



### **PRIMARIS RETAIL REIT Announces Significant Investment**

Toronto (Ontario), July 15, 2010 - Primaris Retail REIT (TSX:PMZ.UN) announced today that it has agreed to purchase Cataraqui Town Centre, an enclosed shopping centre located in Kingston, Ontario. The property is being purchased from a joint venture of The Cadillac Fairview Corporation Limited and Ivanhoe Cambridge for \$168 million dollars. Closing of the acquisition is expected to occur in mid- August, 2010.

John Morrison, President and CEO, commented "We are very pleased to add this strong asset to our portfolio. We welcome the Cataraqui management team to Primaris and look forward to their contribution to our success. Cataraqui Town Centre has a dominant position in its marketplace and we are excited by the merchandising opportunities it presents. "

### **The Property**

Primaris estimates that this asset will generate a capitalization rate of 7.06% (meaning the estimated first twelve months net operating income divided by the purchase price).

#### *Cataraqui Town Centre*

Cataraqui is a two-level enclosed regional shopping centre containing a gross leaseable area of approximately 595,000 square feet, was built in 1982 and underwent extensive renovations in 1999, 2000 and 2005/2006. The site comprises approximately 43 acres. Cataraqui is the dominant enclosed shopping centre in an area extending from Belleville, Ontario to the west, Ottawa to the north and Montreal, Quebec to the east.

Appendices to this press release provide additional information about the asset and pro forma data about the inclusion of the asset in the Primaris portfolio.

### **The Market**

Kingston is located approximately midway between Canada's two largest cities, Toronto and Montreal, on the north shore of Lake Ontario. It is the 25<sup>th</sup> largest metropolitan area in Canada with an estimated population of 160,000 as of July, 2009. It has one of the lowest unemployment rates in the country as a result of a very large

public sector employment base. Public sectors well represented in Kingston include health care, education, department of defense and correctional services.

### **Funding In Place**

The purchase price of \$168 million plus approximately \$3.8 million acquisition costs, is expected to be funded as follows (000s):

Cash on hand	\$50,000,000
Draw on line of credit	16,756,000
New mortgage	<u>105,000,000</u>
Total	\$171,756,000

The new mortgage will be for a ten year term and bear interest at a rate to be set at 215 basis points over a benchmark bond yield.

### **Liquidity Remains Solid**

The draw on the line of credit will leave approximately \$48 million dollars of unused credit capacity. Primaris has no maturing debt before March 2011 and therefore remains in a very liquid financial position after completing this acquisition.

After this investment, Primaris' pro forma cash position will be \$17 million dollars owing on its line of credit. The pro forma Debt to Gross Book Value ratio will be 53.5%, excluding convertible debentures from "debt", and will be 60.9% including convertible debentures as debt. Management believes that this cash position and amount of debt are at levels that allow the REIT to continue to comfortably meet current obligations and will continue to allow the REIT to pursue future growth opportunities as they become available.

### **Forward-Looking Information**

The press release contains forward-looking information based on management's best estimates and the current operating environment. These forward-looking statements are related to, but not limited to, the REIT's operations, anticipated financial performance, business prospects and strategies. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan", or similar words suggesting future outcomes. Such forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements.

In particular, certain statements in this document discuss Primaris' anticipated outlook of future events. These statements include, but are not limited to:

- (i) the estimated net operating income and resultant capitalization rate;
- (ii) expected funding of acquisition;
- (iii) indebtedness levels and liquidity, which could be impacted by the level of acquisition activity Primaris is able to achieve and future financing opportunities;
- (iv) anticipated replacement of expiring tenancies, which could be impacted by the effects of general economic conditions and the supply of competitive locations; and

Although the forward-looking statements contained in this press release are based on what management of the REIT believes are reasonable assumptions, forward-looking statements involve significant risks and uncertainties. They should not be read as guarantees of future performance or results and will not necessarily be an accurate indicator of whether or not such results will be achieved. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause actual future results to differ from targets, expectations or estimates expressed in the forward-looking statements. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include: a less robust retail environment than has been seen for the last several years; relatively stable interest costs; access to debt capital markets to fund, at acceptable costs, the future acquisitions.

