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## **Primaris Retail REIT Announces East Coast Acquisitions and Public Offering of \$100 Million of Trust Units**

Toronto (Ontario), October 31, 2012 –Primaris Retail REIT (TSX:PMZ.UN) ("Primaris") announced today that it has agreed to purchase two shopping centres from The Cadillac Fairview Corporation Limited (the "New Brunswick Acquisition") for \$317.6 million dollars (the "Purchase Price"). Primaris will buy a 100 per cent interest in Regent Mall, Fredericton, New Brunswick and McAllister Place, Saint John, New Brunswick. Subject to typical conditions of closing for a transaction of this type, closing of the New Brunswick Acquisition is expected to occur on November 30, 2012.

Commenting on the acquisition, Primaris president and CEO, John Morrison, said, "We are pleased to extend Primaris' portfolio from coast to coast. Regent Mall and McAllister Place are both institutional quality assets that are dominant in their trade areas. Primaris' acquisition of these assets extends and solidifies our presence in New Brunswick and broadens our visibility and reach across Canada. We expect these acquisitions to be accretive to our funds from operations per unit."

Mr. Morrison added, "The acquisition of these shopping centres is part of our defined property strategy to own dominant centres in secondary markets. This is our niche and we excel at managing, leasing and developing these types of properties. Our shopping centres typically have high occupancy and low turnover with the right blend of retail brands that consumers want."

### **Description of Public Offering**

To partially fund the New Brunswick Acquisition, Primaris has reached an agreement with a syndicate of underwriters co-led by RBC Capital Markets and CIBC, with RBC Capital Markets acting as bookrunner (collectively, the "Underwriters"), to issue to the public, subject to regulatory approval, on a bought deal basis, 4,265,000 trust units (the "Units") at a price of \$23.45 per Unit (the "Offering") representing gross proceeds of \$100,014,250. Primaris has granted an over-allotment option to the Underwriters exercisable at any time up to 30 days after the closing date, to acquire additional Units of up to the lesser of \$15,002,137.50 and the Underwriters "over-allocation position" as at the closing date.

The net proceeds from the Offering after deducting the Underwriters' fee and estimated expenses of the Offering will be used to pay a portion of the Purchase Price for the New Brunswick Acquisition as well as Primaris' expenses with respect to the New Brunswick Acquisition.

The Offering is being made under Primaris' short form base shelf prospectus dated August 28, 2012. The terms of the Offering will be described in a prospectus supplement to be filed with Canadian securities regulators on or about November 2, 2012. The Offering is expected to close on or about November 9, 2012.

The remainder of the Purchase Price will be funded by Primaris' existing line of credit, mortgage financing and a debt bridge facility, as more fully described below.

This press release shall not constitute an offer to sell, or the solicitation of an offer to buy, any securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities being offered have not been and will not be registered under the U.S. Securities Act of 1933 as amended and may not be offered or sold in the United States absent registration or pursuant to applicable exemption from registration.

<b>The Properties</b>	<b>Location</b>	<b>Gross Leaseable Area (SF)</b>
Regent Mall	Fredericton, New Brunswick	488,000
McAllister Place	Saint John, New Brunswick	489,000
		<u>977,000</u>

Primaris estimates that it will earn a going-in capitalization rate of 5.89% (meaning the estimated first twelve months net operating income divided by the purchase price) on these two properties. This estimated return includes amounts that represent the recovery of deferred capital expenditures made by the vendor.

#### *Regent Mall, Fredericton*

Regent Mall is a single-level enclosed regional shopping centre containing a net rentable area of approximately 488,000 square feet. It was built in 1976 and was recently renovated in 2010. The centre is anchored by Walmart and Sears. The site comprises approximately 42 acres. Regent Mall is the premier enclosed shopping centre in the primary Fredericton market.

#### *McAllister Place, Saint John*

McAllister Place is a single-level enclosed regional shopping centre containing a net rentable area of approximately 489,000 square feet. It was built in 1978 and was recently renovated and expanded in 2011. The centre is anchored by Sears and Zellers (scheduled to open as Target in November 2013). The site comprises approximately 79 acres.

