



Primaris REIT Announces Strong Q1 2023 Results

Toronto, Ontario, May 3, 2023 – Primaris Real Estate Investment Trust (“Primaris” or “the Trust”) (TSX: PMZ.UN) announced today financial and operating results for the first quarter and ended March 31, 2023.

Quarterly Financial and Operating Results Highlights

- \$96.4 million total rental revenue;
- +9.8% Same Properties Cash Net Operating Income** ("Cash NOI") growth;
- 91.3% committed occupancy and 90.6% in-place occupancy;
- \$0.369 Fund from Operations** ("FFO") per average diluted unit;
- \$3.3 billion total assets;
- 55.5% FFO Payout Ratio**;
- 33.5% Debt to Total Assets**;
- 5.1x Average Net Debt** to Adjusted EBITDA**
- \$468.3 million in liquidity;
- \$2.7 billion in unencumbered assets; and
- \$21.74 Net Asset Value** ("NAV") per unit outstanding.

Business Update Highlights

- Received an upgrade to its issuer rating to BBB (high) and maintaining a Stable trend;
- Achieved a reduction of 0.25% in the interest rate on the unsecured credit facilities due to the upgrade;
- Issued \$250.0 million aggregate principal amount of senior unsecured debentures at an interest rate of 5.934%;
- Entered into an \$85.0 million interest only mortgage with an interest rate of 5.516% and an eight-year term;
- Improved liquidity to \$468.3 million, extended the debt maturity profile and eliminated exposure to floating rate debt; and
- Purchased for cancellation 1,204,400 Units under the NCIB at an average price per unit of approximately \$14.78, representing a discount to NAV** of approximately 32.0%. Subsequent to March 31, 2022, Primaris purchased an additional 120,000 Units under the automatic share purchase plan for consideration of \$1.6 million as of May 3, 2023.

"Enclosed malls across our portfolio continue to experience a significant rebound in tenant sales, with select retailers looking to expand their store footprint," said Patrick Sullivan, President and Chief Operating Officer. "There is significant growth to be captured over the next few years as we drive occupancy back to historical normal levels, and focus on continuing to convert pandemic lease concessions to market rents."

Chief Financial Officer, Rags Davloor added, "Our differentiated financial model, including very low leverage, a low payout ratio and significant retained free cash flow is a major strategic advantage for Primaris REIT. After receiving an issuer rating upgrade to BBB High, amongst the highest DBRS ratings currently awarded within the Canadian public REIT universe, we successfully issued \$250 million of unsecured debentures at 5.934%. Unsecured debt now comprises 72.8% of our total debt stack. With unencumbered assets of \$2.7 billion, zero exposure to variable rate debt, and zero debt maturing in 2023, we have materially reduced refinancing risk and enhanced liquidity, freeing up valuable resources to focus on managing the business and growth opportunities."

"We see a long runway of growth opportunities, spanning occupancy improvement, increasing rental rates, reinvesting to enhance select shopping centres, recycling capital and growing our portfolio through acquisitions," said Alex Avery, Chief Executive Officer. "We continue to raise awareness about Primaris REIT, and in 2023 intend to demonstrate our ability to transact on properties that are consistent with our strategy and enhance the value of Primaris REIT units, while executing on capturing internal NOI growth opportunities, and acting in a manner consistent with the best-in-class profile we have created at Primaris."

2023 Financial Outlook

Disciplined capital allocation is a key pillar to Primaris' strategy. To this end, Primaris reiterates its established targets for managing the Trust's financial condition.

	Targets
Debt to Total Assets** ¹	25% - 35%
Average Net Debt** to Adjusted EBITDA** ¹	4.0x – 6.0x
FFO Payout Ratio**	45% - 50%
Secured debt to Total Debt**	<40%

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures" in the Management's Discussion and Analysis ("MD&A").

¹ The debt ratios are non-GAAP ratios calculated on the basis described in the indentures for the Series A, Series B and Series C debentures (the "Trust Indentures"). See Section 10.4, "Capital Structure" in the MD&A.

In addition to its established targets above, in the MD&A for the three months and year ended December 31, 2022 Primaris published guidance for the full year of 2023. This guidance has been reproduced again below:

Occupancy: Management continues to anticipate portfolio occupancy to increase 0.8% to 1.0% in 2023.

Rental Revenue: Management continues to anticipate contractual rent-steps of approximately \$2.1 million, or approximately 1.0% of base rent.

