

*This document is important and requires your immediate attention. If you are in doubt as to how to respond to the offer described in this trustees' circular, you should consult with your investment dealer, stockbroker, lawyer or other professional advisor. Enquiries concerning the information in this document should be directed to Kingsdale Shareholder Services Inc., the information agent retained by Primaris Retail Real Estate Investment Trust, at one of the telephone numbers listed on the back page of this trustees' circular. Please visit [www.primarisrealvalue.com](http://www.primarisrealvalue.com).*

**Primaris**



Retail Real Estate  
Investment Trust

**TRUSTEES' CIRCULAR**

**RECOMMENDING**

**REJECTION**

**OF THE OFFER BY**

**KS ACQUISITION II LP**

**(a limited partnership whose limited partnership interests are owned equally by KS Bidco LP, a wholly-owned subsidiary of KingSett Real Estate Growth LP No. 5, an affiliate of KingSett Capital Inc., and OPB Finance Trust II, an associate of Ontario Pension Board)**

**TO PURCHASE ALL OF THE OUTSTANDING TRUST UNITS**

**(together with associated rights under the Primaris Unitholder Rights Plan)**

**OF**

**PRIMARIS RETAIL REAL ESTATE INVESTMENT TRUST**

**THE BOARD OF TRUSTEES UNANIMOUSLY RECOMMENDS  
THAT  
UNITHOLDERS**

**REJECT**

**THE OFFER AND NOT TENDER THEIR UNITS.**

**NOTICE TO UNITHOLDERS IN THE UNITED STATES**

*The offer to which this Circular relates is made for the securities of a Canadian issuer and while the offer is subject to applicable disclosure requirements in Canada, unitholders should be aware that such requirements are different from those in the United States. The enforcement by investors of civil liabilities under the United States federal securities law may be affected adversely by the fact that the issuer is located in a foreign country and that its officers and trustees are residents of a foreign country*

**DECEMBER 19, 2012**

# Primaris



## Retail Real Estate Investment Trust

December 19, 2012

Dear Fellow Unitholder:

**Re: Hostile Take-over Bid by KS Acquisition II LP**

You will find attached to this letter the trustees' circular responding to the hostile take-over bid recently announced by a group that includes KingSett Capital, the Ontario Pension Board and RioCan REIT.

Please take the time to review the circular as it sets out the recommendation from your board of trustees with respect to the offer. In short, we believe the offer is wholly inadequate and does not represent fair value for your units. Primaris offers investors a unique vehicle to invest in the Canadian real estate market. We are Canada's only publicly traded real estate investment trust focused on enclosed shopping centres and have grown our portfolio from six properties to 35, across the country, in less than 10 years. Based on the closing price of the Primaris units on December 4, 2012 (the date prior to the announcement of the offer), we have earned our unitholders a 359% return since going public in July 2003, and a 17% return since January 1, 2012. This compares to the S&P/TSX composite, which has generated a 4% year-to-date (to December 4, 2012) return. Our monthly distribution is stable and reliable, and we expect it to grow through strong management of our existing properties and accretive acquisitions and development opportunities.

Primaris' board of trustees has appointed a committee of independent trustees to review the KingSett offer and to consider strategic alternatives. We believe the offer has been made at the start of the holiday season to make it more difficult for the independent committee to canvass alternatives that may be available and that may represent preferable opportunities. Primaris has a unitholder-approved rights plan in place and so we expect that the offer will have to be extended beyond the stated expiry date of January 17, 2013.

Canaccord Genuity Corp., a financial advisor to the independent committee, has provided an opinion that the KingSett offer is inadequate from a financial point of view to the Primaris unitholders other than the offeror and its affiliates. The full text of the opinion is attached to the trustees' circular.

Please be assured that the independent committee and management of Primaris and our legal and financial advisors are working vigorously to identify alternatives that are in the best interests of Primaris and its unitholders. Your board of trustees is unanimously recommending that you reject the \$26.00 offer and do not tender your units.

We thank you for your continued support and wish you the best for the holiday season.

