



Primaris REIT Announces Acquisition of Atlantic Canada's Premiere Shopping Centre Complex

Toronto, Ontario – November 20, 2023 - Primaris Real Estate Investment Trust ("Primaris" or the "Trust") (TSX: PMZ.UN) announced today that it has agreed to acquire Halifax Shopping Centre and the Annex in Halifax, Nova Scotia for aggregate consideration of \$370.0 million, subject to certain conditions, to be satisfied by a combination of cash and equity. This high quality asset acquisition builds Primaris' track record of successfully executing on its well defined growth strategy focused on market leading shopping centres.

Transaction Highlights

- Aggregate consideration of \$370.0 million, comprised of:
 - \$200.0 million of cash;
 - \$45.0 million of series A units of the Trust ("REIT Units") at an issue price of the lower of \$21.74 per REIT Unit, or the NAV** per REIT Unit disclosed in the Trust's most recently published Management's Discussion and Analysis ("MD&A") at the time of closing (such lower price, the "Issue Price"); and
 - \$125.0 million of 6.0% Exchangeable Preferred Units (the "Preferred LP Units") in a newly formed subsidiary limited partnership, which Preferred LP Units shall be exchangeable into REIT Units at an exchange price equal to the Issue Price per REIT Unit, subject to customary adjustments;
- Halifax Shopping Centre and the Annex are unencumbered;
- Transaction expected to be neutral to FFO** per average diluted unit;
- Average Net Debt** to Adjusted EBITDA** is anticipated to remain within target range of 4.0x to 6.0x; and
- Closing is expected on November 30, 2023, subject to the satisfaction of customary closing conditions, including the approval of the Toronto Stock Exchange. Competition Act (Canada) approval has been received.

"Halifax Shopping Centre and the Annex exemplify the quality and market leading nature of Primaris REIT's target acquisition profile. The shopping complex is extremely well located in central Halifax, adjacent to Halifax Transit's Mumford Terminal and at the gateway to the Halifax peninsula, with a market leading position in one of Canada's fastest growing mid-sized population centres," said Patrick Sullivan, President and Chief Operating Officer. "With very strong sales performance trending above \$1,000 per square foot, this acquisition enhances the REIT's portfolio value proposition with retailers, and offers a significant income growth opportunity consistent with the growth we see ahead for our existing assets."

Rags Davloor, Chief Financial Officer added, "Closing this second significant acquisition in 2023, while maintaining industry leading credit metrics, is a testament to the strategic advantages provided by Primaris REIT's differentiated financial model, including very low leverage, a low payout ratio and significant retained free cash flow. Our commitment to maintain an extremely well capitalized balance sheet positions Primaris as a highly credible transaction counterparty, at a time when many other groups are finding access to capital, and particularly financing, challenging."

"We are very pleased to add Atlantic Canada's premiere shopping centre complex to the Primaris portfolio," said Alex Avery, Chief Executive Officer. "This acquisition further demonstrates Primaris as an attractive buyer for Canadian pension fund vendors of market leading Canadian shopping centres, with multiple discussions continuing for further acquisitions. Primaris is uniquely positioned as a buyer, with institutional scale as the second largest owner-operator of enclosed shopping centres in Canada with proforma assets of approximately \$3.9 billion, a differentiated financial model featuring a very well capitalized balance sheet, and a clear mandate for growth."

Halifax Shopping Centre Property Highlights

- Atlantic Canada's leading regional enclosed shopping centre in the high growth market of Halifax, Nova Scotia;
- Located at the gateway to the Halifax peninsula in central Halifax within the newly redesigned main mass transit node;
- 562,000 square foot mall located on 20.9 acres of land, for an approximate 70.0% site coverage;
- \$1,012 per square foot same store sales productivity and annual all store sales volume of \$260.8 million as at September 30, 2023;
- 69.0% in-place occupancy, and 96.2% committed occupancy including executed leases commencing over the next few months as part of the Sears redevelopment including Simons, Winners, Dollarama and PetSmart;
- \$54.0 million Sears redevelopment substantially completed in 2023, and \$70.0 million expansion, food court relocation and design upgrades throughout the centre completed in 2017;
- BOMA BEST Certified;
- Other large format tenants include Sport Chek and Zara;
- Unique commercial retail unit (CRU) tenants to the region include Apple, Aritzia, Michael Kors, Victoria's Secret, Browns, and Nespresso, and other notable CRU tenants include Sephora and Lululemon; and
- No traditional department store.

The Annex Property Highlights

- Open air centre located immediately adjacent to Halifax Shopping Centre;
- Halifax Transit Mumford Bus Terminal on site, one of the city's busiest terminals;
- 99.7% in-place occupancy, and 93.9% committed occupancy including the impact of Winners moving to Halifax Shopping Centre;
- 412,000 square foot shopping centre located on 26.7 acres of land, for an approximate 47.0% site coverage;
- Site designated as a future growth node by the city, enabling phase I master planning application for approximately 1,800 residential units with mixed-use component, and future phases of approximately 5,500 residential units;
- Large format tenants include Walmart, Sobeys, and Dollarama, with other notable inline and pad tenants including the NSLC, Mark's Work Wearhouse, Shoppers Drug Mart, and the Bank of Montreal; and
- Adjoining 187,000 square foot Mumford Road Office Complex with 95.4% in-place occupancy and 96.2% committed occupancy.