Rental Revenue: Management continues to anticipate straight-line rent to be in the range of \$1.8 million to \$2.2 million.

Same Properties Cash NOI**: Management continues to anticipate growth in Same Properties Cash NOI** to be between 3.0% to 5.0%.

General and Administrative Expenses: Management continues to anticipate general and administrative expenses for the 2023 fiscal year to be approximately \$30 million.

Operating Capital Expenditures: 2023 operating capital expenditures continue to be anticipated to be in the range of \$27.7 million to \$31.7 million, or \$2.55 to \$2.90 per square foot.

Redevelopment Capital Expenditures: Management continues to anticipate spending to be in the range of \$30 million to \$40 million, primarily related to Northland Village in Calgary, Alberta.

Impact of NCIB Activity: Primaris continues to believe that, from time to time, the market price for the Units may not fully reflect their intrinsic value, and in such circumstances, using the NCIB to repurchase Units is an attractive use of capital until other investment opportunities are available that meet our disciplined capital allocation approach.

Distributions: Effective for the distribution declared on December 30, 2022, paid January 16, 2023, Primaris increased the distribution rate from \$0.80 to \$0.82 per unit per annum, or 2.5%. Management continues to intend to increase distributions annually, as operations permit.

Select Financial and Operational Metrics

As at or for the three months ended, (in thousands of Canadian dollars unless otherwise indicated) (unaudited)	March 31, 2023	December 31, 2022	March 31, 2022
Number of investment properties	35	35	35
Gross leasable area ("GLA") (in millions of square feet)	10.9	10.9	11.3
In-place occupancy	90.6 %	91.1 %	85.9 %
Committed occupancy	91.3 %	91.5 %	87.5 %
Weighted average net rent per occupied square foot ¹	\$ 24.30	\$ 24.23	\$ 23.86
Total assets	\$ 3,277,463	\$ 3,201,781	\$ 3,257,792
Total liabilities	\$ 1,181,210	\$ 1,114,152	\$ 1,004,279
Total revenue	\$ 96,369	\$ 99,804	\$ 91,772
Cash flow from (used in) operating activities	\$ 22,887	\$ 47,948	\$ 34,968
Cash Net Operating Income** ("Cash NOI")	\$ 51,187	\$ 53,593	\$ 46,898
Same Properties Cash NOI** growth	9.8 %	—	—
Net income (loss)	\$ 35,586	\$ (25,770)	\$ 30,031
Net income (loss) per unit	\$ 0.369	\$ (0.264)	\$ 0.296
Funds from Operations** ("FFO") per unit - average diluted	\$ 0.369	\$ 0.387	\$ 0.381
FFO Payout Ratio**	55.5 %	52.1 %	52.5 %
Adjusted Funds from Operations** ("AFFO") per unit - average diluted	\$ 0.319	\$ 0.271	\$ 0.303
AFFO Payout Ratio**	64.2 %	74.5 %	66.1 %
Distributions declared per unit	\$ 0.205	\$ 0.202	\$ 0.200
Weighted average Units outstanding - diluted ('000s)	97,788	98,945	102,198
Net Asset Value** ("NAV") per unit outstanding	\$ 21.74	\$ 21.49	\$ 22.44
Debt to Total Assets** ²	33.5 %	31.5 %	28.4 %
Average Net Debt** to Adjusted EBITDA** ²	5.1x	5.0x	5.2x
Interest Coverage** ²	3.7x	4.2x	6.6x
Liquidity	\$ 468,301	\$ 175,954	\$ 431,785
Unencumbered Assets	\$ 2,712,996	\$ 2,863,844	\$ 1,860,326
Unencumbered assets to unsecured debt	3.4x	3.6x	5.3x
Secured debt to Total Debt**	27.2 %	21.4 %	62.2 %
Fixed rate debt as a percent of Total Debt**	100.0 %	70.9 %	100.0 %
Weighted average term to debt maturity -Total Debt** (in years)	3.9	3.2	2.7
Weighted average interest rate - Total Debt**	4.76 %	4.87 %	3.68 %

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures" in the MD&A.

¹ Supplementary financial measure, see Section 1, "Basis of Presentation" - "Use of Operating Metrics" in the MD&A.

² The debt ratios are non-GAAP ratios calculated on the basis described in the indentures for the Series A, Series B and Series C debentures (the "Trust Indentures"). See Section 10.4, "Capital Structure" in the MD&A.