Yours very truly,

William J. Biggar  
Chair of the Independent Committee

Primaris Unitholders requiring advice or assistance concerning the rejection of the KingSett Offer are urged to contact Primaris' information agent:



North American Toll Free Number: **1-866-581-1571**

Outside North America, Banks, Brokers and Collect Calls: **416-867-2272**

If you require assistance in withdrawing your Primaris Units, please contact Kingsdale Shareholder Services Inc. at 1-866-581-1571 toll-free in North America, or 416-867-2272 outside North America or by email at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

**REJECT THE KINGSETT OFFER AND DO NOT TENDER YOUR PRIMARIS UNITS.  
PLEASE VISIT [WWW.PRIMARISREALVALUE.COM](http://WWW.PRIMARISREALVALUE.COM)**

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## QUESTIONS AND ANSWERS ABOUT THE KINGSETT OFFER

### Should I accept or reject the KingSett Offer?

Your Board of Trustees **UNANIMOUSLY** recommends that Primaris Unitholders **REJECT** the KingSett Offer and **NOT TENDER** their Primaris Units.

### Why should I reject the KingSett Offer?

The Board of Trustees believes that the KingSett Offer fails to provide fair value for the Primaris Units and is an attempt by the Offeror to acquire Primaris without offering adequate consideration to Primaris Unitholders. The following is a summary of the principal reasons for the unanimous recommendation of the Board of Trustees to Primaris Unitholders that they **REJECT** the KingSett Offer and **NOT TENDER** their Primaris Units:

- The KingSett Offer is financially inadequate as:
  - the KingSett Offer fails to adequately compensate Primaris Unitholders for the underlying value of Primaris' assets, the strategic value of Primaris' national scale and operating platform and Primaris' future growth potential through its acquisition and development pipeline. Primaris is the largest and only publicly-traded REIT in Canada focused on high quality enclosed shopping centres;
  - the KingSett Offer does not provide an appropriate change of control premium;
  - the consensus opinion of equity analysts has suggested that the KingSett Offer does not fully value Primaris;
  - the KingSett Offer is at a discount to the current trading price of the Primaris Units; and
  - in the written opinion of Canaccord Genuity, a financial advisor to the Board, the \$26 offer is inadequate from a financial point of view to Primaris Unitholders, other than the Offeror and its affiliates.
- The Independent Committee, together with management of Primaris and its financial and legal advisors, are currently pursuing a rigorous process designed to achieve a result that is financially superior to the KingSett Offer and delivers greater value for Primaris and the Primaris Unitholders.
- The KingSett Offer is not a permitted bid under the Primaris Unitholder Rights Plan.
- Most taxable Primaris Unitholders could find it difficult to find an equally attractive investment and income stream with a similar risk profile as currently in place with their investment in Primaris Units using after-tax proceeds from the KingSett Offer.
- The timing of the KingSett Offer is opportunistic and designed to take advantage of the difficulty other potential interested parties could have in organizing their affairs through the holiday season.
- The KingSett Offer fails to consider the interests of all Primaris securityholders.

If you require assistance in withdrawing your Primaris Units, please contact Kingsdale Shareholder Services Inc. at 1-866-581-1571 toll-free in North America, or 416-867-2272 outside North America or by email at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

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### **How do I reject the KingSett Offer?**

You do not need to do anything. **TAKE NO ACTION** and **DO NOT TENDER** your Primaris Units.

### **Can I withdraw my Primaris Units if I have already tendered?**

**YES.** You can withdraw your Primaris Units:

- (a) at any time before the Primaris Units have been taken up by the Offeror under the KingSett Offer;
- (b) if the Primaris Units have not been paid for by the Offeror within three business days after having been taken up; or
- (c) at any time before the expiration of ten days in the event that there is a notice of change or variation to the KingSett Offer.

### **How do I withdraw my Primaris Units?**

As your Primaris Units are held through a broker, trust company or other intermediary, call **NOW**, with instructions to withdraw your Primaris Units. Your broker will follow the book-entry procedure to withdraw your Primaris Units. We recommend you contact your broker or Kingsdale Shareholder Services Inc., the information agent retained by Primaris, at one of the telephone numbers listed at the end of this Q&A for more information on how to withdraw your Primaris Units.

### **What is the Board of Trustees doing in response to the KingSett Offer?**

In response to the KingSett Offer, the Board of Trustees has appointed the Independent Committee. The Independent Committee has been working together with Primaris management and financial and legal advisors to identify a range of alternatives consistent with a focus on the best interests of Primaris and the Primaris Unitholders. The alternatives include building upon and executing existing value-enhancing initiatives, as well as engaging in discussions with third parties regarding strategic alternatives.

### **Are the trustees and officers of Primaris planning to tender their Primaris Units to the KingSett Offer?**

All of the trustees and officers of Primaris have indicated their intention **NOT** to tender their Primaris Units to the KingSett Offer, which the Board of Trustees views as being inadequate.

