



Primaris REIT Raises Guidance; Strong Q1/22 Results

Toronto, Ontario, May 3, 2022 – Primaris Real Estate Investment Trust (“Primaris” or “the Trust”) (TSX: PMZ.UN) announced today financial and operating results for the first quarter ended March 31, 2022.

Business Update Highlights

- Raised 2022 Net Operating Income ("NOI")** guidance by 2.7%, reflecting strong operational performance in Q1 2022 and prospects for the remainder of 2022;
- Successfully achieved an investment grade credit rating of BBB with a stable trend from DBRS Morningstar;
- Issued \$350 million aggregate principal amount of senior unsecured debentures with a combined weighted average interest rate of 4.46% and a weighted average term to mature of 3.9 years, met by strong and broad demand from institutional investors, increasing the REIT’s share of fixed rate debt from 63% to 100%; and
- Purchased 0.6 million units for \$9.4 million at an average price of approximately \$14.80 as at May 3, 2022 under the normal course issuer bid ("NCIB") and established an automatic securities purchase plan.

Financial and Operating Results Highlights

- 8.2% Same Properties Cash Net Operating Income ("Cash NOI")** growth reflective of post pandemic recovery and improving tenant sales;
- 87.5% committed occupancy, representing significant opportunity for future internal growth;
- \$0.381 Funds from Operations (FFO)** per unit, diluted;
- 52.5% FFO** payout ratio;
- 28.4% Debt to total assets;
- \$1.86 billion in unencumbered assets;
- 27 retail brands under contract on Primarché platform; and
- \$22.05 Net Asset Value** per unit.

“Tenant sales across all categories within our properties are showing consistent growth as shoppers continue to demonstrate strong interest in returning to in-person shopping,” said Patrick Sullivan, President and Chief Operating Officer. “The Primaris team has been working hard to deliver on the business plan we have laid out, including integration of the HOOPP properties into our large-scale, fully-internalized, vertically-integrated property and asset management platform.”

Chief Financial Officer, Rags Davloor added, “Primaris’ differentiated financial model is core to our overall strategy, providing a best-in-class capital structure upon which to build our business. Consistent with this philosophy is the successful March issuance of Primaris’ inaugural investment grade debenture offering, with a rating of BBB and a stable trend from DBRS.”

“We believe there is a great opportunity to deliver compelling investment returns to investors and look forward to delivering on that potential,” said Alex Avery, Chief Executive Officer. “Our increased guidance signals the confidence we have in our ability to take advantage of the ongoing recovery in retail property, and return to more typical consumer behaviour.”

Select Financial and Operational Metrics

As at or for the three months ended March 31, (in thousands of Canadian dollars unless otherwise indicated)(unaudited)	2022	2021 ¹
Number of investment properties	35	27
Gross leasable area (in millions of square feet)	11.3	7.6
In-place occupancy	85.9 %	87.3 %
Committed occupancy	87.5 %	89.7 %
Weighted average net rent per occupied square foot ²	\$ 23.86	\$ 23.50
Total assets	\$ 3,257,792	\$ 2,231,428
Total liabilities	\$ 1,004,279	\$ 1,125,772
Total revenue	\$ 91,772	\$ 61,096
Cash Net Operating Income** ("Cash NOI")	\$ 46,898	\$ 32,223
Same Properties Cash NOI** growth	8.2 %	—
Net income (loss)	\$ 30,031	\$ 116,673
Net income (loss) per unit	\$ 0.30	—
Funds from Operations** ("FFO") per unit diluted	\$ 0.381	—
FFO Payout Ratio**	52.5 %	—
Adjusted Funds from Operations** ("AFFO") per unit diluted	\$ 0.303	—
AFFO Payout Ratio**	66.1 %	—
Distributions declared per unit	\$ 0.20	—
Weighted average Units outstanding - diluted (in thousands)	102,198	—
Net asset value** per unit	\$ 22.05	—
Debt to total assets** ³	28.4 %	—
Debt to Adjusted EBITDA** ³	5.3x	—
Interest Coverage** ³	6.6x	—
Unencumbered assets	\$ 1,860,326	—
Secured debt as a percent of total debt	62.2 %	—
Weighted average term to debt maturity ⁴ (in years)	2.7	—
Weighted average effective interest rate ⁴	3.68 %	—

** Denotes a non-GAAP measure. See "Non-GAAP Measures".

1 As net income (loss) for the three months ended March 31, 2021 was calculated on the continuity-of-interests basis for the Primaris Properties only and does not reflect the capital structure of the newly created Trust, calculations on a per unit basis and debt ratios would not be relevant.