Operating Results

Same Properties Cash NOI** was \$4.5 million, or 9.8%, higher than the same period of the prior year. Cash NOI** for shopping centres contributed \$4.6 million, or 10.0%, to the increase and for other properties decreased \$0.1 million, or 0.2%. The increase was driven by higher revenues from base rent, percent rent in lieu of base rent, percentage rent, specialty leasing revenue and bad debt recoveries. Redevelopment projects completed in 2022 contributed \$0.5 million to the shopping centres' base rent.

Excluding the impact of bad debt recoveries, Same Properties Cash NOI** was \$3.8 million, or 8.2%, higher than the same period of the prior year, comprised of 8.3% growth from shopping centres, partially offset by a slight decline of 0.1% at the other properties.

The below table compares the composition of FFO** and AFFO** and calculates the drivers of the changes for the three months ended March 31, 2023 as compared to the same period in 2022.

For the three months ended March 31, (\$ thousands except per unit amounts) (unaudited)	2023		2022		Change	
	Contribution	per unit ¹	Contribution	per unit ¹	Contribution	per unit ¹
NOI** from:						
Same Properties ²	\$ 51,155	\$ 0.523	\$ 47,168	\$ 0.461	\$ 3,987	\$ 0.039
Property under redevelopment	1,151	0.012	1,319	0.013	(168)	(0.001)
Interest and other income	1,404	0.014	983	0.010	421	0.004
Net interest and other financing charges	(11,838)	(0.121)	(6,055)	(0.059)	(5,783)	(0.057)
General and administrative expenses (net of internal expenses for leases)	(5,401)	(0.055)	(4,295)	(0.042)	(1,106)	(0.011)
Amortization	(374)	(0.004)	(196)	(0.002)	(178)	(0.002)
Impact of variance in weighted average units	—	—	—	—	—	0.016
FFO** and FFO** per unit - average diluted	\$ 36,097	\$ 0.369	\$ 38,924	\$ 0.381	\$ (2,827)	\$ (0.012)
Internal expenses for leases	(1,847)	(0.019)	(1,416)	(0.014)	(431)	(0.005)
Straight-line rent	(833)	(0.008)	(1,431)	(0.014)	598	0.006
Recoverable and non-recoverable costs	(1,152)	(0.012)	(1,868)	(0.018)	716	0.007
Tenant allowances and leasing costs	(1,049)	(0.011)	(3,291)	(0.032)	2,242	0.022
Impact of variance in weighted average units	—	—	—	—	—	(0.002)
AFFO** and AFFO** per unit - average diluted	\$ 31,216	\$ 0.319	\$ 30,918	\$ 0.303	\$ 298	\$ 0.016

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures" in the MD&A.

¹ Per weighted average diluted unit

² Properties owned throughout the entire 15 months ended March 31, 2023, excluding properties under development or major redevelopment, are referred to as "Same Properties".

The \$0.012 decrease in FFO** per unit was primarily attributable to a \$0.057 decrease per unit due to higher net interest and other financing charges and a \$0.011 decrease per unit due to higher general and administrative expenses. These per unit decreases were partially offset by \$0.039 per unit from Same Properties NOI** growth and a \$0.016 per unit increase due to the change in Units outstanding as a result of NCIB activity. The \$0.016 increase in AFFO** per unit was primarily driven by the variability of capital spending for tenant allowances and leasing costs.

The below table compares the composition of FFO** and AFFO** for the three months ended March 31, 2023 to the prior quarter ended December 31, 2022 and calculates the drivers of the quarter-over-quarter changes.

