Primaris

PRIMARIS RETAIL REIT Announces Record First Quarter Financial Results, Acquisition and Development Activity

Toronto (Ontario) May 3, 2012 – Primaris Retail REIT (TSX:PMZ.UN) is pleased to report positive operating results for the first quarter of 2012. These results have been prepared in accordance with International Financial Reporting Standards ("IFRS").

President and CEO, John Morrison, commented "The year got off to a very good start from the perspective of our financial results and operating activity. In addition we recently completed a $45 million acquisition and have advanced certain development projects. Most notably we have started the third phase of the redevelopment at Lambton Mall, which involves the leasing of space previously occupied by an anchor tenant with two major tenants, Sport Chek and Cineplex, as well as one smaller store"

Highlights

Funds from Operations (FFO)

- Funds from operations for the first quarter ended March 31, 2012 were $32.7 million, up $7.7 million from the $25.0 million reported for the first quarter of 2011. On a per unit diluted basis, funds from operations for the first quarter of 2012 were $0.382, up $0.030 from the $0.352 reported for the first quarter of 2011.

- FFO is not a term defined under International Financial Reporting Standards (IFRS) and may not be comparable to similar measures used by other Trusts. A reconciliation of net income to FFO is included.

Net Operating Income (NOI)

- NOI for the first quarter ended March 31, 2012 was $57.4 million, an increase of $11.1 million from the $46.3 million recorded in the first quarter of 2011.

- NOI is not a term defined under IFRS and may not be comparable to similar measures used by other Trusts. A calculation of NOI is included.

Same Properties – Net Operating Income

- NOI for the first quarter ended March 31, 2012, for the properties held continually for the past twenty-four months, increased 2.8% from the comparative three month period.

Net Income

- Net income for the first quarter ended March 31, 2012 was $26.9 million, an increase of $21.9 million from the $5.0 million recorded in the first quarter of 2011.

Operations

- Primaris renewed or leased 529,547 square feet of space during the first quarter. The weighted average new rent in these leases, on a cash basis, represented a 6.5% increase over the previous rent paid (7.6% if the major tenants are excluded).

- The portfolio occupancy is relatively stable. It was 96.7% at March 31, 2012, compared to 97.1% at December 31, 2011, and 96.3% at March 31, 2011.

- Same tenant sales per square foot, for the 18 properties owned during all of the 24 months ended February 29, 2012 was $466 as compared to $468 for the previous 12 months.

Liquidity

- At March 31, 2012, Primaris had $3.1 million of cash on hand and $27.0 drawn on its $100.0 million credit facility.

Financial Results

FFO for the first quarter ended March 31, 2012 were $32.7 million, up $7.7 million from the $25.0 million reported for the first quarter of 2011. On a per unit diluted basis, funds from operations for the first quarter of 2012 were $0.382, up $0.030 from the $0.352 reported for the first quarter of 2011.

Net income for the first quarter ended March 31, 2012 was $26.9 million, an increase of $21.9 million from the $5.0 million recorded in the first quarter of 2011.

The FFO distribution payout ratio for the first quarter of 2012, calculated on a diluted basis, was 79.7% as compared to a 86.5% payout ratio for the first quarter of 2011 and 74.9% for the previous quarter December 31, 2011. The payout ratios are sensitive to both seasonal operating results and financial leverage.

At March 31, 2012, Primaris' total enterprise value was approximately $3.5 billion (based on the market closing price of Primaris' units on March 31, 2012 plus total debt outstanding). At March 31, 2012 Primaris had $1,661.8 million of outstanding debt, equating to a debt to total enterprise value ratio of 47.6%. Primaris' debt consisted of $1,423.9 million of fixed-rate senior debt with a weighted average interest rate of 5.4% and a weighted average term to maturity of 5.5 years, $27.0 million utilization of the operating line of credit, $2.7 million of 6.75% fixed-rate convertible debentures, $93.5 million of 5.85% fixed-rate convertible debentures, $39.7 million of 6.30% fixed-rate convertible debentures and $75.0 million of 5.40% fixed-rate convertible debentures.