2 Supplementary financial measure.

3 The debt ratios are non-GAAP ratios calculated based on the Trust Indenture.

4 Results for mortgages payable and unsecured debentures only.

Operating Results

Same Properties Cash NOI** was \$2.6 million, or 8.2%, higher than the same period in 2021. The increase in Same Properties Cash NOI** was driven by higher revenues from base rent, percent rent and percent rent in lieu, and specialty leasing revenue. The revenue growth over the prior period reflects the completion of a portion of the lease abatement arrangements entered into during the pandemic and improving tenant sales.

The composition of AFFO** and AFFO** per unit for the three months ended March 31, 2022 is detailed below.

For the three months ended March 31, 2022 (\$ thousands) (unaudited)				
		Contribution		per unit
NOI** from:				
Same Properties**	\$	34,718	\$	0.341
Property under redevelopment		1,320		0.013
Acquisitions		12,449		0.122
Financing expenses (net of other income)		(5,072)		(0.050)
General and administrative expenses		(4,295)		(0.042)
Amortization		(196)		(0.002)
Impact of variance in outstanding units		—		(0.001)
FFO** and FFO** per unit		38,924		0.381
Internal expenses for leases		(1,416)		(0.014)
Straight-line rent		(1,431)		(0.014)
Tenant allowances and leasing costs		(3,291)		(0.032)
Recoverable and non-recoverable costs		(1,868)		(0.018)
AFFO** and AFFO** per unit	\$	30,918	\$	0.303

Occupancy and Leasing Results

As at March 31, 2022, the portfolio had an in-place occupancy rate of 85.9%, and a committed occupancy rate of 87.5%. The in-place occupancy rate of the HOOPP Properties is tracking lower at 83.5% and represents an opportunity for future organic growth. The committed occupancy rate includes executed lease agreements where the tenants have not yet taken possession of the space.

	Count	Committed Occupancy ¹		In-place occupancy	
		March 31, 2022	March 31, 2022	March 31, 2022	December 31, 2021
Primaris Properties	27	89.4%	87.2%	87.5%	87.5%
HOOPP Properties	8	83.9%	83.5%	83.2%	83.2%
	35	87.5%	85.9%	86.0%	86.0%

¹ Excluding Northland Village committed occupancy for the portfolio would be 89.2%.

In the quarter, Primaris completed 122 leasing deals totaling 444 thousand square feet including commercial retail unit (“CRU”) and anchor tenant lease renewals. While overall renewal rents were up 2.5%, CRU renewals were at rents 3.7% lower whereas anchor leasing spreads grew 15.4%. Included in CRU renewals are a number of lease agreements that provide lower than expiring rental rates due in part to tenant sales operating at below pre-pandemic levels. Typically, renewals at reduced rental rates are for shorter terms, pulling forward future lease negotiations.

Robust Liquidity and Differentiated Balance Sheet

On March 30, 2022, Primaris successfully issued \$150.0 million and \$200.0 million aggregate principal amount of Series A and B senior unsecured debentures due March 30, 2027 and March 30, 2025, respectively. The Series A and Series B unsecured debentures bear interest at rates of 4.727% and 4.267% per annum, respectively.

On March 4, 2022, Primaris received an investment grade credit rating of BBB stable from DBRS Morningstar enabling the Trust to access the unsecured debt markets for its inaugural debenture issuance. Management has targeted to reduce its secured debt as a percent of total debt to 40%. The ratio was 62.2% as at March 31, 2022. Management anticipates lowering this ratio to target as existing mortgages payable mature, market conditions permitting.

Liquidity at March 31, 2022 was \$431.8 million comprised of cash and cash equivalents of \$21.8 million and \$410.0 million of availability on credit facilities.

Primaris has \$1.86 billion of unencumbered assets and a calculated net asset value** per unit of \$22.05.

Conference Call and Webcast

Webcast details:

Date: May 4th, 2022, at 10:00 a.m. (ET)

Link: Please go to the Investor Relations section on Primaris' website or click [here](#).

Conference call details:

Dial: For Canada please dial: 1-833-950-0062

For International please dial: 1-929-526-1599

Passcode: 439910

The call will be accessible for replay until May 18, 2022, by dialing 1-226-828-7578 with access code 420038, or on the Investor Relations section of the website.