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

### **Funding**

The purchase price, including closing costs, is expected to be funded as follows:

Mortgage Financing	\$ 114,000,000
Bridge credit facility	76,000,000
Draw on line of credit	36,353,740
Proceeds of offering <sup>i</sup>	<u>100,014,250</u>
	\$ 326,367,990

Note (i) assumes no exercise of the over-allotment option. To the extent the over-allotment option is exercised in whole or in part, Primaris will decrease its draw on its line of credit.

Primaris has secured permanent long term mortgage financing to be secured by Regent Mall that will be in place by the closing of the acquisitions. Primaris has arranged a bridge credit facility in the amount of \$76,000,000 in order to fund the balance of the purchase. The bridge credit facility would

be repaid from a future financing that could include permanent long term mortgage financing, unsecured debt or a bank loan. The interest expense on the bridge loan will be based on the bankers acceptance rate plus 200 bps. The bridge facility will have a term of one year with the ability to extend the term for an additional three months. Primaris will place a 10 year, \$114 million mortgage on Regent Mall. Primaris estimates that the interest expense attributable to such long-term financing, based on the current portfolio of Primaris and other relevant factors will amount to approximately \$4.7 million per year.

### **Liquidity Remains Solid**

The draw on the line of credit will leave approximately \$62 million dollars of unused credit capacity (assuming no exercise of the over-allotment option). Primaris has no debt maturing before January 2013 and therefore will remain in a very liquid financial position after completing this acquisition.

The pro forma Debt to Total Assets ratio will be 41.9%. The pro forma annualized EBITDA to interest expense will be 2.6x. Management believes that this liquidity position and amount of debt are at levels that allow Primaris to continue to meet current obligations comfortably and pursue future growth opportunities as they become available.

### **Forward-Looking Information**

This press release contains forward looking statements that reflect the current expectations of Primaris about its future results, performance, prospects and opportunities. Readers are cautioned not to place undue reliance on forward looking information. Primaris has tried to identify these forward looking statements by using words such as "may", "will", "should" "expect", "anticipate", "believe", "intend", "plan", "estimate", "potentially" and similar expressions. By its nature, such forward looking information necessarily involves known and unknown risks and uncertainties that may cause Primaris' actual results, performance, prospects and opportunities in future periods to differ materially from those expressed or implied by such forward looking statements. These risks and uncertainties include, among other things, risks related to: the anticipated closing of the New Brunswick Acquisition; real property ownership; tenant risks; fixed costs; liquidity; financing risks; limit on activities; availability of cash flow; availability of growth opportunities; access to capital; interest rate fluctuations; retail concentration; reliance on anchor tenants; restrictions on redemptions; competition; land leases; general uninsured losses; environmental matters; possibility of unitholder liability; tax-related risk factors; potential conflicts of interest; dilution; specific lease considerations; and nature of investment. There can be no assurance that Primaris' expectations will prove to be correct. Primaris assumes no obligation to update or revise any such forward looking statements to reflect new events or circumstances.

Although the forward-looking statements contained in this press release are based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Certain assumptions made in preparing forward-looking information and Primaris' objectives include the assumption that the New Brunswick Acquisition will be completed on the terms and basis set out herein, the Canadian economy will remain stable in 2012/2013 and that inflation will remain relatively low. Management has also assumed that interest rates will remain stable in 2012/2013, that conditions within the real estate market, including

competition for acquisitions, will be consistent with the current climate and that capital markets will continue to provide Primaris with ready access to equity and/or debt.

Readers should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While Primaris may elect to, Primaris is under no obligation and does not undertake to update this information at any particular time, except as required by law.

Upon completion of these acquisitions, Primaris will own 35 income-producing properties comprising approximately 14.7 million square feet located in Canada. As of October 29, 2012, Primaris had 95,059,363 units issued and outstanding, including 2,122,261 Exchangeable Units.