Primaris had a debt to total asset ratio of 46.0%. During the three months ended March 31, 2012, Primaris had an interest coverage ratio of 2.4 times as expressed by EBITDA divided by interest expense on mortgages, convertible debentures and bank indebtedness. Primaris defines EBITDA as net income increased by depreciation, finance costs, income tax expense and amortization of leasing costs and straight-line rent. EBITDA is not a term defined under IFRS and may not be comparable to similar measures used by other Trusts. See below under "Non-IFRS Measures".

Operating Results

Comparison to Prior Period Financial Results (in thousands of dollars)

	Three Months Ended March 31, 2012 (unaudited)	Three Months Ended March 31, 2011 (unaudited)	Comparative Period Favourable/ (Unfavourable)
Revenue			
Minimum rent	$ 59,023	$ 48,889	$ 10,134
Recoveries from tenants	38,140	30,871	7,269
Percent rent	565	416	149
Parking	1,693	1,479	214
Other income	1,017	294	723
	100,438	81,949	18,489
Expenses			
Property operating	25,422	21,293	(4,129)
Property tax	19,279	15,479	(3,800)
Ground rent	331	294	(37)
General & administrative	2,429	3,127	698
Depreciation	381	187	(194)
	47,842	40,380	(7,462)
Income from operations	$ 52,596	$ 41,569	$ 11,027
Finance income	5	10	(5)
Finance costs	(26,212)	(36,140)	9,928
Fair value adjustment on investment properties	485	(450)	935
Net income	**$ 26,874**	**$ 4,989**	**$ 21,885**
Fair value adjustment on investment properties	(485)	450	(935)
Fair value adjustment on convertible debentures	671	12,336	(11,665)
Fair value adjustment on exchangeable units	2,255	3,861	(1,606)
Fair value adjustment on unit-based compensation	464	928	(464)
Distributions on exchangeable units	659	673	(14)
Amortization of tenant improvement allowances	2,275	1,781	494
Funds from operations (1)	**$ 32,713**	**$ 25,018**	**$ 7,695**
Funds from operations per unit - basic	$ 0.393	$ 0.363	$ 0.030
Funds from operations per unit - diluted	$ 0.382	$ 0.352	$ 0.030
Funds from operations - payout ratio	79.7%	86.5%	-6.8%
Distributions per unit	$ 0.305	$ 0.305	$ -
Weighted average units outstanding - basic	83,257,660	68,989,025	14,268,635
Weighted average units outstanding - diluted	94,214,608	78,464,092	15,750,516
Units outstanding, end of period	84,697,928	69,257,469	15,440,459

(1) Funds from Operations, which is not a defined term within IFRS, has been calculated by management, using International Financial Reporting Standards, in accordance with REALpac's White Paper on Funds from Operations. The White Paper adds back to net income items that do not arise from operating activities, such as amortization of tenant improvements, deferred income taxes and fair value adjustments. Funds from Operations may not be comparable to similar measures used by other entities. See below under "Non-IFRS Measures".

Funds from operations for the quarter ended March 31, 2012 were $7.7 million ($0.030 per unit diluted) greater than the comparative period.

Net Operating Income – Same Properties (in thousands of dollars)

	Three months ended March 31, 2012 (unaudited)	Three months ended March 31, 2011 (unaudited)	Variance to Comparative Period Favourable/ (Unfavourable)
Operating revenue[1]	$ 84,662	$ 82,567	$ 2,095
Less operating expenses	(37,456)	(36,640)	(816)
Net operating income[1]	$ 47,206	$ 45,927	$ 1,279

[1] Not a term defined under IFRS

NOI is not a term defined under IFRS and may not be comparable to similar measures used by other Trusts. Operating revenue from properties includes an adjustment for amortization of tenant improvement allowances, tenant inducements and straight-line rent to remove non-cash transactions from revenue for the calculation of net operating income. Operating expenses include operating expenses from properties, property taxes and ground rent.

The same-property comparison consists of the 27 properties that were owned throughout both the current and comparative three month periods. NOI, on a same-property basis, increased $1.3 million, or 2.8%, in relation to the comparable three month period.

Liquidity

At March 31, 2012, Primaris had $3.1 million of cash on hand and $27.0 drawn on its $100.0 million credit facility. There is one mortgage of $21.2 million maturing July 1, 2012.