Significant NOI Growth Potential**

Similar to the Trust's existing owned portfolio, Halifax Shopping Centre and the Annex offer significant NOI** growth potential over the next few years, as operating and financial performance normalizes, and as Primaris' full-service management platform integrates and operates the properties. Opportunities to increase operating income include:

- Lease up of approximately 20,000 square feet of vacant or temporary tenanted space to strong tenants at market rents;
- The conversion of tenants on preferred rent deals to standard market leases, as well as resolution of leases subject to co-tenancy rental rates; and
- Primaris intends to leverage its scalable management platform to deploy its cost management strategy.

Halifax, Second Fastest Growing City in Canada

Halifax is experiencing significant population growth, and has been in the top-five fastest-growing Census Metropolitan Areas (CMA) in Canada for the past four consecutive years, according to Statistics Canada. In July 2023, the city recorded one-year population growth of 4.5%, the highest ever recorded for the city, and remains the second fastest growing CMA in Canada. The region is expected to grow by 18.4% by 2033, supported by attractive relative cost of living, growth in employment opportunities and significant infrastructure investments, far outpacing the national average of 13.6%, according to Environics Analytics.

Halifax has a diverse economy including wholesale and retail trade, healthcare, education, marine science, and a growing technology and innovation community of startups and scaleups. The largest employer is the Department of National Defense. The Port of Halifax welcomes approximately 1,100 commercial cargo vessels and 250,000 cruise ship passengers annually, and in 2022, the total impact of the Port of Halifax including Nova Scotia exporters on the Province of Nova Scotia was \$4.9 billion in economic output with the direct portion being \$3.0 billion. Halifax is home to five universities including Dalhousie University, St Mary's University, and Mount Saint Vincent University.

Please see the presentation titled "Halifax Shopping Centre & The Annex" on the [investor relations page](#) of Primaris' website for additional details.

Proforma Primaris Portfolio

The composition of the consideration payable in this transaction allows Primaris to maintain its best-in-class capital structure and financial leverage metrics within the Trust's previously disclosed target range. Upon closing, Halifax Shopping Centre will become one of the REIT's highest sales productivity properties, and the highest all store sales volume property, ahead of both Conestoga Mall in Waterloo, Ontario and Orchard Park Mall in Kelowna, British Columbia. Primaris anticipates the below proforma metrics:

- Based on the REIT's 3.0% to 4.0% 2024 Same Property Cash NOI** growth guidance provided in the Q3 2023 MD&A, and assuming a November 30, 2023 closing, Cash NOI** for the 2024 fiscal year is anticipated to be in the range of \$263 million to \$268 million (Cash NOI** for the year ended December 31, 2023 is anticipated to be in the range of \$222 million to 224 million);
- Transaction expected to be neutral to FFO** per average diluted unit; and
- Average Net Debt** to Adjusted EBITDA** is anticipated to remain within target range of 4.0x to 6.0x.

(unaudited)	Primaris REIT	Halifax Shopping Centre	Proforma Primaris REIT
All Store Sales Volume (\$'000) ¹	\$ 1,939,600	\$ 260,800	\$ 2,200,400
Same Store Sales Productivity (\$'000 per square foot) ¹	\$ 643	\$ 1,012	\$ 675
Total Trade Area Population	6,938,900	469,000	7,407,900
Total Trade Area Average Household Income	\$ 115,800	\$ 105,500	\$ 115,400
Annual Mall Traffic ²	104,942,900	5,837,900	110,780,800
Site Coverage	34 %	70 %	35 %

¹ For the rolling twelve-month period ended August 31, 2023 for Primaris REIT and for the month ended September 30, 2023 for Halifax Shopping Centre. Supplementary financial measure, see "Use of Operating Metrics" below.

² For the rolling twelve-month period ended September 30, 2023.

Advisors

Desjardins Capital Markets, TD Securities and CBRE Canada acted as advisors to Primaris REIT.

About Primaris Real Estate Investment Trust

[Primaris](#) is Canada's only enclosed shopping centre focused REIT, with ownership interests primarily in the leading enclosed shopping centres in growing markets. The proforma portfolio totals 37 properties, or 12.5 million square feet, valued at approximately \$3.9 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

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: Primaris’ future results, performance, prospects and opportunities, including with respect to the closing, costs and benefits of the proposed transaction, the timing and completion of the proposed transaction, the strategy, plans and the intentions of management with respect to Halifax Shopping Centre and the Annex, and management’s expectations regarding the Trust’s leverage and portfolio quality. 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 is 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 will vary from the financial outlook statements provided in this press release 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, the proforma metrics presented, is subject to the same assumptions, risk factors, limitations and qualifications set out in the MD&A which is 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 the date of this news release 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

The Trust's 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. Additional information regarding these non-GAAP measures, including definitions and reconciliations to the most directly comparable GAAP figure, where applicable, can be found in the Q3 2023 MD&A which is available on the Trust's profile on SEDAR at www.sedarplus.ca. See Section 12, "Non-GAAP Measures" of the Q3 2023 MD&A for the descriptions of each non-GAAP measure used in this press release and to find a quantitative reconciliation to the most directly comparable GAAP, applicable; Section 12, "Non-GAAP Measures" and the related quantitative reconciliations are incorporated by reference herein.

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 in-place occupancy, same store sales productivity and all store sales volume. Certain of these operating metrics, including same store sales productivity and all store sales volume, may constitute supplementary financial measures as defined in NI 52-112. These supplementary measures are not derived from directly comparable measures contained in the Trust's 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 all store sales volume and same store sales productivity, see "Section 8, "Operational Performance" – "Tenant Sales" in the Q3 2023 MD&A.

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