Except as required by applicable law, Primaris undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Upon completion of this acquisition, Primaris Retail REIT will own 29 income-producing properties comprising approximately 11.1 million square feet located in Canada. As of June 30, 2010, the REIT had 68,430,386 units issued and outstanding.

#### INFORMATION:

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Executive Vice President  
& Chief Financial Officer  
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## Schedule A

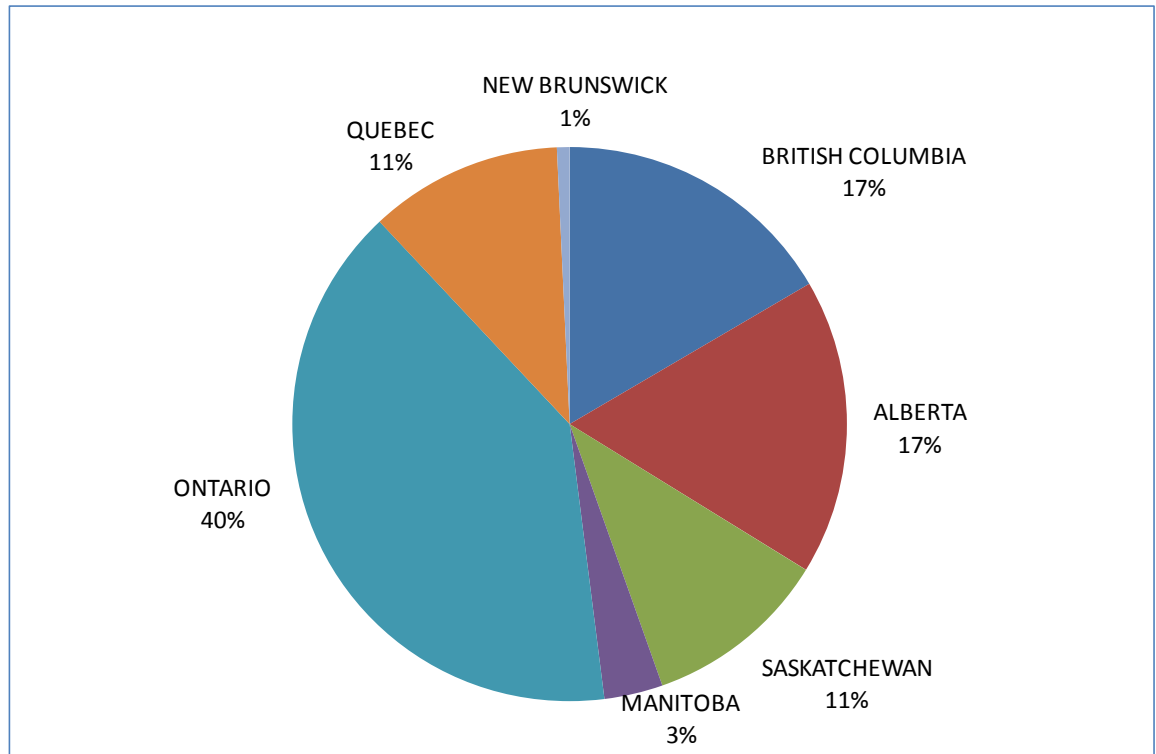
### Property Description:

#### Cataraqui Town Centre

Cataraqui is a two-level enclosed regional shopping centre containing a gross leaseable area of approximately 595,000 square feet. It was built in 1982 and underwent extensive renovations in 1999, 2000, and 2005/2006. The site comprises approximately 43 acres. Cataraqui is located in Kingston's major retail node and is the dominant enclosed shopping centre in eastern Ontario.