## Appendix A

### Property Descriptions:

#### Regent Mall, Fredericton

Regent Mall is located on the south side of the Saint John River at the northwest corner of Regent Street and Arnold Drive in Fredericton, New Brunswick. Regent Mall overlooks the Fredericton Bypass, a heavily traveled highway which connects with the Trans-Canada Highway, and provides regional access to the site. The primary trade area population of Regent Mall is 96,000 and the secondary trade area population is a further 83,000.

Regent Mall is an approximately 488,000 square foot enclosed regional shopping centre. The Centre is anchored by Walmart and Sears. Additionally, there are five major tenants: Empire Theatres, Sport Chek, Chapters, Toys "R" Us and H&M. The Centre is situated on a 42 acre site and was built in 1976 with several further renovations/expansions, the most recent being in 2010. The average annual CRU sales performance was \$449 per square foot as at July 31, 2012.

The current overall occupancy (including committed space) of the property is 99.8%. The expiry of CRU space does not represent more than 4.6% of total GLA in any one of the next five years.

PROFILE OF TENANTS WITH AREA > 15,000 SQ FT		
Tenant Name	Area SF	Lease Expiry
<b>Anchor Tenants</b>		
Walmart	133,388	Aug-21
Sears	83,934	Aug-15
<b>Total Anchor Tenants</b>	<b>217,322</b>	
<b>Major Tenants</b>		
Empire Theatres	30,030	Dec-16
Sport Chek	27,901	Jun-22
Chapters	22,466	Apr-14
Toys "R" Us	20,500	Oct-20
H&M*	15,592	Dec-22
<b>Total Major Tenants</b>	<b>116,489</b>	
<b>TOTAL</b>	<b>333,811</b>	
*Gross rent deal with tenant anticipated to open for business on November 8, 2012		

#### McAllister Place, Saint John

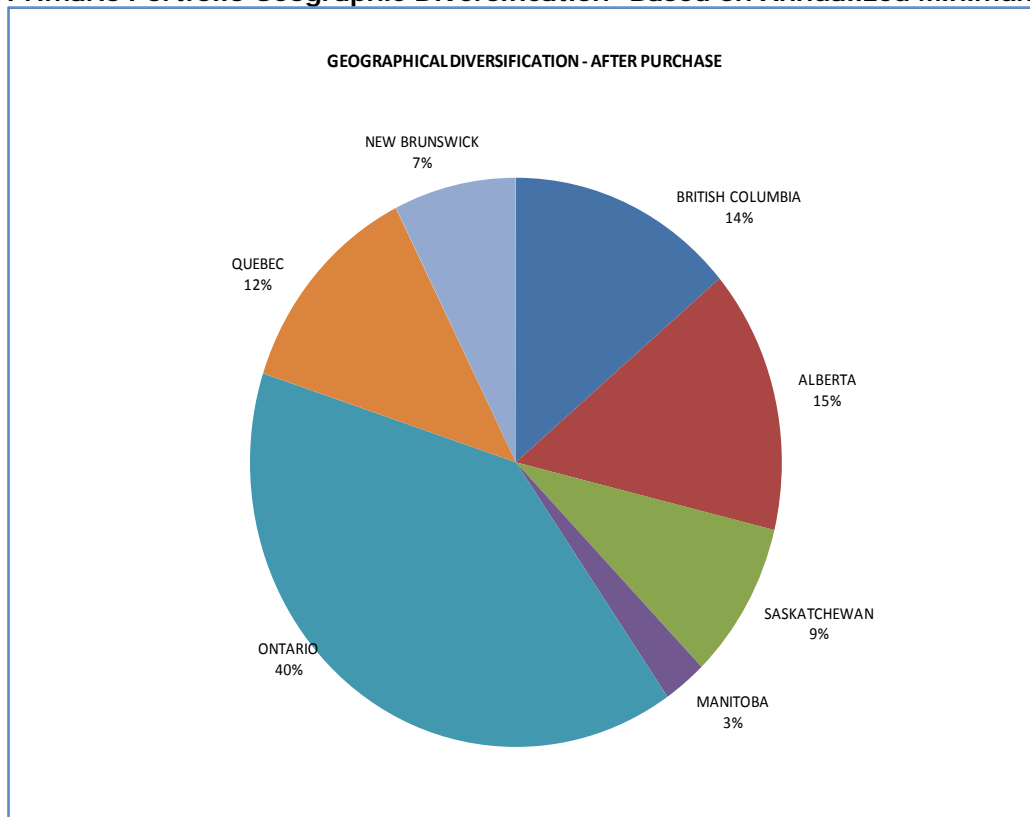
McAllister Place is located on the east side of the city which lies east of the Courtney Bay/Forebay and southwest of New Brunswick Route 1. The primary trade area population of McAllister Place is 77,000 and the secondary trade area population is a further 33,000.

