretion of convertible debentures	555	270	285
Future income taxes	(2,400)	(1,380)	(1,020)
Gain on sale of land	-	-	-
Funds from operations	**$ 19,605**	**$ 23,317**	**$ (3,712)**
Funds from operations per unit - basic	$ 0.314	$ 0.375	$ (0.061)
Funds from operations per unit - diluted	$ 0.310	$ 0.371	$ (0.061)
Funds from operations - payout ratio	98.2%	82.2%	16.0%
Distributions per unit	$ 0.305	$ 0.305	$ -
Weighted average units outstanding - basic	62,507,282	62,255,812	251,470
Weighted average units outstanding - diluted	72,042,469	67,186,648	4,855,821
Units outstanding, end of period	62,534,594	62,269,712	264,882

Funds from Operations, which is not a defined term within Canadian generally accepted accounting principles, has been calculated by management, using Canadian generally accepted accounting principles, in accordance with REALPac's White Paper on Funds from Operations. The White Paper defines Funds from Operations as net income adjusted for depreciation and amortization of assets purchased, including the net impact of above and below market leases, amortization of leasing costs and accretion of convertible debentures. Funds from Operations may not be comparable to similar measures used by other entities.

Funds from operations for the quarter ended December 31, 2009 were $3.7 million ($0.061 per unit diluted) less than the comparative period.

Transition Update

As previously announced, Primaris fully internalized its management on January 1, 2010. There is a fuller discussion of this in the Management's Discussion and Analysis. During the three months ended December 31, 2009 Primaris incurred $2,675 of transition costs, of which $2,459 was expensed to General and Administration, $1,542 was capitalized, and $1,326 was received as a tenant allowance. The following chart summarizes the total anticipated spending for the transition project:

	Expense	Capital	Tenant Allowance	Total Spend	
2008	827	513	-	1,340	
2009	5,965	6,436	(1,326)	11,075	
2010	250	-	-	250	estimated
Total	**7,042**	**6,949**	**(1,326)**	**12,665**	

Reclassification of Prior Year's Amounts

Primaris has reclassified prior periods' results to reflect the reclassification of recoverable improvements (previously called recoverable operating costs) to a component of income-producing properties. This is discussed more fully in Management's Discussion and Analysis and the reclassification of the previous quarters is contained therein.

Supplemental Information

Primaris' audited consolidated financial statements and Management's Discussion and Analysis ("MD&A") for the year ended December 31, 2009 and 2008 are available on Primaris' website at www.primarisreit.com.

Forward-Looking Information

The MD&A contains forward-looking information based on management's best estimates and the current operating environment. These forward-looking statements are related to, but not limited to, Primaris' operations, anticipated financial performance, business prospects and strategies. Forward-looking information typically contains statements with words such as "anticipate," "believe," "expect," "plan" or similar words suggesting future outcomes. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements.

Examples of such information include, but are not limited to, factors relating to the business, taxation, financial position of Primaris, operations and redevelopments including volatility of capital markets, legislative change, consumer spending, retail leasing demand, strength of the retail sector, price volatility of construction costs, availability of construction labour and timing of regulatory and contractual approvals for developments.

Although the forward-looking statements contained in this document are based on what management of Primaris believes are reasonable assumptions, forward-looking statements involve significant risks and uncertainties. They should not be read as guarantees of future performance or results and will not necessarily be an accurate indicator of whether or not such results will be achieved. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause actual future results to differ from targets, expectations or estimates expressed in the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, economic, competitive and commercial real estate conditions, unplanned compliance-related expenses, uninsured property losses and tenant-related risks.

Non-GAAP Measures

Funds from operations ("FFO"), net operating income ("NOI") and earnings before interest, taxes, depreciation and amortization ("EBITDA") are widely used supplemental measures of a Canadian real estate investment trust's performance and are not defined under Canadian generally accepted accounting principles ("GAAP"). Management uses these measures when comparing itself to industry data or others in the marketplace. The MD&A describes FFO, NOI and EBITDA and provides a reconciliation to net income as defined under GAAP. FFO and EBITDA should not be considered alternatives to net income or other measures that have been calculated in accordance with GAAP and may not be comparable to measures presented by other issuers.

Conference Call

Primaris invites you to participate in the conference call that will be held on Wednesday, March 10, 2010 at 9am EST to discuss these results. Senior management will speak to the results and provide a brief corporate update. The telephone numbers for the conference call are: 416-340-2216 (within Toronto), and 1-866-226-1792 (within North America).

Audio replays of the conference call will be available immediately following the completion of the conference call, and will remain active until March 17, 2010. The replay will be accessible by dialing 416-695-5800 or 1-800-408-3053 and using the pass code 7234364.