(\$ thousands except per unit amounts) (unaudited)	March 31, 2023		December 31, 2022		Change	
	Contribution	per unit ¹	Contribution	per unit ¹	Contribution	per unit ¹
For the three months ended						
NOI** from:						
Same Properties	\$ 51,155	\$ 0.523	\$ 53,934	\$ 0.545	\$ (2,779)	\$ (0.028)
Property under redevelopment	1,151	0.012	1,124	0.011	27	—
Interest and other income	1,404	0.014	1,002	0.010	402	0.004
Net interest and other financing charges	(11,838)	(0.121)	(10,518)	(0.106)	(1,320)	(0.013)
General and administrative expenses (net of internal expenses for leases)	(5,401)	(0.055)	(6,859)	(0.069)	1,458	0.015
Amortization	(374)	(0.004)	(375)	(0.004)	1	—
Impact of variance in weighted average units	—	—	—	—	—	0.004
FFO**	\$ 36,097	\$ 0.369	\$ 38,308	\$ 0.387	\$ (2,211)	\$ (0.018)
Internal expenses for leases	(1,847)	(0.019)	(1,606)	(0.016)	(241)	(0.002)
Straight-line rent	(833)	(0.008)	(639)	(0.006)	(194)	(0.002)
Recoverable and non-recoverable costs	(1,152)	(0.012)	(5,934)	(0.060)	4,782	0.048
Tenant allowances and leasing costs	(1,049)	(0.011)	(3,347)	(0.034)	2,298	0.023
Impact of variance in weighted average units	—	—	—	—	—	(0.001)
AFFO**	\$ 31,216	\$ 0.319	\$ 26,782	\$ 0.271	\$ 4,434	\$ 0.048

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures" in the MD&A.

¹ Per weighted average diluted unit.

The \$0.018 decrease in quarter-over-quarter FFO** per unit was primarily attributable to a \$0.028 decrease per unit due to lower Same Properties NOI**, due to seasonality of specialty leasing and percent rent in lieu of base rent, and a \$0.013 decrease per unit due to higher net interest and other financing charges. These per unit decreases were partially offset by a \$0.015 increase per unit from lower general and administrative costs, due in part to additional bonus accruals in the prior quarter, and a \$0.004 per unit increase due to the change in Units outstanding as a result of NCIB activity. The \$0.048 increase in quarter-over-quarter AFFO** per unit is driven by the seasonality of recoverable capital projects and the variability of capital spending for tenant allowances and leasing costs.

Occupancy and Leasing Results

Primaris' leasing activities are focused on driving value by actively managing the tenant and merchandising mix at its investment properties. Due to seasonality, fourth quarter occupancy is typically higher as retailers benefit from holiday shopping. Portfolio in-place occupancy at March 31, 2023 increased 4.7% from March 31, 2022.

As at	Count	Committed occupancy	In-place occupancy		
		March 31, 2023	March 31, 2023	December 31, 2022	March 31, 2022
Shopping centres ¹	22	90.9%	90.2%	91.0%	87.0%
Other properties ²	13	95.4%	93.8%	91.7%	79.0%
Portfolio occupancy	35	91.3%	90.6%	91.1%	85.9%
Portfolio average in-place occupancy					
Three months ended	35		90.6%	91.0%	85.9%

¹ Shopping centres include 21 enclosed malls and 1 open air centre, Highstreet Shopping Centre in Abbotsford, BC.

² Other properties include 9 plazas, 3 office buildings and 1 industrial building.

In the quarter, Primaris completed 137 leasing deals totaling 0.5 million square feet. Overall renewal rents were up 4.9% comprised of commercial retail unit ("CRU") renewals of 6.9%, and large format renewals of 1.7%.

Included in the leasing activity for the quarter were 36 new leases that were for a lease term of less than one year, or for percentage rent in lieu of base rent. While these lease structures have always been a tool to manage tenant relocations and the timing of development plans, during the pandemic leases structured as percentage rent in lieu of base rent were more prevalent to assist tenants and to maintain occupancy rates. As these leases mature, management anticipates moving tenants back to traditional lease structures.

Percentage Rent in Lieu of Base Rent Leases		
As at	Number of Leases	Portion of Leases by Count ¹
March 31, 2023	155	7.1 %
December 31, 2022	169	7.7 %
September 30, 2022	177	8.1 %
June 30, 2022	181	8.3 %
March 31, 2022	184	8.5 %

¹ Lease count excludes short term leases.

Robust Liquidity and Differentiated Financial Model

Primaris' differentiated financial model is core to its overall strategy, providing a best-in-class capital structure upon which to build the business, providing on-going financial stability and strength. The following table summarizes Primaris' unencumbered assets and unsecured debt.

(\$ thousands) (unaudited)			
As at	Target Ratio	March 31, 2023	December 31, 2022
Unencumbered assets - number		29	30
Unencumbered assets - value		\$ 2,712,996	\$ 2,863,844
Unencumbered assets as a percentage of the investment properties		86.3%	91.8%
Secured debt to Total Debt**	<40%	27.2%	21.4%
Unencumbered assets to unsecured debt		3.4x	3.6x
Unencumbered assets in excess of unsecured debt		\$ 1,912,996	2,069,844
Percent of Cash NOI** generated by unencumbered assets		85.2%	90.2%

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures" in the MD&A.