McAllister is an approximately 489,000 square foot enclosed regional shopping centre. The Centre is anchored by Zellers (scheduled to open as a Target in November 2013) and Sears. Additionally, there are four major tenants: Sobeys, Sport Chek, Toys "R" Us and Lawtons. The Centre is situated on a 79 acre site and was built in 1978 with several further renovations/expansions, the most recent being in 2011. The average annual CRU sales performance was \$437 per square foot as at July 31, 2012.

The current overall occupancy (including committed space) of the property is 96.2%. The expiry of CRU space does not represent more than 4.6% of total GLA in any one of the next five years.

<b>PROFILE OF TENANTS WITH AREA &gt; 15,000 SQ FT</b>		
<b>Tenant Name</b>	<b>Area SF</b>	<b>Lease Expiry</b>
<b>Anchor Tenants</b>		
Sears	131,728	Jul-14
Zellers/Target*	103,499	May-18
<b>Total Anchor Tenants</b>	<b>235,227</b>	
<b>Major Tenants</b>		
Sobeys	42,420	Jun-21
Sport Chek	25,795	Jul-21
Toys "R" Us	21,580	Sep-21
Lawtons	16,252	Nov-21
<b>Total Major Tenants</b>	<b>106,047</b>	
<b>TOTAL</b>	<b>341,274</b>	
* Includes a 10,000 sf expansion : Target conversion is scheduled for November 2013		

## Primaris Portfolio Geographic Diversification- Based on Annualized Minimum Rent



*The data shown here represents the pro forma combination of Primaris' existing assets and Regent Mall and McAllister Place as at June 30, 2012.*

