



PRIMARIS RETAIL REIT Announces Extension of Management Contracts

Toronto (Ontario) January 15, 2008 –

Contract Amendments

Primaris Retail REIT (TSX:PMZ.UN) is pleased to report that Primaris and Oxford Properties, its asset and property manager, have agreed in principle to amend and extend the existing asset and property management agreements between the parties through to the end of 2009, subject to entering into definitive documentation on or before January 31, 2008.

Roland Cardy, Chairman of the Board of Trustees commented, "Primaris has been extremely well served by its external manager, Oxford Properties Group. The quality and scale of Oxford's real estate platform have enabled Primaris to deliver strong operating results and an active acquisition pipeline. As Trustees and unitholders, we have had the benefit of governance systems and human resources that are not ordinarily available to internally managed REITs of our size."

Mr. Cardy went on to say that internalization is expected to occur at the end of 2009. "While we are going to be very well served by the extension to the end of 2009, the Board also has concluded that Primaris has grown considerably and should internalize management at some point. We have chosen the end of 2009 to do that and therefore have not committed to a long term extension."

Term

The two contracts will have a term of 18 months, from July 2008 to December 31, 2009. The future direction is to internalize management. This extension allows both parties to participate in an orderly transition.

Fees

The fee structure has been amended effective July, 2008.

Property Management Agreement

The basic fee will be 3.5% of Gross Revenues, up from the 3.0% previously charged.

Leasing fees under the existing agreement will remain unchanged. Operating expenses directly incurred by the external manager on behalf of Primaris assets will continue to be charged to the operation of the assets.

Oxford also charges a platform management fee for centralized services and that charge is increasing from that originally established in 2003 to a level consistent with what Oxford charges other owners.

Asset Management Agreement

The base asset management fee is unchanged and is at the lower end of comparable fees for such services in the marketplace at 25 basis points of Gross Asset Value. The manager will continue to be required to take at least \$500,000 per year of its base fee in Primaris units.

The incentive fee will have the hurdle rate reset to equal the as yet not reported fully diluted Funds From Operation ("FFO") per unit for the twelve months ending June 30, 2008. The manager will continue to be required to take the incentive fee, if earned, in Primaris units. The measure of the hurdle has been changed from Distributable Income ("DI") to FFO because Primaris recently deleted DI from its Declaration of Trust. The expected impact of the change in hurdle rate will be to reduce the amount of the incentive fee in future years.

Acquisition Fee

There will be a new acquisition fee applied to real property acquisitions completed during the 18 month extension term. The fee will be charged at the rate of 50 basis points of the purchase price of the assets in question.

Disposition Fee

There will be a disposition fee applied to the sale price of real property dispositions equal to 50 basis points on sales completed during the 24 months ended December 31, 2009. The fee will not be levied against the first \$200 million of dispositions made by the REIT. The \$200 million exclusion exists to allow the REIT some room for capital redeployment activity without incurring this fee during the extension term. The rationale behind this fee is to allow the manager some certainty in its management revenue while it proceeds with the transition to internalization of the REIT. Consistent with this thought, the rate of fee reduces gradually during the last six months of the extended term.

Financial Impact

The existing fee structure was established in 2003 and there have been no changes since. Under the terms of the new contract, the annual gross fees payable to Oxford commencing in August 2008 on the REIT's current portfolio are expected to increase by approximately \$3.2 million. The exact amount of the fees will depend upon acquisition and disposition activity levels of the REIT.

Governance

A committee of independent trustees advised by independent advisors and the REIT's auditor KPMG reviewed the renewal arrangements with Oxford and alternatives including immediate internalization. The board endorsed the committee's recommendations to renew with Oxford until the end of 2009.

Forward-Looking Information

The press release 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, the REIT's 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 which 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, financial position of the REIT, operations and redevelopments including volatility of capital markets, 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 the REIT 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.

Primaris Retail REIT is a TSX listed real estate investment trust (TSX:PMZ.UN). Primaris Retail REIT owns 26 properties comprising approximately 9.3 million square feet located in Canada. As of November 30, 2007 the REIT had 61,922,526 units issued and outstanding.

One of North America's largest commercial real estate investment firms, Oxford Properties Group owns, develops, invests and manages a global portfolio of approximately \$15 billion of diverse real estate assets. Oxford is an Ontario Municipal Retirement System (OMERS) company.

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