Tenant Sales

For the 18 reporting properties owned throughout both the twelve month periods ended February 29, 2012 and 2011, sales per square foot, on a same-tenant basis, have decreased slightly to $466 from $468 per square foot. For the same 18 properties the all tenant total sales volume has increased 0.4%.

	(unaudited) Same Tenant Sales per Square Foot		Variance		(unaudited) All Tenant Total Sales Volume		Variance	
	2012	2011	$	%	2012	2011	$	%
Cataraqui	505	510	(5)	-1.0%	85,974	86,796	(822)	-0.9%
Dufferin Mall	549	545	4	0.7%	92,445	90,592	1,853	2.0%
Eglinton Square	365	372	(7)	-2.0%	32,251	28,029	4,222	15.1%
Heritage Place	306	316	(10)	-3.2%	25,363	25,508	(145)	-0.6%
Lambton Mall	317	327	(10)	-3.0%	45,244	48,471	(3,227)	-6.7%
Place d'Orleans	444	459	(15)	-3.2%	103,103	107,308	(4,205)	-3.9%
Place Du Royaume	421	417	4	0.9%	114,484	113,547	937	0.8%
Place Fleur De Lys	320	321	(1)	-0.2%	69,184	71,616	(2,432)	-3.4%
Stone Road Mall	533	528	5	1.0%	115,907	112,692	3,215	2.9%
Aberdeen Mall	369	371	(2)	-0.6%	48,751	48,051	700	1.5%
Cornwall Centre	584	561	23	4.1%	86,325	81,614	4,711	5.8%
Grant Park	532	537	(5)	-0.8%	26,298	27,170	(872)	-3.2%
Midtown Plaza	604	596	8	1.3%	135,182	131,616	3,566	2.7%
Northland Village	492	496	(6)	-1.1%	43,440	44,609	(1,169)	-2.6%
Orchard Park	487	491	(4)	-0.8%	131,938	129,908	2,030	1.6%
Park Place Mall	495	495	0	0.1%	76,954	76,485	469	0.6%
Sunridge Mall	479	492	(13)	-2.7%	92,886	92,428	458	0.5%
Woodgrove Centre	473	493	(20)	-4.1%	91,731	95,350	(3,619)	-3.8%
	466	**468**	**(2)**	**-0.6%**	**1,417,460**	**1,411,790**	**5,670**	**0.4%**

The same tenants' sales decreased 0.6% 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 February 29, 2012, increased 2.1%. Primaris' sales productivity of $466 is lower than the ICSC average of $597, 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 is relatively stable. It was 96.7% at March 31, 2012, compared to 97.1% at December 31, 2011, and 96.3% at March 31, 2011. The decline in occupancy from year end is primarily attributable to seasonality of revenues. 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 529,547 square feet of space during the first quarter of 2012. Approximately 76.5% of the leased spaces during the first quarter of 2012 consisted of the renewal of existing tenants. The weighted average new rent in these leases, on a cash basis, represented a 6.5% increase over the previous rent.

At year end, Primaris had a weighted average term to maturity of leases of 5.4 years.

Equity Offering

On May 1, 2012, Primaris entered into an underwriting agreement with a syndicate of banks to issue 4,350,000 trust units for gross proceeds of $100,500 plus an over-allotment option of up to $15,008.

Acquisition

On May 2, 2012 Primaris completed the acquisition of a 100% freehold interest in Driftwood Mall ("Driftwood"), a single-level enclosed community shopping centre with three pad tenants comprising a total leasable area of 260,058 square feet (after completion of a 28,000 square foot expansion proposed by Target) which is situated on a site of 22.64 acres.

The purchase price was $45.2 million which includes $1.85 million that will be advanced upon completion of the 28,000 square foot expansion of the Target store, expected in mid-2013. Closing was funded by a draw on Primaris' line of credit and the property is free of debt. Primaris expects the year one NOI return on purchase price to be 6.1%, increasing to 6.4% in year two.

Driftwood is the dominant enclosed shopping centre serving the Comox Valley Regional District, British Columbia, which includes the City of Courtenay, Town of Comox, the Village of Cumberland, and a number of smaller surrounding communities and as such strategically fits Primaris' target asset criteria of acquiring the dominant asset within its market.