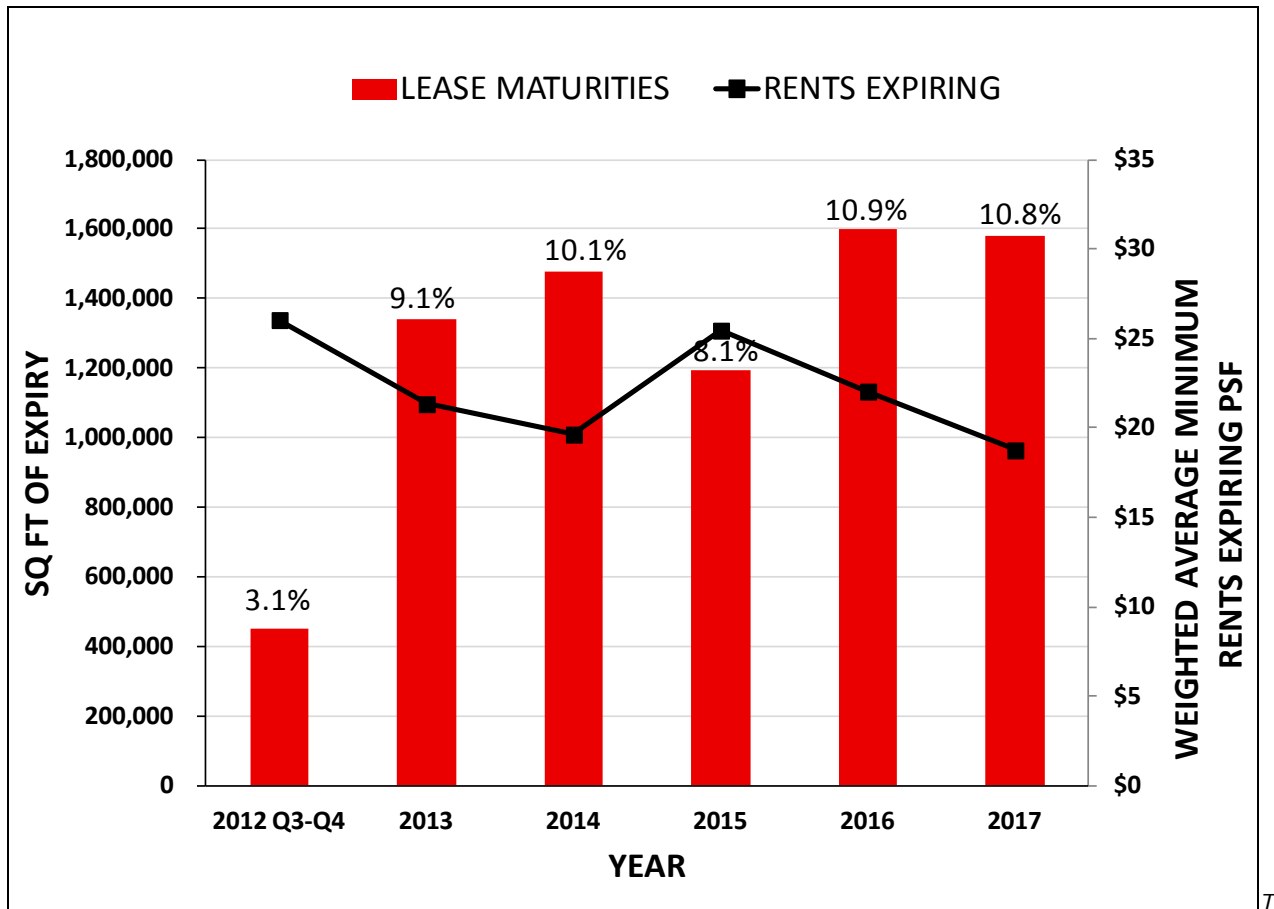
## Primaris Portfolio Top Ten Tenants

<b>TOP 10 TENANTS</b>				
<b>Rank</b>	<b>Tenant Groups</b>	<b>% of Total Annual Minimum Rent</b>	<b>Area (Sq. ft.)</b>	<b>Weighted Avg. Lease Term to Maturity (Yrs)</b>
1	HBC	4.0%	1,993,118	6.2
2	Canadian Tire	3.8%	940,431	5.0
3	Reitmans	2.6%	202,525	4.2
4	Sears	2.6%	1,423,996	6.0
5	YM	2.5%	248,406	3.5
6	Target*	2.3%	1,143,287	7.2
7	Shoppers Drug Mart	2.1%	189,773	5.6
8	Bell Canada	1.8%	102,821	4.9
9	Comark	1.7%	124,202	4.4
10	Best Buy	1.5%	221,959	3.7
		<hr/> 24.9%		
* Note: The Target area includes an expansion area of 10,000 sf that has yet to be constructed. This includes the McAllister Place Target store opening in November 2013.				

*The data shown here represents the pro forma combination of Primaris' existing assets and Regent Mall and McAllister Place as at June 30, 2012.*

