Primaris

PRIMARIS RETAIL REIT Announces First Quarter Financial Results

Toronto (Ontario) May 12, 2008 - Primaris Retail REIT (TSX:PMZ.UN) is pleased to report a 20.2% increase in net operating income for the first quarter of 2008, as compared to the first quarter of 2007.

President and CEO, Michael Latimer, commented "We continue to be very pleased with the rate of internal growth represented by 4.6% Same Property net operating income growth in the first quarter. Occupancy rates remain strong and we are well positioned for future opportunities."

Highlights

Funds From Operations

- Funds from operations for the first quarter ended March 31, 2008 were $22.0 million or $0.353 per unit fully diluted, up 2.3% on a per unit basis from the $20.2 million, or $0.345 per unit reported for the first quarter of 2007.

Net Operating Income

- Net operating income for the first quarter ended March 31, 2008, was $36.8 million, substantially higher than the $30.6 million recorded in the first quarter of 2007. The large increase was driven principally by acquisitions.

Same Property – Net Operating Income

- Net operating income for the first quarter ended March 31, 2008, on a same property basis, increased 4.6% over the comparative three-month period. Excluding the net positive effect in the quarter of developments the increase in same-property NOI would have been 1.5%.

Operations

- The REIT renewed or leased 248,004 square feet of space during the first quarter. The weighted average new rent in these leases, on a cash basis, represented a 4.5% increase over the previous rent paid.

- The portfolio occupancy rate remained steady during first quarter and was 97.3% as at March 31, 2008, compared to 97.4% at December 31, 2007, and up from 97.1% at March 31, 2007.

- Same-tenant sales, for the 13 properties owned during all of the 24 months ended February 29, 2008 increased 3.6% to $470 per square foot as compared to the previous 12 months.

- The first quarter results included seasonal revenues of $2.3 million as compared to $1.8 million recorded in the first quarter of 2007.

Financial Results

Funds from operations for the three months ended March 31, 2008 was $22.0 million or $0.356 per unit basic ($0.353 fully diluted). This compares to funds from operations of $20.2 million or $0.347 per unit basic ($0.345 fully diluted) earned during the three months ended March 31, 2007.

Net income for the three months ended March 31, 2008 was $2.4 million or $0.038 per unit (basic and fully diluted). This compares to net income of $3.7 million or $0.064 per unit (basic and fully diluted) earned during the three months ended March 31, 2007.

The REIT acquired six properties at various times during 2007. These properties contributed significantly to operations throughout the three months March 31, 2008. These acquisitions and the related debt and equity financings explain a significant amount of the difference between the results for the current periods and the comparative periods. In addition the REIT acquired one site in the first quarter of 2008 which contributed to operations for only part of the three months ended March 31, 2008.

The distribution payout ratio for the first quarter of 2008, expressed on a per unit basis as distributions paid divided by fully diluted funds from operations was 86.5% as compared to a 85.5% payout ratio for the first quarter of 2007.

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

At March 31, 2008, the REIT's total enterprise value was approximately $2.0 billion (based on the market closing price of Primaris' units on March 31, 2008, plus total debt outstanding). At March 31, 2008 the REIT had $960.0 million of outstanding debt equating to a debt to total enterprise value ratio of 48.2%. The REIT's debt consisted of $861.6 million of fixed-rate senior debt with a weighted average interest rate of 5.7% and a weighted average term to maturity of 8.2 years, $6.5 million of 6.75% fixed-rate convertible debentures and $91.9 million of 5.85% fixed-rate convertible debentures. The REIT had a debt to gross book value ratio, as defined under the Declaration of Trust, of 47.6%. During the three months ended March 31, 2008, the REIT had an interest coverage ratio of 2.5 times as expressed by EBITDA divided by net interest expensed. The REIT 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 March 31, 2008	Three Months Ended March 31, 2007	Variance to Comparative Period Favourable / (Unfavourable)
Operating revenue	$ 56,913	$ 54,906	$ 2,007
Operating expenses	24,961	24,353	(608)
Net operating income	$ 31,952	$ 30,553	$ 1,399

The same property comparison includes only 20 properties that were owned throughout both the current and comparative three-month periods. Net operating income, on a same property basis, increased $1,399, or 4.6%, over the comparative three-month period.

Tenant sales

Tenant sales per square foot, on a same-tenant basis, have increased 3.6% to $470 in the 12 months ended February 29, 2008. Total tenant volume has increased by 7.0% when comparing sales for the same properties.