In March 2023, management took steps to reduce the Trust's risk with respect to availability of liquidity and rising interest rates, without any material increase in anticipated interest expense. As previously announced, Primaris issued \$250.0 million senior unsecured debentures for a 5-year term with an interest rate of 5.934% and entered into an 8-year interest only mortgage secured by Stone Road Mall in Guelph, Ontario for \$85.0 million at a 5.516% annual rate of interest. Primaris also increased its economic hedge with respect to draws on the credit facilities from \$150.0 million to \$200.0 million, swapping the underlying variable rate for a fixed rate of 3.685% until October 18, 2027.

As a result of these actions Primaris has reduced its exposure to floating rate debt to nil.

There is no debt maturing in 2023.

Liquidity at quarter end was \$468.3 million, or 42.6% of Total Debt**, covering all debt obligations into 2026.

Primaris has a NAV** per unit outstanding of \$21.74.

Conference Call and Webcast

Date: Thursday May 4, 2023, at 10:00 a.m. (ET)

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

Conference call details:

Dial: For Canada please dial: 1-833-470-1428

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

Passcode: 748562

The call will be accessible for replay until May 18, 2023, by dialing 1-866-813-9403 with access code 459275, or on the Investor Relations section of the website.

Annual General Meeting of Unitholders

Date: Thursday, May 4, 2023 at 11:00 a.m. (ET)

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

Refer to the section "General Proxy Information" in the [Management Information Circular](#) which can be viewed online at www.primarisreit.com or under Primaris REIT's SEDAR profile at www.sedar.com, for instructions on how to attend and vote at the meeting. The webcast of the meeting will be archived on our website following the meeting.

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 10.9 million square feet valued at approximately \$3.1 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 and Future Oriented Financial Information 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: growth opportunities, estimated growth of Same Properties Cash NOI**, expected future distributions, the Trust's development activities, expected benefits from the Trust's normal course issuer bid activity, occupancy improvement, increasing rental rates, future acquisitions, reinvestment in select shopping centres, internal NOI growth opportunity, refinancing risk, the Trust's targets for managing its financial condition, the recovery of tenant sales, and the movement of tenants back to traditional lease structures. Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. These statements are not guarantees of future performance and are based on estimates and assumptions that are inherently subject to risks and uncertainties, Primaris cautions that although it is believed that the assumptions are reasonable in the circumstances, actual results, performance or achievements of Primaris 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.

Readers are cautioned that there is a significant risk that actual results for the year ending December 31, 2023 will vary from the financial outlook statements provided in this press release and MD&A and that such variations may be material.

Certain forward-looking information included in this news release may also be considered “future-oriented financial information” or “financial outlook” for purposes of applicable securities laws (collectively, “FOFI”). FOFI about the Trust’s prospective results of operations including, without limitation, anticipated NOI** growth, impact on rental revenue of contractual rent-steps, anticipated general and administrative expense levels, and anticipated capital spending, is subject to the same assumptions, risk factors, limitations and qualifications 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. The Trust and management believe that such FOFI have been prepared on a reasonable basis, reflecting management’s best estimates and judgments. However, because this information is subjective and subject to numerous risks, it should not be relied on as necessarily indicative of future results. FOFI contained in this news release was made as of the date of this news release and was provided for the purpose of providing further information about the Trust’s prospective results of operations. Readers are cautioned that the FOFI contained herein should not be used for purposes other than for which it is disclosed herein.

Readers are also urged to examine the Trust’s materials filed with the Canadian securities regulatory authorities from time to time as they may contain discussions on risks and uncertainties which could cause the actual results and performance of Primaris to differ materially from the forward-looking statements contained in this news release. All forward-looking statements in this news release are qualified by these cautionary statements. These forward-looking statements are made as of May 3, 2023 and Primaris, except as required by applicable securities laws, assumes no obligation to update or revise them to reflect new information or the occurrence of future events or circumstances.

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 MD&A and the Trust’s unaudited interim condensed consolidated financial statements and the accompanying notes (together the “Financial Statements”) for the three months ended March 31, 2023 and 2022.