Primaris is a TSX listed real estate investment trust (TSX:PMZ.UN). Primaris owns 28 income-producing properties comprising approximately 10.5 million square feet located in Canada. As of February 28, 2010, Primaris had 62,596,174 units issued and outstanding.

INFORMATION

John R. Morrison
President & Chief Executive Officer
(416) 642-7860

Louis M. Forbes
Executive Vice President
& Chief Financial Officer
(416) 642-7810

PRIMARIS RETAIL REAL ESTATE INVESTMENT TRUST

Consolidated Balance Sheets
December 31, 2009 and 2008

	2009	2008
Assets		
Income-producing properties	$ 1,763,426	$ 1,443,958
Leasing costs	41,209	38,200
Rents receivable	4,907	4,812
Other assets and receivables	31,023	24,438
Cash and cash equivalents	15,452	97,424
	$ 1,856,017	$ 1,608,832
Liabilities and Unitholders' Equity		
Liabilities:		
Mortgages payable	$ 1,089,966	$ 890,258
Convertible debentures	166,461	95,438
Bank indebtedness	15,000	–
Accounts payable and other liabilities	63,815	45,782
Distribution payable	6,358	6,334
Future income taxes	43,000	40,800
	1,384,600	1,078,612
Unitholders' equity	471,417	530,220
	$ 1,856,017	$1,608,832

PRIMARIS RETAIL REAL ESTATE INVESTMENT TRUST

Consolidated Statements of Income
(In thousands of dollars, except per unit amounts)

Three months and years ended December 31, 2009 and 2008

	Three months ended December 31,		Year ended December 31,	
	2009	2008	2009	2008
	(Unaudited)			
Revenue:				
Minimum rent	$ 43,838	$ 41,992	$ 166,284	$ 160,934
Recoveries from tenants	25,650	25,750	97,083	94,562
Percentage rent	1,038	1,331	2,966	3,687
Parking	1,873	1,935	6,267	6,384
Interest and other	157	775	1,798	4,166
	72,556	71,783	274,398	269,733
Expenses:				
Property operating	18,846	18,477	68,647	64,263
Property taxes	12,603	12,198	50,046	48,617
Depreciation	13,625	17,619	64,897	72,984
Amortization	1,712	1,708	6,898	5,710
Interest	16,529	14,667	60,244	57,497
Ground rent	312	292	1,241	1,313
General and administrative	4,892	3,053	13,559	9,070
	68,519	68,014	265,532	259,454
Income before gain on sale of land and income taxes	4,037	3,769	8,866	10,279
Gain on sale of land	–	–	–	298
	4,037	3,769	8,866	10,577
Future income taxes	2,400	1,380	(2,200)	(800)
Net income	$ 6,437	$ 5,149	$ 6,666	$ 9,777
Basic and fully-diluted net income per unit	$ 0.103	$ 0.083	$ 0.107	$ 0.157

PRIMARIS RETAIL REAL ESTATE INVESTMENT TRUST

Interim Consolidated Statements of Cash Flows
(In thousands of dollars)

Years ended December 31, 2009 and 2008

	2009	2008
Cash provided by (used in):		
Operations:		
Net income	$ 6,666	$ 9,777
Items not involving cash:		
Depreciation of income producing properties	60,827	69,045
Amortization of recoverable improvements	3,432	3,890
Amortization of leasing commissions and tenant improvements	6,898	5,710
Accretion of convertible debt	1,376	1,027
Gain on sale of land	–	(298)
Future income taxes	2,200	800
	81,399	89,951
Change in non-cash operating items:		
Gain on purchase of convertible debentures under normal course issuer bid	(727)	–
Depreciation of fixtures and equipment	638	49
Amortization of above- and below-market leases	(1,918)	(1,758)
Amortization of tenant inducements	146	124
Amortization of financing costs	1,665	1,522
Other	12,914	191
Leasing commissions	(978)	(1,649)
Tenant inducements	(53)	(282)
	93,086	88,148
Financing:		
Mortgage principal repayments	(18,622)	(17,087)
Proceeds of new financing	153,000	110,000
Repayment of financing	–	(62,454)
Bank indebtedness	15,000	–
Financing costs	(1,011)	(1,258)
Distributions to Unitholders	(76,158)	(75,817)
Issuance of units, net of costs	2,739	2,895
Issuance of convertible debentures, net of costs	82,451	–
Purchase of convertible debentures under normal course issuer bid	(5,127)	–
Purchase of units under normal course issuer bid	–	(338)
	152,272	(44,059)
Investments:		
Acquisition of income-producing properties	(300,135)	(14,597)
Additions to buildings and building improvements	(6,117)	(8,669)
Additions to tenant improvements	(9,022)	(12,043)
Additions to recoverable improvements	(5,620)	(5,469)
Additions to fixtures and equipment	(6,436)	(514)
Proceeds on sale of land	–	425
	(327,330)	(40,867)
Increase (decrease) in cash and cash equivalents	(81,972)	3,222
Cash and cash equivalents, beginning of year	97,424	94,202
Cash and cash equivalents, end of year	$ 15,452	$ 97,424