	Same-Tenant Sales per Square Foot 2008	Same-Tenant Sales per Square Foot 2007	Variance $	Variance %	All-Tenant Total Sales Volume 2008	All-Tenant Total Sales Volume 2007	Variance $	Variance %
Aberdeen Mall	$ 448	$ 435	$ 13	3.0%	$ 53,424,165	$ 54,946,442	$ (1,522,277)	(2.8%)
Cornwall Centre	494	461	33	7.1%	73,404,937	68,511,710	4,893,227	7.1%
Dufferin Mall	526	517	9	1.7%	89,280,768	85,861,113	3,419,655	4.0%
Eglinton Square	421	428	(7)	(1.6%)	39,552,425	40,508,853	(956,428)	(2.4%)
Grant Park Shopping Centre	365	362	4	1.0%	29,686,360	26,542,104	3,144,256	11.8%
Lambton Mall	370	376	(6)	(1.7%)	54,060,294	55,291,302	(1,231,008)	(2.2%)
Midtown Plaza	595	526	69	13.2%	126,602,302	109,854,303	16,747,999	15.2%
Northland Village	449	437	12	2.8%	46,825,442	41,763,585	5,061,857	12.1%
Orchard Park Shopping Centre	589	574	15	2.7%	149,913,385	134,124,440	15,788,945	11.8%
Park Place Shopping Centre	498	469	29	6.1%	80,595,527	73,564,310	7,031,217	9.6%
Place Fleur de Lys	329	322	7	2.1%	72,870,967	70,546,320	2,324,647	3.3%
Place du Royaume	397	379	18	4.7%	101,735,316	96,534,309	5,201,007	5.4%
Stone Road Mall	521	538	(16)	(3.1%)	116,175,174	108,128,391	8,046,783	7.4%
	$ 470	$ 454	$ 16	3.6%	$ 1,034,127,062	$ 966,177,183	$ 67,949,880	7.0%

Note: Tenant sales are reported on a one-month time lag during interim quarters; therefore, Q1 2008 is the 12 months to February 2008.

The REIT's increase in sales per square foot of 3.6% is favourable compared to the 2.9% national average tenant sales increase for the same period, as reported by the International Council of Shopping Centres for the 12 months ended February 29, 2008. The REIT’s sales productivity of $470 is lower than the ICSC average of $554, largely because the ICSC includes sales from super regional malls which 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 remained steady during the first quarter of 2008 at 97.3%, versus 97.4% at December 31, 2007. These percentages include space for which signed leases are in place but where the tenant may not yet be in occupancy.

The REIT leased 248,004 square feet of space during the first quarter of 2008. This represented 99 leases of generally smaller stores. Approximately 53% of the leased spaces during the first quarter of 2008 consisted of the renewal of existing tenants. The weighted average new rent for renewals of existing tenants in the first quarter, on a cash basis, represented a 4.5% increase over the previous cash rent.

Development Activity

Work on the development projects at Stone Road Mall, Dufferin Mall and Place du Royaume are all well underway and are progressing on time and on budget.

In mid-April 2007, the REIT agreed to terminate the lease of an 86,500 square foot Bay department store at Place du Royaume located in Saguenay, Quebec. The store closed in June 2007. The first phase of the project is to reconstruct the existing space for use by other retailers. Leases are in place for approximately 70,321 square feet or 96% of the leaseable area of the first phase of the project. The new common area of the mall, including the floor, demising walls, ceilings and the demolition of the exterior entrance was well under way at quarter-end. As at March 31, 2008, $5,826 has been incurred and capitalized. As part of this new circulation plan a small part of existing common area will be backfilled by retail use. The total budgeted cost of this project is approximately $14,000. The REIT expects there will be 12 months of downtime in the former department store space and that there will then be seven months of downtime while the backfill of existing common area occurs. At the end of the current quarter the first of the tenants in the former department store space opened and it is expected that the remainder of the tenants in that part of the project will open during the second quarter of 2008. The project is anticipated to generate a positive return on the property.

In the first quarter of 2006, the REIT commenced a $33,000 redevelopment of Stone Road Mall. This redevelopment was a two-phase project spread over two and a half years. The first phase included the re-demise and remerchandising of the former Zellers store, partial interior common area renovation, conversion of a theatre space to retail use and the relocation of the new food court. The second phase represents an interior renovation of the remaining common area, which commenced in April 2007. At the end of

Q1 2008, the second phase was substantially completed on time and under budget. As at March 31, 2008, $30.0 million has been incurred and capitalized. Management anticipates these enhancements will have a positive effect on the profitability of the property. Leasing on the redevelopment is complete.

The REIT commenced an $11.0 million capital program at Dufferin Mall in the third quarter of 2006. The first phase of work included interior flooring, ceilings, lighting, washrooms and improved communications and electrical distribution. As at March 31, 2008, $10.1 million has been incurred and capitalized. The remaining phase is a refurbishment of the exterior of the property, including landscaping and refurbished entrances, which commenced in April 2007 and expected to be complete in summer 2008.