### **My broker advised me to tender my Primaris Units. Should I?**

**NO.** The Board of Trustees has unanimously recommended that Primaris Unitholders **REJECT** the KingSett Offer and **NOT TENDER** their Primaris Units. A summary of all the reasons for the unanimous recommendation of the Board of Trustees is included under “**Reasons for the Recommendation**” in the Circular.

If you require assistance in withdrawing your Primaris Units, please contact Kingsdale Shareholder Services Inc. at 1-866-581-1571 toll-free in North America, or 416-867-2272 outside North America or by email at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

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**The media has referred to this as a “hostile” take-over bid. Is that true?**

**YES.** In a friendly take-over, the two entities work together to come to an agreement that would enhance value. The KingSett Acquisition Group, however, initiated its offer without discussion with, or the support of, Primaris. Given this, the KingSett Offer should be considered a hostile offer, and the Independent Committee has been working with Primaris management and financial and legal advisors to develop, review and evaluate a range of strategic alternatives consistent with Primaris’ focus on the best interests of Primaris and the Primaris Unitholders.

**Will the KingSett Acquisition Group increase the KingSett Offer?**

Primaris does not know if the KingSett Acquisition Group will increase the KingSett Offer. However, the Board of Trustees believes that the KingSett Offer significantly undervalues Primaris.

**Will there be a higher offer from another bidder?**

Primaris has received several inquiries from, and has initiated contact with a number of third parties. Discussions are being pursued with these potential suitors in order to generate value-enhancing alternatives. Primaris has established a data room for the purpose of providing confidential information to such third parties. While it is impossible to predict whether any transactions will emerge from these efforts, the Board of Trustees believes that Primaris and its assets are potentially very attractive to other parties in addition to the KingSett Acquisition Group.

**Do I have to decide now?**

**NO.** You do not have to take any action at this time. The KingSett Offer is scheduled to expire on January 17, 2013, and is expected to be extended given that it is subject to a number of conditions that have yet to be satisfied and due to the Primaris Unitholder Rights Plan. Given that the Independent Committee is considering a range of strategic alternatives consistent with Primaris’ focus on maximizing value for the Primaris Unitholders, the Board of Trustees recommends that you not take any action until closer to the expiry date of the KingSett Offer to ensure that you are able to consider all of the options available to you.

If you have already tendered Primaris Units to the KingSett Offer and you decide to withdraw these Primaris Units from the KingSett Offer, you must allow sufficient time to complete the withdrawal process prior to the expiry of the KingSett Offer. For more information on how to withdraw your Primaris Units, you should contact your broker or Kingsdale Shareholder Services Inc., the information agent retained by Primaris, at one of the numbers listed below.

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**Who do I ask if I have more questions?**

Your Board of Trustees recommends that you read the information contained in this Circular. Please contact Kingsdale Shareholder Services Inc., the information agent retained by Primaris, with any questions or requests for assistance that you might have.

**TELEPHONE NUMBERS FOR**



North American Toll Free Number: **1-866-581-1571**  
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## GENERAL INFORMATION

Unless the context otherwise requires, all references hereinafter in this Trustees' circular (the "**Circular**") to "**Primaris**" or the "**REIT**" refer to Primaris Retail Real Estate Investment Trust and its subsidiaries. Similarly, references to the properties, the portfolio of properties or investments in properties or operations of Primaris apply to both Primaris and its subsidiaries taken as a whole.

In addition, all references to the "**Offeror**" or "**KingSett**" refer to KS Acquisition II LP, the "**KingSett Acquisition Group**" refers to the Offeror together with its general partner, its limited partners and related entities to its limited partners including KS Bidco LP, a wholly-owned subsidiary of KingSett Real Estate Growth LP No. 5, an affiliate of KingSett Capital, and OPB Trust, an associate of Ontario Pension Board involved with the KingSett Offer and RioCan Real Estate Investment Trust ("**RioCan**"), and the "**KingSett Offer**" refers to the hostile offer made by the Offeror described in this Circular.

All dollar amounts set forth in this Circular are expressed in Canadian dollars, except where otherwise indicated. References to Canadian dollars, CDN\$ or \$ are to the currency of Canada. All references to returns on Primaris Units or other indices assume reinvestment of all distributions. For an explanation of certain terms and abbreviations used in this Circular and not otherwise defined, please refer to the "Glossary of Terms" attached as Schedule A.

