



Primaris REIT Reiterates Guidance; Gains Control and Commences Repurposing of Five HBC Locations; Four Leases Subject to Bids

Toronto, Ontario – May 26, 2025 - Primaris Real Estate Investment Trust (“Primaris”, the “REIT” or the “Trust”) (TSX: PMZ.UN) announced today that it has received notice from the court-appointed monitor overseeing Hudson’s Bay Company (“HBC”) proceedings under the Companies’ Creditor Arrangement Act (“CCAA”) that 5 of the 9 HBC leases within the Primaris portfolio did not received any bids and have been disclaimed. As a result, Primaris will assume full control of these sites effective June 16, 2025. The leases disclaimed by HBC include:

As at May 26, 2025 '000s square feet, unless otherwise indicated) (unaudited)		Property Ownership	HBC Lease Status	Property GLA ¹ at Share	HBC GLA at Share
Cataraqui Town Centre	Kingston, ON	50 %	Disclaimed	286.2	56.5
Les Galeries de la Capitale	Québec, QC	100 %	Disclaimed	987.5	163.3
Medicine Hat Mall	Medicine Hat, AB	100 %	Disclaimed	467.5	93.2
Place d’Orleans Shopping Centre	Orleans, ON	50 %	Disclaimed	350.1	57.8
Sunridge Mall	Calgary, AB	100 %	Disclaimed	803.7	161.3
5 locations				2,895.0	532.1

¹ Gross leasable area.

The disclaimer of the above 5 locations will result in:

- 532,100 square feet of vacancy, reducing Q1 2025 pro forma in-place portfolio occupancy by 3.7 percentage points from 93.2% to 89.5%;
- \$5.5 million of lower annualized revenue; and
- \$3.9 million of lower annualized net operating income** (“NOI”).

“Regaining control of five of our valuable anchor locations allows Primaris to commence repurposing a significant amount of low productivity space, and marks the beginning of our value surfacing exercise,” commented Alex Avery, Chief Executive Officer. “While HBC has been the focus of a lot of discussion and attention, the real story is just beginning, as the disclaiming of leases has finally removed obstructionist barriers enabling us to enhance our properties. We are confident that the quantitative and qualitative benefits of regaining control of these spaces will be materially positive for our properties and our unitholders.”

Anticipated HBC Site Repurposing

Primaris is now able to proceed with certainty. With significant planning and preparation work already complete, management is now focused on rapidly executing on its longstanding re-tenanting, redevelopment, and repurposing plans in relation to each of the five disclaimed locations. Discussions and negotiations are ongoing, and management expects to be able to announce definitive agreements, leases and plans for most of these locations over the remainder of 2025. Primaris’ ultimate goal is to provide clarity for stakeholders and minimize disruption at the properties while delivering new rental income as soon as possible.

“There is strong tenant demand for our HBC boxes, and we are in discussions with strong covenant, high-quality national retailers, including large format tenants,” said Patrick Sullivan, President and Chief Operating Officer. “There are opportunities where tenants are considering the entire box, others will be subdivided, and others are likely to be demolished to accommodate development of new outparcel and higher density opportunities.”

For the 5 disclaimed leases, Primaris estimates it will cost approximately \$50 million to \$60 million to complete its repurposing and redevelopment plans, which are expected to result in a reduction of GLA from 532,100 square feet to approximately 475,000 square feet. Management anticipates associated annual NOI** of approximately \$4 million to \$5 million, with initial tenant occupancy expected in Q2 2026, and cash rent commencing as soon as early 2027. The expected overall NOI** yield on invested capital across these five properties is between 8% and 9%. The financial benefits of HBC's departure are not limited to the replacement rents of the remaining space. Across these five properties comprising 252 acres of land, Primaris will be relieved of the following obligations as a result of the disclaimed HBC leases:

- 1,866 parking space requirements (13 acres of land at approximately 144 spaces per acre); and
- “No-build” restrictions across approximately 71 acres of land which precluded construction of any buildings on large portions of the shopping centre sites, including the 9 acres occupied by HBC stores.

All of these properties now offer significant intensification opportunities spanning retail outparcels, the potential sale of excess lands for multi-residential, hotel, or other high density uses, and the future expansion of the malls themselves.