About Primaris Real Estate Investment Trust

Primaris is Canada's only enclosed shopping centre focused REIT, with ownership interests primarily in dominant enclosed shopping centres in growing markets. The portfolio totals 11.3 million square feet and is valued at approximately \$3.3 billion at Primaris' share. Economies of scale are achieved through its fully internal, vertically integrated, full-service national management platform. Primaris is very well-capitalized and is exceptionally well positioned to take advantage of market opportunities at an extraordinary moment in the evolution of the Canadian retail property landscape.

Forward-Looking Statements Disclaimer

Certain statements included in this news release constitute "forward-looking information" or "forward-looking statements" within the meaning of applicable securities laws. The words "will", "expects", "plans", "estimates", "intends" and similar expressions are often intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Specific forward-looking statements made or implied in this news release include but are not limited to statements regarding: statements with respect to expected future distributions, the Trust's development activities, the expected benefits from the integration of the HOOPP properties and the normal course issuer bid. These statements are based on factors or assumptions that were applied in drawing a conclusion or making a forecast or projection, including assumptions based on historical trends, current conditions and expected future developments. Since forward-looking statements relate to future events and conditions, by their very nature they require making assumptions and involve inherent risks and uncertainties. Primaris cautions that although it is believed that the assumptions are reasonable in the circumstances, these risks and uncertainties give rise to the possibility that actual results may differ materially from the expectations set out in the forward-looking statements. Material risk factors and assumptions include those set out in the MD&A which will be available on SEDAR, and in Primaris' other materials filed with the Canadian securities regulatory authorities from time to time. Given these risks, undue reliance should not be placed on these forward-looking statements, which apply only as of their dates. Other than as specifically required by

law, Primaris undertakes no obligation to update any forward-looking statements to reflect new information, subsequent or otherwise.

Non-GAAP Measures

Information in this press release is a select summary of results. This press release should be read in conjunction with the Trust's Management Discussion and Analysis and Interim Condensed Consolidated Statements of Financial Position and the accompanying notes for the quarter ended March 31, 2022 (together the "Financial Statements").

Primaris' Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). However, Primaris also uses a number of measures which do not have a standardized meaning prescribed under generally accepted accounting principles ("GAAP") in accordance with IFRS. These non-GAAP measures, which are denoted in this press release by the suffix "***" may include non-GAAP financial measures and/or non-GAAP ratios, each as defined in National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure*. None of these non-GAAP measures should be construed as an alternative to financial measures calculated in accordance with GAAP. Furthermore, these non-GAAP measures may not be comparable to similar measures presented by other real estate entities and should not be construed as an alternative to financial measures determined in accordance with IFRS.

Non-GAAP Measure	Description
Net Operating Income (NOI)	<p>Defined as rental revenue, as calculated under GAAP, less property operating costs, as calculated under GAAP. The calculation excludes certain expenses such as interest in order to reflect properties' operations regardless of how they are financed.</p> <p>Management believes that NOI is an important measure of the income generated from the income-producing properties and is used by the Trust in evaluating the performance of the portfolio. It is also a key input in determining the value of the income-producing portfolio.</p>
Cash Net Operating Income (Cash NOI)	<p>Defined as NOI net of revenue from straight-line rent and lease surrender revenue.</p> <p>Straight-line rent results from the difference between cash rent received and revenue recognized on a straight-line basis over the full term of the lease for accounting purposes. This is a non-cash amount.</p> <p>Lease surrender revenue is earned when a tenant returns space to Primaris before the completion of the lease term. These amounts are not earned evenly over any calendar year and are not predictable.</p> <p>Management believes excluding non-cash revenue from straight-line rent and inconsistently earned lease surrender revenue from the Cash NOI calculation provides further insights to the operations of the income-producing property portfolio.</p>
Cash NOI Margin	<p>Cash NOI Margin is a ratio calculated based on Cash NOI as a percentage of rental revenue excluding the impact of straight-line rent and lease surrender revenue.</p> <p>Management believes that Cash NOI Margin is an important measure of the percentage of income generated from the income producing properties and is used to evaluate the performance of the portfolio.</p>
Same Properties NOI / Cash NOI	<p>Same Properties NOI / Cash NOI is used to assess the period-over-period performance of those income-producing properties owned and operated by Primaris in both periods. NOI / Cash NOI from properties that have been acquired, disposed or are subject to significant change as a results of new development, redevelopment, expansion or demolition are excluded from the determination of Same Properties NOI / Cash NOI.</p> <p>Management believes Same Properties NOI / Cash NOI is useful in evaluating the realization of contractual rental rate changes embedded in lease agreements, and understanding the impact of period-over-period changes in occupancy, rental rates and operating costs on income-producing property performance.</p>

