

NEWS RELEASE

AMENDMENT: Anticipated Cash NOI** Range for Fiscal Year 2024 Should Have Been Stated as \$273 Million to \$278 Million; Primaris REIT Announces Acquisition of Market Leading Regional Shopping Centre, Les Galeries de la Capitale

2024-09-25

TORONTO--(BUSINESS WIRE)-- Primaris Real Estate Investment Trust ("Primaris" or the "REIT" or the "Trust") (TSX: PMZ.UN) announced today that it has agreed to acquire Les Galeries de la Capitale in Quebec City, Quebec for \$170.0 million in cash, 2.5 million of series A units of the Trust (the "REIT Units") and \$100.0 million aggregate face value of Preferred LP Units (as defined below), subject to certain conditions. 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 \$325.0 million (calculated using the Trust's Net Asset Value** ("NAV**") per REIT Unit last published as at the date of the letter of intent of \$21.86 per unit), or \$291.7 million (using the contracted figures based on the unit price at the date of letter of intent), comprised of:
 - \$170.0 million of cash;
 - Approximately 2.5 million REIT Units with an aggregate NAV** per REIT Unit value of approximately \$55.0 million at \$21.86 per unit (or \$34.1 million based on the \$13.55 contracted REIT Unit price), subject to the right of Primaris to elect to pay the latter sum in cash in lieu of unit issuance; and

- \$100.0 million aggregate face value of 6.25% exchangeable preferred units in a newly formed subsidiary limited partnership (the “Preferred LP Units”), which Preferred LP Units shall be exchangeable into REIT Units at an exchange price equal to \$21.86 per REIT Unit, and having a contracted value of \$87.6 million, subject to customary adjustments;
- Les Galeries de la Capitale is unencumbered;
- Transaction expected to be modestly accretive 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 October 1, 2024, subject to the satisfaction of customary closing conditions.

“Les Galeries de la Capitale is a market leading regional enclosed shopping centre that exemplifies the type of property Primaris is targeting with its growth strategy. The shopping centre sits on 91 acres of land with 26% site coverage, is extremely well located in Quebec City along major highways with excellent accessibility and visibility, and is home to one of the regions busiest bus terminals with over 400 buses per day,” said Patrick Sullivan, President and Chief Operating Officer. “The opportunity for growth at this asset includes the conversion of tenants from variable to net rent deals, as well as leasing up vacant space, including the former Sears department store.”

Rags Davloor, Chief Financial Officer added, “Closing this first acquisition in 2024, while maintaining industry leading credit metrics, is a testament to the strategic advantages provided by Primaris REIT’s differentiated financial model. 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.”

“This acquisition builds on Primaris’ profile as an attractive buyer of large, high-quality assets. Five of Canada’s ten largest pension funds have now vended market leading shopping centres to Primaris, taking back equity and convertible preferred equity investments in the REIT,” said Alex Avery, Chief Executive Officer. “Consistent with prior acquisitions, this property enhances the REIT’s value proposition with retailers, and offers a significant income growth opportunity consistent with the growth we see ahead for our existing assets.”

Les Galeries de la Capitale Property Highlights

- Leading regional enclosed shopping centre in Canada’s seventh largest population centre, Quebec City, Quebec;
- Located at the intersection of Highways 40/73 and 740 with excellent accessibility and visibility with over 4,100 feet of expansive frontage on Boulevards Lebourgneuf and des Galeries;
- 1,015,000 square foot mall located on 91 acres of land, for an approximate 26% site coverage;
- \$761 per square foot same store sales productivity and total CRU sales volume of \$219 million as at May 31, 2024;

- 89.2% long-term in-place occupancy, 96.4% in-place occupancy, and 98.3% committed occupancy;
- \$165 million in redevelopment over the last 10 years including Simons' relocation, food court relocation and expansion, and upgrades throughout the centre;
- BOMA BEST Platinum Certified;
- Other large format tenants include The Hudson's Bay, Winners, and Mountain Equipment Company; and
- A fully renovated and redesigned Méga Parc amusement park, with 18 attractions adjacent to the new food court.

Significant NOI** Growth Potential

Similar to the Trust's existing owned portfolio, Les Galeries de la Capitale offers 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:

- The conversion of tenants on preferred rent deals to standard market leases;
- Lease up of approximately 110,000 square feet of temporary tenanted or vacant space to strong tenants at market rents; and
- Primaris intends to leverage its scalable management platform to deploy its cost management strategy.

Quebec City Highlights

Quebec City has a growing population with strong demographic trends driven by an attractive relative cost of living and broadly diversified employment opportunities. Other notable characteristics include:

- Expected population growth of 6.6% over the next 10 years;
- Substantial public sector presence provides for stability and consistent employment opportunities;
- Stable employment trends with low unemployment compared to the national average;
- Key employment sectors include public administration, education, healthcare, technology, research and professional services;
- Universite Laval contributes to a growing tech ecosystem, with advancements in fields like artificial intelligence, software development, and digital media; and
- A highly educated workforce with a substantial proportion of residents holding post-secondary degrees.

Please see the presentation titled "Les Galeries de la Capitale" 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, Les Galeries de la Capitale will become Primaris' second largest shopping centre in the REIT's portfolio measured by all store sales volume, after the Halifax Shopping Centre and ahead of both Conestoga Mall in Waterloo, Ontario and Orchard Park Shopping Centre 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 REIT's Q2 2024 MD&A, and assuming an October 1, 2024 closing, Cash NOI** for the 2024 fiscal year is anticipated to be in the range of \$273 million to \$278 million (Cash NOI** for the year ended December 31, 2023 was \$227 million);
- Transaction expected to be modestly accretive 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	Les Galeries de la Capitale	Proforma Primaris REIT
Total CRU Sales Volume ('000) 1	\$ 2,228,240	\$ 219,476	\$ 2,447,716
Same Store Sales Productivity (\$ per square foot) 1	\$ 676	\$ 761	\$ 682
Total Trade Area Population	8,591,500	797,850	9,389,350
Total Trade Area Average Household Income	\$ 115,100	\$ 101,500	\$ 114,600
Annual Mall Traffic 2	110,400,000	7,800,000	118,200,000
Approximate Site Coverage	36%	26%	35%

1For the rolling twelve-month period ended May 31, 2024. Supplementary financial measure, see "Use of Operating Metrics" below.

2For the rolling twelve-month period ended July 31, 2024.

Advisors

CBRE Canada, Desjardins Capital Markets, and TD Securities acted as advisors to Primaris REIT. RBC Capital Markets Real Estate Group Inc. acted as advisors to the vendors.

About Primaris Real Estate Investment Trust

Primaris is Canada's only enclosed shopping centre focused REIT, with ownership interests primarily in leading enclosed shopping centres located in growing mid-sized markets. The current portfolio totals 12.4 million square feet valued at approximately \$3.8 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 Les Galeries de la Capitale, 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 Trust's Annual 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 Trust's Annual 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 Trust's Q2 2024 MD&A which is available on the Trust's profile on SEDAR+ at www.sedarplus.ca. See Section 12, "Non-GAAP Measures" of the Trust's Q2 2024 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 measure, 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 Trust's Q2 2024 MD&A.

For more information: TSX: PMZ.UN www.primarisreit.com www.sedarplus.ca

Alex Avery
Chief Executive Officer
416-642-7837
aavery@primarisreit.com

Rags Davloor
Chief Financial Officer
416-645-3716
rdavloor@primarisreit.com

Claire Mahaney
VP, Investor Relations & ESG
647-949-3093
cmahaney@primarisreit.com

Timothy Pire
Chair of the Board
chair@primarisreit.com

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