## NOTICE REGARDING INFORMATION

Certain information in this Circular has been taken from or is based on documents that are expressly referred to in this Circular. All summaries of, and references to, documents that are specified in this Circular as having been filed, or that are contained in documents specified as having been filed on the system for electronic document analysis and retrieval ("**SEDAR**") are qualified in their entirety by reference to the complete text of those documents as filed, or contained in documents filed on SEDAR or on [www.sedar.com](http://www.sedar.com). Primaris Unitholders are urged to read carefully the full text of those documents, which may also be obtained on request without charge from the secretary of Primaris at 1 Adelaide Street East, Suite 900, Toronto, Ontario M5C 2V9 (telephone: (416) 642-7821).

Information contained in this Circular concerning the KingSett Acquisition Group, KingSett and the KingSett Offer is based solely upon, and the board of trustees of Primaris (the "**Board**" or "**Board of Trustees**") has relied, without independent verification, exclusively upon, information contained in the take-over bid circular (the "**KingSett Circular**") provided to Primaris by the Offeror or that is otherwise publicly available. While the Board of Trustees has no reason to believe that such information is inaccurate or incomplete, the Board of Trustees does not assume any responsibility for the accuracy or completeness of the KingSett Circular or any such information contained therein or for information that is otherwise publicly available. You are urged to read the KingSett Circular carefully and in its entirety. The KingSett Circular is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## NON-IFRS MEASURES

Funds from operations ("**FFO**"), net operating income ("**NOI**") and earnings before interest, taxes, depreciation and amortization ("**EBITDA**") are widely used supplemental measures of a Canadian real estate investment trust's performance and are not defined under the International Financial Reporting Standards

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("IFRS"). Management uses these measures when comparing itself to industry data or to others in the marketplace. FFO, NOI and EBITDA should not be considered alternatives to net income or other measures that have been calculated in accordance with IFRS and may not be comparable to measures presented by other issuers. Primaris' management discussion and analysis describes FFO, NOI and EBITDA. Reconciliations to net income, as defined under IFRS, for FFO and EBITDA are presented, as well as the calculation of NOI.

## FORWARD-LOOKING STATEMENTS

Certain statements contained in this Circular, including the discussion of the reasons for the Board of Trustees recommendation that Primaris Unitholders reject the KingSett Offer and not tender their Primaris Units, constitute "forward-looking information" within the meaning of applicable securities legislation. Statements other than statements of historical fact contained in this Circular may be forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans", or "continue", or similar expressions suggesting future outcomes or events.

Examples of such forward-looking statements in this Circular include, but are not limited to, statements with respect to expectations, projections or other characterizations of future events or circumstances, and Primaris' objectives, goals, strategies, beliefs, intentions, plans, estimates, projections and outlook, including statements relating to the plans and objectives of Primaris or its management or Board of Trustees, or estimates or predictions of actions of customers, suppliers or competitors. Primaris has based these forward-looking statements on its current expectations about future events. Some of the specific forward-looking statements in this Circular include, but are not limited to, statements with respect to (i) the intention of Primaris to pay stable and growing distributions; (ii) the ability of Primaris to execute its growth strategies, including the completion of the acquisition described herein; (iii) the expectation that the acquisition described herein will be accretive; (iv) the expectation that the KingSett Offer will be extended beyond January 17, 2013; and (v) the potential emergence of a superior proposal delivering greater value for Primaris Unitholders.

Forward-looking statements do not take into account the effect of transactions or other items announced or occurring after the statements are made. For example, they do not include the effect of dispositions, acquisitions, other business transactions, asset write-downs or other charges announced or occurring after the forward-looking statements are made.

Although Primaris believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct, and since forward-looking statements inherently involve risks and uncertainties, undue reliance should not be placed on such statements. Such risks and uncertainties include, but are not limited to, the factors discussed under "Risk Factors" in Primaris' latest annual information form, which is available on SEDAR at [www.sedar.com](http://www.sedar.com). The estimates and assumptions, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth in this Circular as well as the following: (i) Primaris will receive financing on favourable terms; (ii) the future level of indebtedness of Primaris and its future growth potential will remain consistent with Primaris' current expectations; (iii) there will be no changes to tax laws adversely affecting Primaris' financing capacity or operations; (iv) the workforce of Primaris will remain stable and consistent with Primaris' current expectations; (v) the impact of the current economic climate and the current global financial conditions on Primaris' operations, including its financing capacity, and asset value, will remain consistent with Primaris' current expectations; (vi) there will be no material changes to government and environmental regulations adversely

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affecting Primaris' operations; (vii) the performance of Primaris' investments in Canada will proceed on a basis consistent with Primaris' current expectations; (viii) conditions in the real estate market, including competition for acquisitions, will be consistent with the current climate; and (ix) Primaris will be able to pursue its acquisition pipeline on a basis consistent with Primaris' current expectations.