Non-GAAP Measure	Description
Funds from Operations (FFO) / FFO per unit	<p>Primaris calculates FFO as defined by REALPAC. In calculating FFO, net income (or loss) is adjusted for items that do not arise from operating activities.</p> <p>Management believes that FFO is a useful measure of operating performance that, when compared period over period, reflects the impact on operations of trends in occupancy levels, rental rates, acquisition activity, and financing costs.</p> <p>FFO per unit is a non-GAAP ratio calculated by dividing FFO by the weighted average units, diluted, outstanding during the period.</p>
Adjusted Funds from Operations (AFFO) / FFO per unit	<p>Primaris calculates AFFO as defined by REALPAC. In calculating AFFO, FFO is adjusted for capital expenditures incurred to maintain the existing productive capacity of the property portfolio and eliminates the impact of straight-line rent. AFFO is impacted by the seasonality inherent in the timing of executing operating capital projects.</p> <p>Management believes that AFFO is a useful measure of operating performance. AFFO per unit is a non-GAAP ratio calculated by dividing AFFO by the weighted average units, diluted, outstanding during the period.</p>
FFO and AFFO Payout Ratios	<p>FFO and AFFO Payout Ratios are supplementary measures calculated as cash distributions declared by the Trust divided by FFO and AFFO.</p> <p>Primaris uses these ratios to assess the sustainability of the Trust's distribution payments.</p>
Debt or Total Debt	<p>Debt, as defined for use in certain financial ratios, is calculated as total outstanding debt from senior unsecured debentures, mortgages payable and credit facilities, excluding deferred financing costs and mark-to-market adjustments.</p>
Debt to Total Assets	<p>Debt to Total Assets is determined by dividing Debt as defined above by total assets as presented on the consolidated statement of financial position.</p> <p>Management believes this ratio is useful in evaluating the Trust's flexibility to incur additional financial leverage.</p>
Net Asset Value (NAV) / NAV per unit	<p>NAV is calculated as total assets less total liabilities as calculated under IFRS with the exception of excluding any outstanding exchangeable units from total liabilities.</p> <p>NAV per unit is a non-GAAP ratio calculated by dividing NAV by the weighted average units, diluted, outstanding during the period.</p>
Adjusted Earnings before Income, Tax, Depreciation and Amortization (Adjusted EBITDA)	<p>Adjusted EBITDA is calculated as net income reversing, where applicable, interest expense, income taxes, depreciation expense, amortization expense and adjustments to fair value.</p> <p>Adjusted EBITDA is used by management as an input in several debt metrics and financial ratios to assess the Trust's ability to satisfy obligations, including servicing debt, financing capital expenditures and providing distributions to Unitholders.</p>
Debt to Adjusted EBITDA	<p>This ratio which is useful to measure the Trust's ability to satisfy debt obligations is calculated as average quarterly Debt divided by rolling four-quarters adjusted EBITDA.</p> <p>Until the Trust has established historical performance to calculate Adjusted EBITDA for a rolling four-quarters, the year-to-date Adjusted EBITDA is prorated to represent an annual value for use in debt metric calculations.</p>
Interest Coverage	<p>Interest Coverage, defined in the Trust Indenture, is calculated as Adjusted EBITDA divided by interest expense on Total Debt. This excludes amortization of deferred financing costs and mark-to-market adjustments.</p> <p>Management calculates Interest Coverage to assess the Trust's ability to service the interest requirements of the outstanding debt.</p>
Debt Service Coverage	<p>Debt Service Coverage, defined in the Trust Indenture, is calculated as Adjusted EBITDA divided by the sum of interest expense and regularly scheduled principal payments on Total Debt. Interest expense excludes amortization of deferred financing costs and mark-to-market adjustments and principal payments excludes balloon, bullet or similar principal payments at maturity.</p> <p>Management calculates Debt Service Coverage to assess the Trust's ability to meet obligations of the outstanding debt.</p>

The following table reconciles NOI** to rental revenue and property operating costs as presented in the unaudited interim period financial statements.