Driftwood is located along Courtenay's main commercial strip, and is in close proximity to a number of other retail projects that include large and small box stores, as well as a number of smaller strip plazas. Some of the most notable retailers in the immediate area include: Wal-Mart, Future Shop, Business Depot, Winners, Sport Mart, The Brick, Canadian Tire, and Real Canadian Superstore.

Driftwood is currently anchored by Zellers (to be converted to a Target by mid-2013), Quality Foods (a regional grocery store with 10 other locations in British Columbia), London Drugs, Rialto Theatre (a banner of Landmark Cinemas), along with a good CRU tenant mix with notable tenants including Dollarama (scheduled to open summer 2012), CIBC, Boston Pizza, and Burger King. Target will create an enhanced draw as the only Target store between Campbell River (45 km north) and Nanaimo (98 km south).

National and regional tenants provide for a low credit risk profile and account for 97% of existing gross revenue. The overall occupancy of the centre is currently 95.4%. Anchor and Major tenants represent approximately 70% of the gross leasable area.

Development Activity

During 2009 Primaris completed phase one of a three phase redevelopment at Lambton Mall in Sarnia, Ontario. Although this first phase created a vacant anchor store location, it provided an opportunity not only to add a food court where none existed previously, but also to backfill the vacant anchor space with new retail to refresh the merchandise mix.

Construction is now complete on the second phase which introduced a new eight unit food court that opened December 1, 2011.

Work is about to begin on the third phase of the Lambton Mall redevelopment. The project involves the redevelopment of the vacant anchor space (approximately 92,000 square feet), formerly occupied by Canadian Tire. Part of the existing building will be demolished and replaced with a new Galaxy Theatre building comprising approximately 32,000 square feet, approximately 31,000 square foot Sport Chek and 1,000 square feet of commercial retail space. The plan also creates a new mall entrance next to H&M. The project includes the acquisition of the existing 5.9 acre Cineplex property located at 1450 London Road, adjacent to Lambton Mall. Upon opening of the new Galaxy Theatre at Lambton Mall, Cineplex will close its existing theatre. This phase will cost approximately $16 million, including the purchase of 1450 London Road. Lender approval is in hand and terms have been negotiated with Cineplex and Sport Chek. Municipal approvals are expected shortly and work will commence immediately thereafter for a spring 2013 opening of both Galaxy and Sport Chek.

A redevelopment project is well underway at Grant Park Shopping Centre in Winnipeg, Manitoba to accommodate an expanded and repositioned Manitoba Liquor Control Commission ("MLCC") store. This project also includes the realignment and upgrade of almost 11,500 square feet of common area with new floor and ceiling finishes which has revitalized the west end of the shopping centre. A portion of the exterior of the building and the west mall entrance are also being renovated to provide a marquee entry to the new redevelopment inside. Construction activities commenced in June 2011, with relocated retail tenants opening October 2011, and a targeted summer 2012 opening for the flagship MLCC. The project is on budget and is expected to cost $6.5 million. This phased redevelopment has already created an additional consumer draw to the centre.

The second phase of the redevelopment at Grant Park comprises a 5,000 square foot expansion of the shopping centre, re-leasing and remerchandising of approximately 23,000 square feet of other retail area, renovation and expansion of washrooms, and upgrade of an additional 5,000 square feet of common area. Landlord pre-construction activities are scheduled to commence in June 2012. Common area improvements and washroom renovations are expected to be completed by November 2012, and the expansion is expected to open in July 2013. This second phase has a $5.4 million budget.

A freestanding pad development at the southeast corner of Place d'Orleans is now underway to construct a 21,000 square foot Farm Boy, an Ottawa-based specialty grocery retailer. Primaris secured construction pricing, lender, anchor and municipal approvals from the City of Ottawa in December 2011. Landlord's work was completed in mid-February 2012, with a planned tenant opening in August 2012. Primaris will invest $3.0 million in this project. Farm Boy will act as a driver of mid-week traffic to the mall.

Supplemental Information

Primaris' consolidated financial statements and Management's Discussion and Analysis ("MD&A") for the three-month periods ended March 31, 2012 and 2011 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.