PROFILE OF TENANTS WITH AREA > 15,000 SQ FT	
Tenant Name	Area SF
<b>Anchor Tenants</b>	
SEARS	124,933
THE BAY	113,054
ZELLERS	115,307
<b>Total Anchor Tenants</b>	<b>353,294</b>
<b>Major Tenants</b>	
SPORT CHEK	19,126
<b>Total Major Tenants</b>	<b>19,126</b>
<b>Total GLA (Excl. Storage area)</b>	<b>595,128</b>

Cataraqui is currently 96.5% occupied. Local tenants represent less than 5% of total occupancy. The weighted average lease expiry of tenants is 6.0 years. Sales figures for commercial retail units (which exclude non anchor-and-major tenants, exterior access tenants and free-standing pads) averaged \$443 per square foot for the 12 months ended December 31, 2009.

**Geographic diversification, by minimum rents**

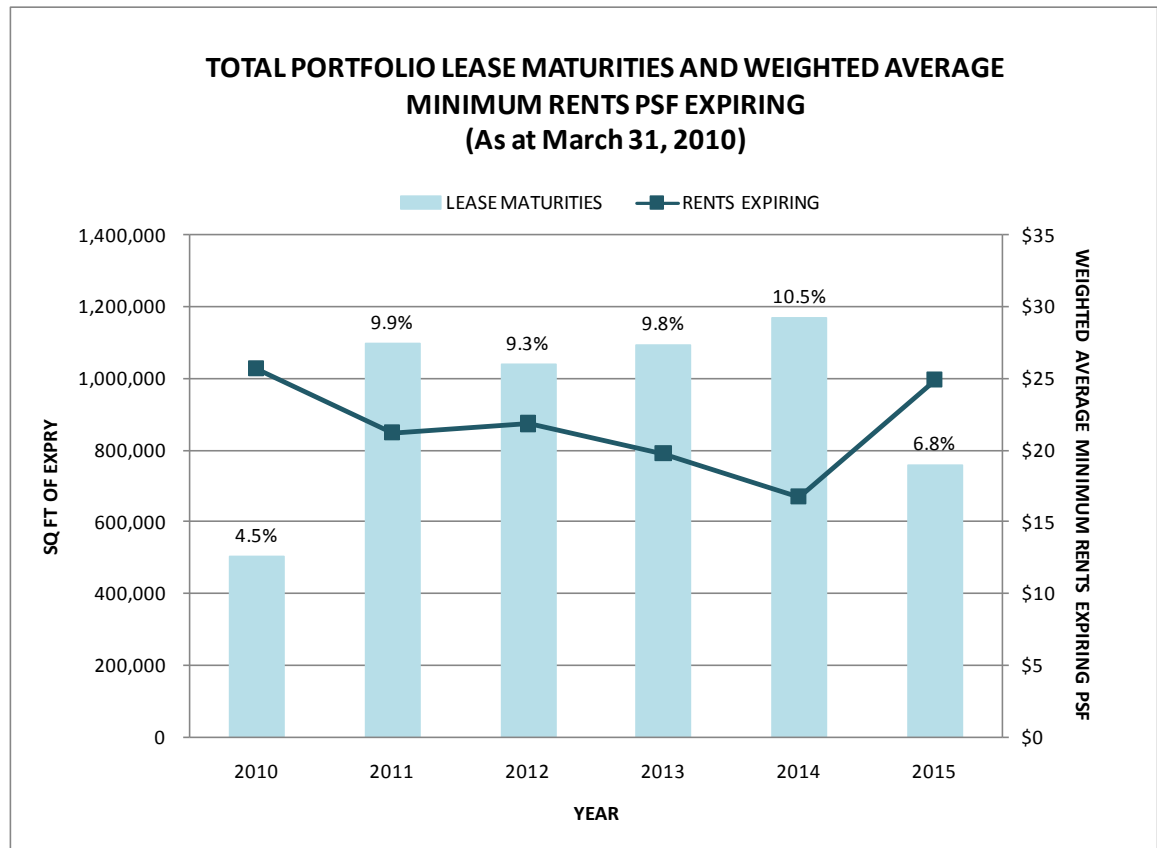
*The data shown here represents the pro forma combination of Primaris Retail REIT's existing assets and Cataraqui Town Centre as at March 31 2010.*