For the three months ended March 31, (\$ thousands) (unaudited)		2022	2021
Rental Revenue	\$	91,772	\$ 61,096
Property operating costs		(43,285)	(27,499)
Net Operating Income**		48,487	33,597
Exclude variances from:			
Straight-line rent		(1,431)	(1,263)
Lease surrender revenue		(158)	(111)
Cash Net Operating Income**	\$	46,898	\$ 32,223
Cash NOI Margin**		52.0 %	54.0 %

The following table reconciles Same Properties** to Cash NOI** above.

For the three months ended March 31, (\$ thousands) (unaudited)		2022	2021
Same Properties NOI**	\$	34,718	\$ 32,617
Exclude variances from:			
Straight-line rent		(738)	(1,239)
Lease surrender revenue		(158)	(111)
Same Properties Cash NOI**	Growth	33,822	31,267
	8.2 %		
Cash NOI** from:			
Property under redevelopment		1,325	956
Acquisitions		11,751	—
Cash NOI**	\$	46,898	\$ 32,223

The following table reconciles net income, as determined in accordance with GAAP, to FFO**.

For the three months ended March 31, (\$ thousands) (unaudited)		2022
Net income (loss)	\$	30,031
Reverse:		
Adjustments to fair value of unit-based compensation		(319)
Adjustments to fair value of investment properties		7,796
Internal expenses for leases		1,416
Funds from Operations**		38,924
FFO** per unit - diluted	\$	0.381
FFO payout ratio** - Target 45% - 50%		52.5 %
Distributions declared per Unit	\$	0.20
Weighted average Units outstanding - diluted in thousands		102,198

The following table reconciles FFO** to AFFO**.

For the three months ended March 31, (\$ thousands) (unaudited)	2022
Funds from Operations**	\$ 38,924
Reverse:	
Internal expenses for leases	(1,416)
Straight-line rent	(1,431)
Deduct:	
Leasing costs and tenant allowances	(3,291)
Maintenance capital	(1,868)
Adjusted Funds from Operations**	30,918
AFFO** per Unit - diluted	\$ 0.303
AFFO payout ratio**	66.1 %
Distributions declared per unit	\$ 0.20
Weighted average Units outstanding - diluted in thousands	102,198

The following table calculates NAV** per unit.

	March 31, 2022
Investment Properties	\$ 3,202,313
Other assets	55,479
Total assets	3,257,792
Mortgages payable	(574,924)
Senior unsecured debentures	(350,000)
Credit facilities	—
Note payable ¹	—
Total debt**	(924,924)
Other liabilities, excluding exchangeable units	(79,355)
Net Asset Value**	\$ 2,253,513
Weighted average Units outstanding – diluted (in thousands)	102,198
Debt to Total Assets** ² - Target 25% - 35%	28.4%
Net Asset Value per unit**	\$ 22.05

** The debt ratios are non-GAAP ratios calculated based on the Trust Indentures, as supplemented. See Section 10.4, "Capital Structure" of the MD&A.

1 The note payable amount outstanding on December 31, 2021 was repaid on January 5, 2022 through a draw on Primaris' credit facility.

2 The debt ratios are non-GAAP ratios calculated based on the Trust Indentures, as supplemented. See Section 10.4, "Capital Structure".

The following table calculates financial ratios for debt to adjusted EBITDA**, interest coverage and debt service.

For the three months ended March 31, (\$ thousands) (unaudited)	2022
Net income (loss)	\$ 30,031
Net interest and other financing charges	6,055
Amortization	196
Adjustments to fair value of unit-based compensation	(319)
Adjustments to fair value of investment properties	7,796
Adjusted EBITDA**	\$ 43,759
Adjusted EBITDA** ¹ - annualized	\$ 175,036
Average debt	\$ 924,067
Debt to Adjusted EBITDA** - Target 4.0x - 6.0x	5.3x
Interest expense ²	\$ 6,584
Interest coverage** ¹	6.6x
Principal repayments	\$ 5,076
Interest expense ²	\$ 6,584
Debt service coverage** ¹	3.7x

1 The debt ratios are non-GAAP ratios calculated based on the Trust Indentures, as supplemented. See Section 10.4, "Capital Structure" of the MD&A.

2 Interest expense includes interest on senior unsecured debentures, mortgages, and credit facilities. See Section 9.1, "Components of Net Income (Loss)" of the MD&A.

For more information:

Alex Avery

Chief Executive Officer

416-642-7837

aavery@primarisreit.com

Rags Davloor

Chief Financial Officer

416-645-3716

rdavloor@primarisreit.com

TSX: PMZ.UN

www.primarisreit.com www.sedar.com