In particular, certain statements in this document discuss Primaris' anticipated outlook of future events. These statements include, but are not limited to:

(i) the accretive acquisition of properties and the anticipated extent of the accretion of any acquisitions, which could be impacted by demand for properties and the effect that demand has on acquisition capitalization rates and changes in the cost of capital;

(ii) reinvesting to make improvements and maintenance to existing properties, which could be impacted by the availability of labour and capital resource allocation decisions;

(iii) generating improved rental income and occupancy levels, which could be impacted by changes in demand for Primaris' properties, tenant bankruptcies, the effects of general economic conditions and supply of competitive locations in proximity to Primaris locations;

(iv) overall indebtedness levels, which could be impacted by the level of acquisition activity Primaris is able to achieve and future financing opportunities;

(v) tax exempt status, which can be impacted by regulatory changes enacted by governmental authorities;

(vi) anticipated distributions and payout ratios, which could be impacted by capital expenditures, results of operations and capital resource allocation decisions;

(vii) the effect that any contingencies could have on Primaris' financial statements;

(viii) anticipated replacement of expiring tenancies, which could be impacted by the effects of general economic conditions and the supply of competitive locations; and

(ix) the development of properties which could be impacted by real estate market cycles, the availability of labour and general economic conditions.

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. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include: a less robust retail environment; relatively stable interest costs; access to equity and debt capital markets to fund, at acceptable costs, the future growth program and to enable Primaris to refinance debts as they mature and the availability of purchase opportunities for growth.

Except as required by applicable law, Primaris undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Non-IFRS 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 IFRS. Management uses these measures when comparing itself to industry data or others in the marketplace. Primaris' MD&A describes FFO, NOI and EBITDA and provides reconciliations to net income, as defined under IFRS, for FFO and EBITDA. A reconciliation of FFO to net income, as defined by IFRS, and a calculation of NOI also appear at the end of the press release. FFO, NOI and EBITDA should not be considered alternatives to net income or other measures that have been calculated in accordance with IFRS 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 Friday May 4, 2012 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: 416-340-8530 (within Toronto), and 1-877-240-9972 (within North America).

Audio replays of the conference call will be available until May 27th immediately following the completion of the conference call, by dialling 905-694-9451 or 1-800-408-3053 and using pass code 1208535. The audio replay will also be available for download at www.primarisreit.com/q1conference.

Primaris is a TSX listed real estate investment trust (TSX:PMZ.UN). Primaris owns 33 income-producing properties comprising approximately 13.7 million square feet (giving effect to the Driftwood purchase) located in Canada. As of April 30, 2012, Primaris had 84,882,264 units issued and outstanding (including exchangeable units for which units have yet to be issued).

INFORMATION

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PRIMARIS RETAIL REAL ESTATE INVESTMENT TRUST

Condensed Consolidated Interim Statements of Financial Position
(In thousands of dollars)
(Unaudited)

	March 31, 2012	December 31, 2011
Assets		
Non-current assets:		
Investment properties	$ 3,560,100	$ 3,557,900
Current assets:		
Rents receivable	6,996	7,387
Other assets and receivables	30,614	25,010
Cash and cash equivalents	3,126	–
	40,736	32,397
	$ 3,600,836	$ 3,590,297
Liabilities and Equity		
Non-current liabilities:		
Mortgages payable	$ 1,257,940	$ 1,372,871
Convertible debentures	229,982	268,766
Exchangeable units	45,925	45,079
Accounts payable and other liabilities	1,414	1,205
	1,535,261	1,687,921
Current liabilities:		
Current portion of mortgages payable	159,752	53,004
Bank indebtedness	27,000	6,779
Accounts payable and other liabilities	50,591	61,744
Distribution payable	8,461	8,251
	245,804	129,778
	1,781,065	1,817,699
Equity	1,819,771	1,772,598
	$ 3,600,836	$ 3,590,297