## Primaris' top ten tenants

As of March 31, 2010				
Tenant Groups		Percentage of Total Annual Minimum Rent	Area (Sq. ft.)	Weighted Average Lease Term to Maturity (Years)
1	HBC	7.0%	2,278,188	7.4
2	YM	3.1%	218,588	4.4
3	Sears	2.7%	1,104,369	7.5
4	Forzani	2.6%	376,963	4.1
5	Reitmans	2.4%	152,592	3.7
6	Shoppers Drug Mart	2.4%	166,225	6.1
7	Loblaws	1.8%	323,764	5.6
8	Best Buy	1.6%	180,353	4.0
9	Canadian Tire	1.5%	220,194	10.6
10	Dynamite	1.4%	74,538	3.1
		<u>26.5%</u>		

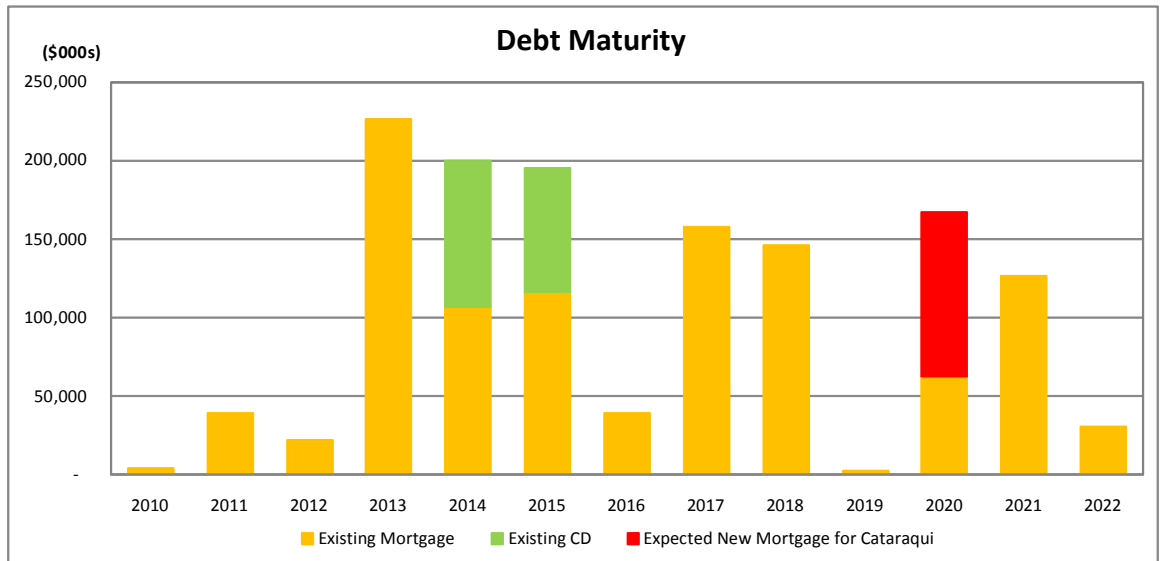
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## Primaris' lease expiry



*The data shown here represents the pro forma combination of Primaris Retail REIT's existing assets and Cataraqui Town Centre as at March 31, 2010.*

## Primaris' debt maturity



*The data shown here represents the pro forma combination of Primaris Retail REIT's existing assets and Cataraqui Town Centre as at March 31 2010.*

### **Primaris' property list sales performance**

(for the 12 months ended February 28, 2010)<sup>1</sup>

	<b>Same Tenant Sales per Square Foot (\$ psf)</b>
Midtown Plaza	562
Cornwall Centre	527
Sunridge Mall	522
Dufferin Mall	517
Stone Road Mall	510
Woodgrove Centre	507
Park Place Mall	502
Orchard Park	473
Grant Park	465
Place d'Orleans	450
Cataraqui Town Centre	443
Northland Village	440
Place Du Royaume	407
Aberdeen Mall	369
Lambton Mall	353
Heritage Place	316
Place Fleur De Lys	311
Eglinton Square	298

*1. Except Cataraqui Town Centre which is as at December 31, 2009.*