In addition to the above noted financial benefits and removed restrictions, regained control of these leases offers further indirect financial and qualitative benefits to the shopping centres, such as the halo effect on sales and rents from adjacent tenants following re-tenanting, or the positive impact on capitalization rates and valuations for properties that replace underperforming tenancies with new, stronger retailers. Primaris' ongoing redevelopment of the former Sears store at Devonshire Mall in Windsor, Ontario illustrates the significant benefits that come with replacing low productivity tenants with new and high productivity tenants, along with revitalizing capital investment.

Four HBC Leases Subject To CCAA Bids

Primaris has 4 remaining HBC locations that are subject to bids from qualified bidders. While limited information is available about these bids, including any retailer plans or requested lease modifications, Primaris believes that it will have significant influence over the outcomes of the bids. This is due to the significant deferred maintenance in the stores, and the time and cost required to restore the spaces to satisfactory operating condition for a retailer. Primaris is not yet able to comment on the viability of the operating strategies or financial strength of the retailers bidding on these locations, but it will provide further details in the ordinary course once they are known. The REIT's remaining exposure to the 4 HBC leases currently subject to retailer bids is as follows:

As at May 26, 2025 '000s square feet, unless otherwise indicated) (unaudited)		Property Ownership	HBC Lease Status	Property GLA at Share	HBC GLA at Share
Conestoga Mall	Waterloo, ON	100 %	Bid	666.1	130.6
Orchard Park Shopping Centre	Kelowna, BC	100 %	Bid	651.1	127.3
Oshawa Centre	Oshawa, ON	100 %	Bid	1,215.2	122.6
Southgate Centre	Edmonton, AB	50 %	Bid	425.4	118.3
4 locations				2,957.8	498.8

The above locations represent the following metrics within Primaris' portfolio:

- 4 HBC locations totaling 498,770 square feet of GLA, or approximately 3.5% of portfolio occupancy;
- 34th largest tenant by annualized minimum rent;
- Approximately \$5.4 million of gross rental revenue, per annum;
- \$10.84 weighted average gross rent per occupied square foot;
- Approximately \$2.0 million net rental revenue per annum, or 0.6% of total annualized minimum rent; and
- \$3.92 weighted average net rent per occupied square foot.

New HBC Co-Tenancy Estimate

The Primaris portfolio includes over 2,800 leases, of which there are only 27 with co-tenancy clauses that pertain to HBC. Co-tenancy clauses are provisions commonly found in commercial real estate leases that stipulate certain conditions under which a tenant's rent or other obligations may be reduced or modified. These clauses typically come into effect when specific anchor tenants, such as HBC, or a certain percentage of tenants within a shopping centre or retail complex cease operations or vacate their premises. In most cases, additional triggers must also be met, such as a prescribed rate of decline in tenant sales, or sales falling below a certain threshold.

Of the 27 co-tenancy clauses tied to HBC, 13 are associated with the 5 disclaimed HBC leases and 14 relate to the 4 HBC locations currently subject to retailer bid. As a result of the trigger requirements contained in the co-tenancy clause, as well as certain mitigation strategies available to Primaris due to its scale and relationships with certain tenants, management estimates that the total impact on 2025 rental revenue from these co-tenancy provisions will be less than \$2 million. Primaris is working to reduce this impact to zero.

2025 Financial Outlook Maintained

Disciplined capital allocation is a key pillar to Primaris' strategy. Providing financial and operating guidance is not only helpful for investors and analysts, as they evaluate the performance and prospects of an investment in Primaris REIT, but it also creates a rigorous discipline for management, including detailed forecasting, as well as a comprehensive framework with which to evaluate outcomes.

Primaris reaffirms its financial and operating guidance for the fiscal year 2025 set out in its management's discussion and analysis for the three months ended March 31, 2025 and 2024 (the "MD&A"), which guidance has been reproduced below.

Primaris is committed to clear, timely and transparent disclosure.

- The REIT first provided 2025 Financial Guidance on February 13, 2025 with the release of its 2024 financial results;
- Following the March 7th CCAA filing of HBC, Primaris provided a detailed update of its HBC exposure on March 10, 2025;
- On April 30, along with its Q1 2025 financial and operating results, Primaris confirmed its original 2025 Financial guidance first provided on February 13, 2025, maintaining all metrics other than occupancy guidance; and
- Today, Primaris reaffirms that financial and operating guidance.