PRIMARIS RETAIL REAL ESTATE INVESTMENT TRUST

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

	Three months ended March 31, 2012	2011
	(Unaudited)	
Revenue:		
Minimum rent	$ 59,023	$ 48,889
Recoveries from tenants	38,140	30,871
Percentage rent	565	416
Parking	1,693	1,479
Other Income	1,017	294
	100,438	81,949
Expenses:		
Property operating	25,422	21,293
Property taxes	19,279	15,479
Ground rent	331	294
General and administrative	2,429	3,127
Depreciation	381	187
	47,842	40,380
Income from operations	52,596	41,569
Finance income	5	10
Finance costs	(26,212)	(36,140)
Fair value adjustments on investment properties	485	(450)
Net income	26,874	4,989
Amortization of deferred net loss on cash flow hedges	57	58
Comprehensive income	$ 26,931	$ 5,047

PRIMARIS RETAIL REAL ESTATE INVESTMENT TRUST

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

	Three months ended March 31, 2012	Three months ended March 31, 2011
	(Unaudited)	
Cash flows from operating activities:		
Net income	$ 26,874	$ 4,989
Adjustments for:		
Amortization of tenant improvement allowances	2,275	1,781
Amortization of tenant inducements	55	29
Amortization of straight-line rent	(361)	(399)
Value of units and options granted under unit-based compensation plan	1,005	1,957
Depreciation of fixtures and equipment	381	187
Net finance costs	26,207	36,130
Fair value adjustments on investment properties	(485)	450
	55,951	45,124
Other non-cash operating working capital	(20,250)	(12,945)
Leasing commissions	(226)	(46)
Tenant improvements	(2,936)	(558)
Cash generated from operating activities	32,539	31,575
Interest received	5	10
Net cash from operating activities	32,544	31,585
Cash flows from financing activities:		
Mortgage principal repayments	(8,136)	(6,117)
Proceeds of new mortgage financing	–	110,000
Repayment of financing	–	(37,039)
Advance (repayment) of bank indebtedness	20,221	(10,000)
Interest paid on financing	(18,655)	(18,610)
Capitalized debt placement costs	(274)	(875)
Issuance of units	572	195
Distributions to Unitholders	(22,086)	(19,233)
Net cash flow from (used in) financing activities	(28,358)	18,321
Cash flows used in investing activities:		
Additions to buildings and building improvements	(97)	(2,164)
Additions to recoverable improvements	(425)	(93)
Additions to fixtures and equipment	(538)	(3)
Net cash flow used in investing activities	(1,060)	(2,260)
Increase in cash and cash equivalents	3,126	47,646
Cash and cash equivalents, beginning of period	–	6,500
Cash and cash equivalents, end of period	$ 3,126	$ 54,146
Supplemental disclosure of non-cash operating, financing and investing activities:		
Value of units issued from conversion of convertible debentures	39,455	7,284
Value of units issued upon exchange	1,409	597
Value of units issued under distribution reinvestment plan	3,280	1,828
Value of units issued under unit-based compensation plan	443	3

PRIMARIS RETAIL REAL ESTATE INVESTMENT TRUST

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

	(unaudited) Three Months Ended March 31, 2012	(unaudited) Three Months Ended March 31, 2011
Net income	$ 26,874	$ 4,989
Fair value adjustment on investment properties	(485)	450
Fair value adjustment on convertible debentures	671	12,336
Fair value adjustment on exchangeable units	2,255	3,861
Fair value adjustment on unit-based compensation	464	928
Distributions on exchangeable units	659	673
Amortization of tenant improvement allowances	2,275	1,781
Funds from operations	**$ 32,713**	**$ 25,018**

Funds from Operations, which is not a defined term within IFRS, has been calculated by management, using International Financial Reporting Standards, in accordance with REALpac's White Paper on Funds from Operations. The White Paper adds back to net income items that do not arise from operating activities, such as amortization of tenant improvements, deferred income taxes and certain fair value adjustments. Funds from Operations may not be comparable to similar measures used by other entities.

Calculation of Net Operating Income All Properties
(In thousands of dollars)

	(unaudited) Three Months Ended March 31, 2012	(unaudited) Three Months Ended March 31, 2011
Revenue	$100,438	$81,949
Add: Amortization of leasing costs	1,969	1,411
Less: Property operating expenses	(25,422)	(21,293)
Property tax expense	(19,279)	(15,479)
Ground Rent	(331)	(294)
Net operating income	**$ 57,375**	**$ 46,294**

Net Operating Income is not a defined term within IFRS. Net Operating Income may not be comparable to similar measures used by other entities.