Comparison to Prior Period Financial Results

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007	Variance to Comparative Period Favourable / (Unfavourable)
Revenue			
Minimum rent	$ 39,571	$ 33,093	$ 6,478
Recoveries from tenants	23,789	19,558	4,231
Percentage rent	712	725	(13)
Parking	1,564	1,404	160
Interest and other income	1,086	1,532	(446)
	$ 66,722	$ 56,312	$ 10,410
Expenses			
Operating	28,643	24,063	(4,580)
Interest	14,182	10,125	(4,057)
Depreciation and amortization	19,130	16,321	(2,809)
Ground rent	353	290	(63)
	$ 62,308	$ 50,799	$ (11,509)
Income from operations	4,414	5,513	(1,099)
General and administrative	1,908	1,783	(125)
Future income taxes	150	-	(150)
Net income	$ 2,356	$ 3,730	$ (1,374)
Depreciation of income-producing properties	18,005	15,347	2,658
Amortization of leasing costs	1,125	974	151
Amortization of acquired deferred recoverable costs	146	168	(22)
Accretion of convertible debentures	249	15	234
Future income taxes	150	-	150
Funds from operations	$ 22,031	$ 20,234	$ 1,797
Funds from operations per unit - basic	$ 0.356	$ 0.347	$ 0.009
Funds from operations per unit - fully diluted	$ 0.353	$ 0.345	$ 0.008
Funds from operations - payout ratio	86.5%	85.5%	1.0%
Distributions per unit	$ 0.305	$ 0.295	$ 0.010
Weighted average units outstanding - basic	61,965,060	58,382,528	3,582,532
Weighted average units outstanding - fully diluted	66,950,493	59,109,252	7,841,241
Units outstanding, end of period	62,039,190	58,491,743	3,547,447

Notes:
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 March 31, 2008 was $1.8 million ($0.008 more per unit, fully diluted) greater than the comparative period.

Supplemental Information

The REIT's consolidated financial statements and Management's Discussion and Analysis for the three-month period ended March 31, 2008 are available on the REIT's 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, 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.

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 Tuesday, May 13 at 10.30am 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: 416-641-6136 (within Toronto), and 1-866-223-7781 (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 May 20, 2008. The replay will be accessible by dialing 416-695-5800 or 1-800-408-3053 and using the pass code 3256353#.

The REIT is a TSX listed real estate investment trust (TSX:PMZ.UN). The REIT owns 26 income-producing properties comprising approximately 9.3 million square feet located in Canada. As of April 30, 2008, the REIT had 62,058,328 units issued and outstanding.

INFORMATION:

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PRIMARIS RETAIL REAL ESTATE INVESTMENT TRUST

Interim Consolidated Balance Sheets
(In thousands of dollars)

	March 31, 2008 (Unaudited)	December 31, 2007
Assets		
Income-producing properties	$ 1,463,586	$ 1,471,637
Deferred costs	47,871	46,242
Rents receivable	7,230	6,366
Other assets and receivables	26,611	24,588
Cash and cash equivalents	74,133	94,202
	$ 1,619,431	$ 1,643,035
Liabilities and Unitholders' Equity		
Liabilities:		
Mortgages payable	$ 857,300	$ 861,623
Convertible debentures	94,727	94,543
Accounts payable and other liabilities	44,935	49,678
Distribution payable	6,310	6,299
Future income taxes	40,150	40,000
	1,043,422	1,052,143
Unitholders' equity	576,009	590,892
	$ 1,619,431	$ 1,643,035

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PRIMARIS RETAIL REAL ESTATE INVESTMENT TRUST

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

Three months ended March 31, 2008 and 2007
(Unaudited)

	2008	2007
Revenue:		
Base rent	$ 39,571	$ 33,093
Recoveries from tenants	23,789	19,558
Percentage rent	712	725
Parking	1,564	1,404
Interest and other	1,086	1,532
	66,722	56,312
Expenses:		
Property operating	16,432	13,788
Property taxes	12,211	10,275
Depreciation	18,005	15,347
Amortization	1,125	974
Interest	14,182	10,125
Ground rent	353	290
General and administrative	1,908	1,783
	64,216	52,582
Income before income taxes	2,506	3,730
Future income taxes	150	–
Net income	$ 2,356	$ 3,730
Basic and fully diluted net income per unit	$ 0.038	$ 0.064

PRIMARIS RETAIL REAL ESTATE INVESTMENT TRUST

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

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Net income	$ 2,356	$ 3,730
Depreciation of income producing properties	18,005	15,347
Amortization of leasing costs	1,125	974
Accretion of convertible debentures	249	15
Amortization of acquired deferred recoverable costs	146	168
Future income taxes	150	-
Funds from operations	$ 22,031	$ 20,234

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 March 31, 2008	Three Months Ended March 31, 2007
Revenue	$66,722	$56,312
Less: Corporate interest and other income	(976)	(1,385)
Property operating expenses	(16,432)	(13,788)
Property tax expense	(12,211)	(10,275)
Ground rent	(353)	(290)
Net operating income	$ 36,750	$ 30,574