(unaudited)	2025 Guidance		Additional Notes	MD&A Section Reference
	Previously Published	Updated		
Occupancy	Decrease of 6.0% to 7.0%	No change in guidance	Assumes HBC disclaims all their leases, comprising 1,030.6 thousand square feet	Section 8.1, "Occupancy" and Section 8.6 "Top 30 Tenants"
Contractual rent steps in rental revenue	\$3.4 to \$3.8 million	No change in guidance		Section 9.1, "Components of Net Income (Loss)"
Straight-line rent adjustment in rental revenue	\$6.8 to \$7.2 million	No change in guidance		Section 9.1, "Components of Net Income (Loss)"
Same Properties Cash NOI** growth	3.0% to 4.0%	No change in guidance	Same Properties excludes Northland (under redevelopment) and the acquisitions of Les Galeries de la Capitale, Oshawa Centre and Southgate Centre	Section 9.1, "Components of Net Income (Loss)"
Cash NOI**	\$318 - \$323 million	No change in guidance	Includes the impact of the January 31, 2025 acquisitions and approximately \$300 million of dispositions throughout the year	Section 9.1, "Components of Net Income (Loss)"
General and administrative expenses	\$36 to \$38 million	No change in guidance		Section 9.1, "Components of Net Income (Loss)"
Operating capital expenditures	Recoverable Capital \$18 to \$20 million Leasing Capital \$20 to \$24 million	No change in guidance		Section 8.7, "Operating Capital Expenditures"
Redevelopment capital expenditures	\$48 to \$50 million	No change in guidance	Primarily attributable to Devonshire Mall and Northland	Section 7.4, "Redevelopment and Development"
FFO** per unit ¹	\$1.70 to \$1.75 per unit fully diluted	No change in guidance	Includes the impact of the January 31, 2025 acquisitions and approximately \$300 million of dispositions throughout the year	Section 9.2, "FFO** and AFFO**"

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

¹ Units outstanding and weighted average diluted units outstanding assumes the exchange of exchangeable preferred units in subsidiary limited partnerships of the Trust that are exchangeable into Trust Units ("Exchangeable Preferred LP Units"). See Section 10.6, "Unit Equity and Distributions".

Management discloses financial outlook statements for the purpose of providing further information about the Trust's prospective results of operations. These statements are based on factors and assumptions, such as historical trends, current conditions, and expected developments. Management believes that such financial outlook statements have been prepared on a reasonable basis, reflecting management's best estimates and judgements. However, because these financial outlook statements are subjective and subject to numerous risks, they should not be relied on as necessarily indicative of future results.

In the press release dated September 24, 2024, Primaris released targets for the period ending December 31, 2027. These targets are not guidance, but are an outlook based on the execution of Primaris' strategic pillars. Primaris reaffirms its three year targets last published in its MD&A, which targets have been reproduced below.

(unaudited)	3 Year Targets	Progress to Date	Additional Notes	MD&A Section Reference
In-place Occupancy	96.0%		In-place occupancy was 92.4% at December 31, 2023 In-place occupancy was 94.5% at December 31, 2024	Section 8.1, "Occupancy"
Annual Same Properties Cash NOI** growth	3% - 4%		Growth for the year ended December 31, 2023 was 5.4% Growth for the year ended December 31, 2024 was 4.5%	Section 9.1, "Components of Net Income (Loss)"
Acquisitions	> \$1 billion	\$910 million	October 1, 2024 - Les Galeries de la Capitale January 31, 2025 - Oshawa Centre and Southgate Centre	Section 7.3, "Transactions"
Dispositions	> \$500 million	\$200.5 million	December 13, 2024 - Edinburgh Market Place February 21, 2025 - excess land February 28, 2025 - Sherwood Park Mall and Professional Centre March 31, 2025 - St. Albert Centre	Section 7.3, "Transactions"
Annual FFO** per unit ¹ growth (fully diluted)	4% to 6%			Section 9.2, "FFO** and AFFO**"
Annual Distribution Growth	2% - 4%		In November 2022 announced a 2.5% increase In November 2023 announced a 2.4% increase In November 2024 announced a 2.4% increase	Section 10.6, "Unit Equity and Distributions"

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

¹ Per weighted average diluted units outstanding calculated on a diluted basis, assuming the exchange of Exchangeable Preferred LP Units for Trust Units. See Section 10.6, "Unit Equity and Distributions" of the MD&A.