The 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 “***” include non-GAAP financial measures and non-GAAP ratios, each as defined in National Instrument 52-112, *Non-GAAP and Other Financial Measures Disclosure* (“NI 52-112”). 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. A definition of each non-GAAP measure used herein and an explanation of management’s reasons as to why it believes the measure is useful to investors can be found in the section entitled “Non-GAAP Measures” in the MD&A, which section is incorporated by reference into this news release, and a reconciliation to the most directly comparable financial measure in the Financial Statements, in each case, can be found below. The MD&A is available on the Trust’s profile on SEDAR at www.sedar.com.

Use of Operating Metrics

Primaris uses certain operating metrics to monitor and measure the operational performance of its portfolio. Operating metrics in this news release include, among others, investment property count, gross leasable area (“GLA”), in-place occupancy, committed occupancy, weighted average net rent per occupied square foot, and normalized average operating capital cost per square foot. Certain of these operating metrics, including weighted average net rent per occupied square foot and normalized average operating capital cost per square foot, may constitute supplementary financial measures as defined in NI 52-112. These supplementary measures are not derived from directly comparable measures contained in the Financial Statements but may be used by management and disclosed on a periodic basis to depict the historical or future expected financial performance, financial position or cash flow of the Trust. For an explanation of the composition of weighted average net rent per occupied square foot and normalized average operating capital cost per square foot, see “Section 8, “Operational Performance” – “Weighted Average Net Rent” and “Operating Capital Expenditures” in the MD&A, respectively, which sections are incorporated by reference into this news release.

Reconciliations of Non-GAAP Measures

The following tables reconcile NOI** to rental revenue and property operating costs as presented in the unaudited interim condensed consolidated Financial Statements.

For the periods ended March 31, (\$ thousands) (unaudited)	Three months	
	2023	2022
Rental Revenue	\$ 96,369	\$ 91,772
Property operating costs	(44,063)	(43,285)
Net Operating Income**	52,306	48,487
Exclude variances from:		
Straight-line rent	(833)	(1,431)
Lease surrender revenue	(286)	(158)
Cash Net Operating Income**	\$ 51,187	\$ 46,898

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures" in the MD&A.

For the three months ended (\$ thousands) (unaudited)	December 31, 2022	
Rental Revenue	\$	99,804
Property operating costs		(44,746)
Net Operating Income**		55,058
Exclude variances from:		
Straight-line rent		(639)
Lease surrender revenue		(826)
Cash Net Operating Income**	\$	53,593

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures" in the MD&A.

The following table is a further analysis of Cash NOI** above.

For the periods ended March 31, (\$ thousands) (unaudited)	Three months	
	2023	2022
Same Properties NOI**	\$ 51,155	\$ 47,168
Exclude variances from:		
Straight-line rent	(836)	(1,437)
Lease surrender revenue	(286)	(158)
Same Properties¹ Cash NOI**	50,033	45,573
	Same Properties Growth	9.8 %
Cash NOI** from:		
Property under redevelopment	1,154	1,325
Cash NOI**	\$ 51,187	\$ 46,898

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures" in the MD&A.

¹ Properties owned for the entire 15 months ended March 31, 2023, excluding properties under development or major redevelopment, are referred to as "Same Properties".

The following tables reconcile net income, as determined in accordance with GAAP, to FFO**.

For the periods ended March 31, (\$ thousands except per unit amounts) (unaudited)	Three months	
	2023	2022
Net income (loss)	\$ 35,586	\$ 30,031
Reverse:		
Adjustments to fair value of derivative instruments	2,214	—
Adjustments to fair value of unit-based compensation	(864)	(319)
Adjustments to fair value of investment properties	(2,686)	7,796
Internal expenses for leases	1,847	1,416
Funds from Operations**	\$ 36,097	\$ 38,924
FFO** per unit - average basic	\$ 0.372	\$ 0.383
FFO** per unit - average diluted	\$ 0.369	\$ 0.381
FFO Payout Ratio** - Target 45% - 50%	55.5 %	52.5 %
Distributions declared per unit	\$ 0.205	\$ 0.200
Weighted average Units outstanding - basic (in thousands)	97,112	101,572
Weighted average Units outstanding - diluted (in thousands)	97,788	102,198
Number of Units outstanding - end of period (in thousands)	96,508	101,437