Supplemental cash flow information:		
Interest paid	$ 58,470	$ 53,921
Supplemental disclosure of non-cash operating, financing and investing activities:		
Value of units issued under asset management agreement	57	1,881
Value of units issued under equity incentive plan	75	–
Value of units issued from conversion of convertible debentures	353	758
Financing costs transferred to equity upon conversion of convertible debentures	15	33
Financing accumulated amortization transferred to equity upon conversion of convertible debentures	(7)	(12)
Mortgages payable, issued on acquisition of income producing properties	66,800	–

PRIMARIS RETAIL REAL ESTATE INVESTMENT TRUST

Consolidated Statements of Cash Flows
(In thousands of dollars)

Three months ended December 31, 2009 and 2008
(Unaudited)

	2009	2008
Cash provided by (used in):		
Operations:		
Net income	$ 6,437	$ 5,149
Items not involving cash:		
Depreciation of income producing properties	12,386	16,194
Amortization of recoverable improvements	915	1,376
Amortization of leasing commissions and tenant improvements	1,712	1,708
Accretion of convertible debt	555	270
Future income taxes	(2,400)	(1,380)
	19,605	23,317
Change in non-cash operating items:		
Depreciation of fixtures and equipment	329	49
Amortization of above- and below-market leases	(435)	(405)
Amortization of tenant inducements	37	37
Amortization of financing costs	541	374
Other	23,233	14,850
Leasing commissions	(247)	(443)
	43,063	37,779
Financing:		
Mortgage principal repayments	(4,757)	(4,490)
Proceeds of new financing	153,000	–
Bank indebtedness	15,000	–
Financing costs	(997)	(396)
Distributions to Unitholders	(19,069)	(18,995)
Issuance of units, net of costs	646	739
Issuance of convertible debentures, net of costs	82,451	–
Purchase of units under normal course issuer bid	–	(338)
	226,274	(23,480)
Investments:		
Acquisition of income-producing properties	(296,541)	(7,523)
Additions to buildings and building improvements	(1,145)	(1,676)
Additions to tenant improvements	(1,325)	(3,404)
Additions to recoverable improvements	(1,299)	(653)
Additions to fixtures and equipment	(1,543)	(277)
	(301,853)	(13,533)
Increase (decrease) in cash and cash equivalents	(32,516)	766
Cash and cash equivalents, beginning of year	47,968	96,658
Cash and cash equivalents, end of year	$ 15,452	$ 97,424
Supplemental cash flow information:		
Interest paid	$ 14,920	$ 13,867
Supplemental disclosure of non-cash operating, financing and investing activities:		
Value of units issued under asset management agreement	–	–
Value of units issued under equity incentive plan	21	–
Value of units issued from conversion of convertible debentures	191	–
Financing costs transferred to equity upon conversion of convertible debentures	8	–
Financing accumulated amortization transferred to equity upon conversion of convertible debentures	(4)	–
Mortgages payable; issued on acquisition of income producing properties	66,800	–

PRIMARIS RETAIL REAL ESTATE INVESTMENT TRUST

Reconciliation of Net Income to Funds from Operations
(In thousands of dollars)

	Three Months Ended December 31, 2009	Three Months Ended December 31, 2008
Net income	$ 6,437	$ 5,149
Depreciation of income producing properties	13,301	17,570
Amortization of leasing costs	1,712	1,708
Accretion of convertible debentures	555	270
Future income taxes	(2,400)	(1,380)
Funds from operations	**$ 19,605**	**$ 23,317**

Funds from Operations, which is not a defined term within Canadian generally accepted accounting principles, has been calculated by management, using Canadian generally accepted accounting principles, in accordance with REALPac's White Paper on Funds from Operations. The White Paper defines Funds from Operations as net income adjusted for depreciation and amortization of assets purchased, including the net impact of above and below market leases, amortization of leasing costs and accretion of convertible debentures. Funds from Operations may not be comparable to similar measures used by other entities.

Calculation of Net Operating Income
(In thousands of dollars)

	Three Months Ended December 31, 2009	Three Months Ended December 31, 2008
Revenue	$72,556	$71,783
Less: Corporate interest and other income	47	(472)
Property operating expenses	(18,846)	(18,477)
Property tax expense	(12,603)	(12,198)
Ground rent	(312)	(292)
Net operating income	**$ 40,842**	**$ 40,344**