See Section 2, "Forward-Looking Statements and Financial Outlook" for a description of the material factors, assumptions, risks and uncertainties that could impact the financial outlook statements.

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About Primaris Real Estate Investment Trust

Primaris is Canada's only enclosed shopping centre focused REIT, with ownership interests in leading enclosed shopping centres located in growing Canadian markets. The current portfolio totals 14.2 million square feet, valued at approximately \$4.5 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 Financial Outlook

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: HBC's proceedings under the CCAA and the impact thereof on the REIT; expectations regarding HBC's leases and the REIT's plans in respect of the spaces, including the anticipated timing for executing such plans; the benefits of the five disclaimed HBC leases; management's expectations regarding future leasing activity and tenant demand; management's belief that it will have influence over the outcome of the four HBC leases currently subject to CCAA bids; the Trust's ability to mitigate the impact to revenue of co-tenancy clauses pertaining to HBC; and disclosures under the heading "2025 Financial Outlook Maintained".. 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 Trust's MD&A and its management's discussion and analysis for the year ended December 31, 2024 and 2023 (the "Annual MD&A"), which are available on SEDAR+, and in Primaris' other materials filed with the Canadian securities regulatory authorities from time to time.

Certain forward-looking information included in this news release may also be considered "financial outlook" for purposes of applicable securities law, including statements under the heading "2025 Financial Outlook Maintained". Financial outlook about the Trust's prospective results of operations including, without limitation, anticipated FFO** per unit, anticipated Cash NOI** and Same Properties Cash NOI** growth, impact on rental revenue of contractual rent-steps, anticipated general and administrative expenses, anticipated operating capital expenditures, anticipated redevelopment capital expenditures, anticipated straight-line rent adjustment to revenue, anticipated growth in occupancy, and the Trust's December 2027 targets for a number of key metrics including in-place occupancy, annual Same Properties Cash NOI** growth, acquisition and disposition activity, annual FFO** per unit growth and annual distribution growth, is subject to the same assumptions, risk factors, limitations and qualifications as set forth in the Annual MD&A, as updated by the MD&A, and the Trust's annual information form. The Trust and management believe that such financial outlook has been prepared on a reasonable basis, reflecting management's best estimates and judgments. However, this information is subjective and subject to numerous risks. Financial outlook contained in this news release was provided for the purpose of providing further information about the Trust's prospective financial performance and readers are cautioned that it should not be used for other purposes. 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 and financial outlook contained in this news release. All forward-looking statements and financial outlook in this news release are qualified by these cautionary statements. These forward-looking statements and financial outlook are made as of May 26, 2025, 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

Primaris' unaudited interim condensed consolidated financial statements and the accompanying notes for three months ended March 31, 2025 and 2024 (together the "Financial Statements") were prepared in accordance with International Financial Reporting Standards ("IFRS"), however, in this news release, a number of measures are presented which do not have a standardized meaning prescribed under generally accepted accounting principles ("GAAP") in accordance with IFRS. These non-GAAP measures 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"). Non-GAAP measures in this news release are denoted by the suffix "***". Management believes these non-GAAP measures are useful measures to assessing Primaris' performance period over period and its ability to meet its financial obligations. However, none of the 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 MD&A, which is available on the Primaris website at www.primarisreit.com and on the SEDAR+ website at www.sedarplus.ca. See Section 12, "Non-GAAP Measures" of the MD&A for the descriptions of each non-GAAP measure used in this news release, Section 9.1, "Components of Net Income (Loss)" of the MD&A for the quantitative reconciliation to the most directly comparable GAAP figures for Cash NOI**, Same Properties Cash NOI** and Section 9.2, "FFO** and AFFO***" of the MD&A for the quantitative reconciliations to the most directly comparable GAAP figure for FFO**. These sections 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 weighted average net rent per occupied square foot and weighted average gross rent per occupied square foot. These operating metrics, which may constitute supplementary financial measures as defined in NI 52-112, 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 operating performance of the Trust's portfolio. For an explanation of the composition of weighted average net rent per occupied square foot, see Section 8.2, "Weighted Average Net Rent" of the MD&A. Weighted average gross rent per occupied square foot is defined as total annual gross rent divided by occupied GLA. Non-financial operating metrics in this news release include GLA and in-place occupancy. For a description of in-place occupancy, see Section 8.1, "Occupancy" of the MD&A.

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