For the three months ended (\$ thousands except per unit amounts) (unaudited)	December 31, 2022	
Net income (loss)	\$	(25,770)
Reverse:		
Adjustments to fair value of derivative instruments		240
Adjustments to fair value of unit-based compensation		890
Adjustments to fair value of investment properties		61,342
Internal expenses for leases		1,606
Funds from Operations**	\$	38,308
FFO** per unit - average basic	\$	0.390
FFO** per unit - average diluted	\$	0.387
FFO Payout Ratio** - Target 45% - 50%		52.1 %
Distributions declared per unit	\$	0.202
Weighted average Units outstanding - basic (in thousands)		98,296
Weighted average Units outstanding - diluted (in thousands)		98,945
Number of Units outstanding - end of period (in thousands)		97,713

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures" in the MD&A.

The following tables reconcile FFO** to AFFO**.

For the periods ended March 31, (\$ thousands except per unit amounts) (unaudited)	Three months	
	2023	2022
Funds from Operations**	\$ 36,097	\$ 38,924
Reverse:		
Internal expenses for leases	(1,847)	(1,416)
Straight-line rent	(833)	(1,431)
Deduct:		
Recoverable and non-recoverable costs	(1,152)	(1,868)
Tenant allowances and external leasing costs	(1,049)	(3,291)
Adjusted Funds from Operations**	\$ 31,216	\$ 30,918
AFFO** per unit - average basic	\$ 0.321	\$ 0.304
AFFO** per unit - average diluted	\$ 0.319	\$ 0.303
AFFO Payout Ratio**	64.2 %	66.1 %
Distributions declared per unit	\$ 0.205	\$ 0.200
Weighted average Units outstanding - basic (in thousands)	97,112	101,572
Weighted average Units outstanding - diluted (in thousands)	97,788	102,198
Number of Units outstanding - end of period (in thousands)	96,508	101,437

For the three months ended (\$ thousands except per unit amounts) (unaudited)	December 31, 2022	
Funds from Operations**	\$	38,308
Reverse:		
Internal expenses for leases		(1,606)
Straight-line rent		(639)
Deduct:		
Recoverable and non-recoverable costs		(5,934)
Tenant allowances and external leasing costs		(3,347)
Adjusted Funds from Operations**	\$	26,782
AFFO** per unit - average basic	\$	0.272
AFFO** per unit - average diluted	\$	0.271
AFFO Payout Ratio**		74.5 %
Distributions declared per unit	\$	0.202
Weighted average Units outstanding - basic (in thousands)		98,296
Weighted average Units outstanding - diluted (in thousands)		98,945
Number of Units outstanding - end of period (in thousands)		97,713

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures" in the MD&A.

The following tables calculate NAV** per unit outstanding.

(\$ thousands) (unaudited)					
As at	March 31, 2023	December 31, 2022	Change	Change	per unit
Investment Properties	\$ 3,142,649	\$ 3,118,590	\$ 24,059	\$	0.25
Cash	59,301	10,954	48,347		0.49
Other assets	75,513	72,237	3,276		0.03
Total assets	3,277,463	3,201,781	75,682		0.77
Mortgages payable	(298,982)	(215,680)	(83,302)		(0.85)
Senior unsecured debentures	(600,000)	(350,000)	(250,000)		(2.56)
Unsecured credit facilities	(200,000)	(444,000)	244,000		2.50
Total Debt**	(1,098,982)	(1,009,680)	(89,302)		(0.91)
Other liabilities, excluding exchangeable units	(82,228)	(104,472)	22,244		0.23
Reverse: Obligation for purchase of Units under automatic share purchase plan ¹	1,815	12,508	(10,693)		(0.11)
Impact of variance in outstanding Units					0.27
Net Asset Value**	\$ 2,098,068	\$ 2,100,137	\$ (2,069)	\$	0.25
Net Asset Value** per unit outstanding	\$ 21.74	\$ 21.49	\$ 0.25		
Debt to Total Assets** ² - Target 25% - 35%	33.5%	31.5%	2.0%		
Number of Units outstanding - end of period (in thousands)	96,508	97,713	(1,205)		

As at		
(\$ thousands) (unaudited)		March 31, 2022
Investment Properties		\$ 3,202,313
Cash		21,785
Other assets		33,694
Total assets		3,257,792
Mortgages payable		(574,924)
Senior unsecured debentures		(350,000)
Credit facilities		—
Total Debt**		(924,924)
Other liabilities, excluding exchangeable units		(79,355)
Reverse: Obligation for purchase of Units under automatic share purchase plan ¹		—
Net Asset Value**		\$ 2,253,513
Net Asset Value** per unit outstanding		\$ 22.44
Debt to Total Assets** ² - Target 25% - 35%		28.4%
Number of Units outstanding - end of period (in thousands)		101,437

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures" in the MD&A.