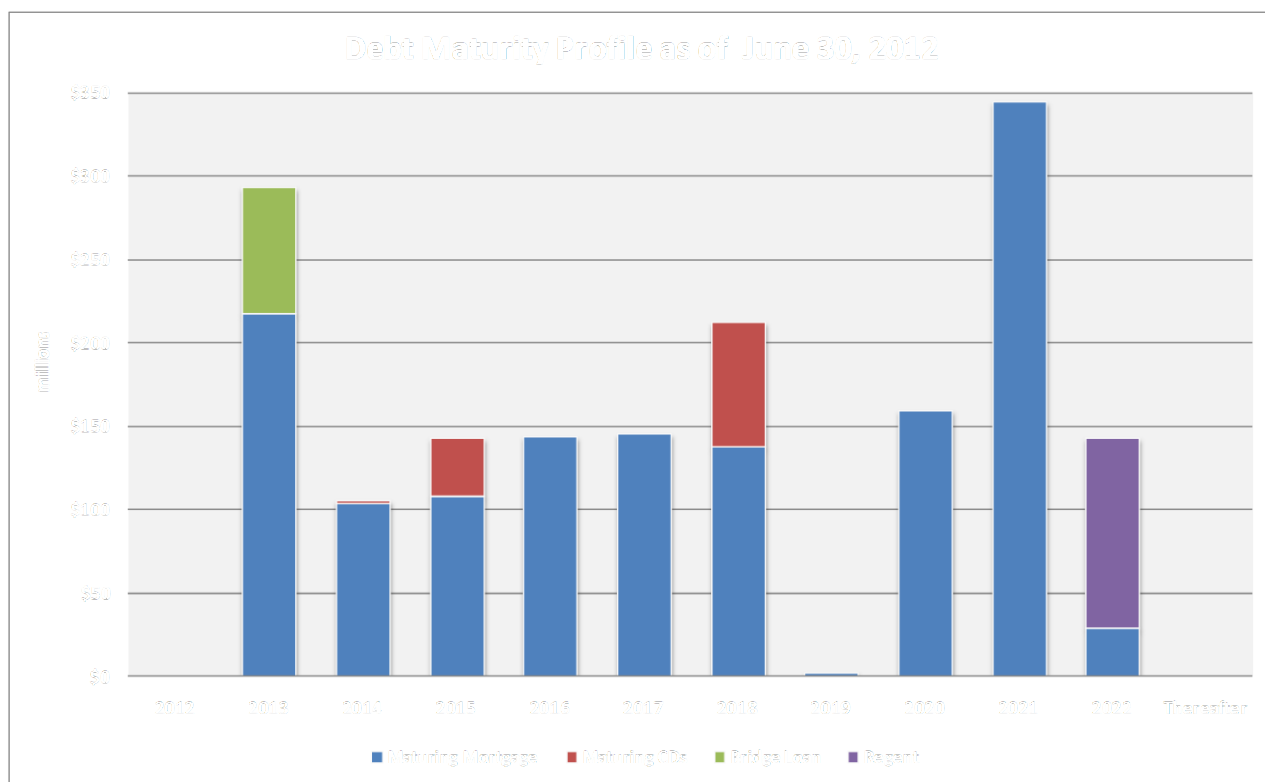


## Primaris lease expiry



The data shown here represents the pro forma combination of Primaris' existing assets and Regent Mall and McAllister Place as at June 30, 2012.

## Primaris Portfolio Debt Maturity



The data shown here represents the pro forma combination of Primaris' existing assets (pro-form for the repayment of a mortgage that matured July 1, 2012 and the August 18, 2012 redemption of the 5.85% series of convertible debentures) and Regent Mall and McAllister Place as at June 30, 2012. The new debt shown in year 2022 is Primaris' current estimate of the mortgage financing to be placed on Regent Mall. The bridge loan which is to be used to partially fund McAllister Place is shown in 2013 as it is expected to be refinanced within 2013.

## Primaris Property Sales Performance

(for the 12 months ended May 31, 2012)

	Same Tenant Sales per Square Foot (\$)
Midtown Plaza	621
Grant Park	583
Cornwall Centre	557
Stone Road Mall	543
Dufferin Mall	528
Oakville Place	516
Cataraqui Town Centre	509
Park Place	506
Orchard Park Shopping Ctr	495
Sunridge	487
Northland Village	460
Woodgrove	459
<b>Regent Mall</b>	<b>449</b>
Place d'Orleans	443
<b>McAllister Place</b>	<b>437</b>
Place du Royaume	423
St. Albert Centre	414
Burlington Mall	398
Eglinton Square Shopping Ctr	397
Aberdeen Mall	376
Lambton Mall	324
Place Fleur de Lys	322
Heritage Place	300
Place Vertu	293
Tecumseh Mall	260

*The data shown here represents the pro forma combination of Primaris' existing assets as at May 31, 2012 and Regent Mall and McAllister Place as at July 31, 2012.*

**For more information, please contact**

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