¹ Liability recorded for the obligation to purchase Units during the blackout period after March 31, 2023 under the automatic share purchase plan, but respective Units not yet cancelled.

² The debt ratios are non-GAAP ratios calculated based on the Trust Indentures.

The following tables calculate financial ratios for Average Net Debt** to Adjusted EBITDA**, Interest Coverage and Debt Service.

(\$ thousands) (unaudited)		
For the three months ended March 31,	2023	2022
Net income (loss)	\$ 35,586	\$ 30,031
Interest income ¹	(47)	(6)
Net interest and other financing charges	11,838	6,055
Amortization	374	196
Adjustments to fair value of derivative instruments	2,214	—
Adjustments to fair value of unit-based compensation	(864)	(319)
Adjustments to fair value of investment properties	(2,686)	7,796
Adjusted EBITDA** for the three month periods	\$ 46,415	\$ 43,753
Adjusted EBITDA** ² - annualized ³		\$ 175,012
Adjusted EBITDA** ² - rolling 4-quarters ³	\$ 189,961	
Average Net Debt**	\$ 961,574	\$ 910,357
Average Net Debt** to Adjusted EBITDA** ² - Target 4.0x - 6.0x	5.1x	5.2x
Interest expense ⁴	\$ 12,436	\$ 6,414
Interest Coverage** ²	3.7x	6.6x
Principal repayments	\$ 1,698	\$ 5,076
Interest expense ⁴	\$ 12,436	\$ 6,414
Debt Service Coverage** ²	3.2x	3.8x

For the three months ended	December 31, 2022	
(\$ thousands) (unaudited)		
Net income (loss)	\$	(25,770)
Interest income ¹		(277)
Net interest and other financing charges		10,518
Amortization		375
Adjustments to fair value of derivative instruments		240
Adjustments to fair value of unit-based compensation		890
Adjustments to fair value of investment properties		61,342
Adjusted EBITDA**	\$	47,318
Adjusted EBITDA** ² - annualized ³	\$	189,272
Average Net Debt**	\$	937,152
Average Net Debt** to Adjusted EBITDA** ² - Target 4.0x - 6.0x		5.0x
Interest expense ⁴	\$	11,215
Interest coverage** ²		4.2x
Principal repayments	\$	2,866
Interest expense ⁴	\$	11,215
Debt service coverage** ²		3.4x

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures" in the MD&A.

¹ Excludes interest income earned on note receivable.

² The debt ratios are non-GAAP ratios calculated based on the Trust Indentures.

³ Rolling four-quarters are not available for the 2022 fiscal year. Annualized Adjusted EBITDA** excludes impact of fourth quarter seasonality. Adjusted EBITDA** for the rolling four-quarters captures seasonality.

⁴ Interest expense includes interest on senior unsecured debentures, mortgages, and credit facilities. See Section 9.1, "Components of Net Income (Loss)" in the MD&A.

The below tables calculate Adjusted EBITDA** for the rolling four-quarters ended March 31, 2023 and the year ended December 31, 2022.

(\$ thousands) (unaudited)	Rolling 4-quarters				
For the period	March 31, 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Adjusted EBITDA**	\$ 189,961	46,415	47,318	48,840	47,388

(\$ thousands) (unaudited)	Fiscal year ended				
For the period	December 31, 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Adjusted EBITDA**	\$ 187,299	47,318	48,840	47,388	43,753

The below table calculates Average Net Debt** for the periods ended March 31, 2023, March 31, 2022 and December 31, 2022.

(\$ thousands) (unaudited)	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
As at						
Total Debt**	\$ 1,098,982	\$ 1,009,680	\$ 940,158	\$ 926,178	\$ 924,924	\$ 923,210
less: Cash	(59,301)	(10,954)	(14)	—	(21,785)	(5,636)
Net Debt**	\$ 1,039,681	\$ 998,726	\$ 940,144	\$ 926,178	\$ 903,139	\$ 917,574
Average Net Debt**	\$ 961,574	\$ 937,152			\$ 910,357	

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