The forward-looking statements contained in this Circular are expressly qualified in their entirety by this cautionary statement. All forward-looking statements in this Circular relate only to events or information as of the date on which the statements are made. Primaris, except as required by applicable securities laws, does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. Additional information about these assumptions and risks and uncertainties is contained in Primaris' filings with securities regulatory authorities, including its latest annual information form, which are available on SEDAR at [www.sedar.com](http://www.sedar.com).

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## SUMMARY INFORMATION

The information set out below is intended as a summary only and is qualified in its entirety by the more detailed information appearing elsewhere in this Circular. This Circular should be read carefully and in its entirety by the Primaris Unitholders as it provides important information regarding Primaris, the Offeror and the KingSett Offer. All capitalized terms in the Summary have the meanings ascribed to such terms elsewhere in this Circular.

### **The KingSett Offer:**

The KingSett Acquisition Group has made a hostile offer to purchase all of the Primaris Units (together with associated rights outstanding under the Primaris Unitholder Rights Plan), including all Primaris Units that may become outstanding after the date of the KingSett Offer but before the Expiry Time upon conversion, exchange or exercise of the Convertible Securities, for a consideration per Primaris Unit of \$26.00 in cash.

As the KingSett Offer is open for acceptance until 5:00 p.m. (Toronto time) on January 17, 2013 (unless the KingSett Offer is extended or withdrawn by the KingSett Acquisition Group), there is no need for Primaris Unitholders to take any action with respect to the KingSett Offer at this time. We expect the KingSett Offer will be extended beyond January 17, 2013 (if it is not withdrawn) given that the Primaris Unitholders have approved the Primaris Unitholder Rights Plan. The Board intends to leave the Primaris Unitholders Rights Plan in place to prevent KingSett from purchasing any Primaris Units under the KingSett Offer until the Independent Committee has completed its discussions with third parties and its canvass of possible alternatives available to Primaris and the Primaris Unitholders.

Primaris Unitholders who have tendered their Primaris Units to the KingSett Offer can withdraw their tendered securities as described below. Primaris Unitholders who wish to obtain advice or assistance in withdrawing their Primaris Units are urged to contact their broker, or Kingsdale Shareholder Services Inc., Primaris' information agent at 1-866-581-1571 toll-free in North America, or 416-867-2272 outside North America, or by email at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

The KingSett Offer is not a "Permitted Bid" as defined in the Primaris Unitholder Rights Plan. Among other things, a Permitted Bid would have been open for at least 60 days.

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**Recommendation of the Trustees:**

The Board of Trustees unanimously recommends that Primaris Unitholders **REJECT** the KingSett Offer and **NOT TENDER** their Primaris Units.

**Reasons for Rejection:**

The Board of Trustees believes that the KingSett Offer fails to provide fair value for the Primaris Units and is an attempt by the Offeror to acquire Primaris without offering adequate consideration to Primaris Unitholders. The following is a summary of the principal reasons for the unanimous recommendation of the Board of Trustees to Primaris Unitholders that they **REJECT** the KingSett Offer and **NOT TENDER** their Primaris Units:

- The KingSett Offer is financially inadequate as:
  - the KingSett Offer fails to adequately compensate Primaris Unitholders for the underlying value of Primaris' assets, the strategic value of Primaris' national scale and operating platform and Primaris' future growth potential through its acquisition and development pipeline. Primaris is the largest and only publicly-traded REIT in Canada focused on high quality enclosed shopping centres;
  - the KingSett Offer does not provide an appropriate change of control premium;
  - the consensus opinion of equity analysts has suggested that the KingSett Offer does not fully value Primaris;
  - the KingSett Offer is at a discount to the current trading price of the Primaris Units; and
  - in the written opinion of Canaccord Genuity, a financial advisor to the Board, the \$26 offer is inadequate from a financial point of view to Primaris Unitholders, other than the Offeror and its affiliates.
- The Independent Committee, together with management of Primaris and its financial and legal advisors, are currently pursuing a rigorous process designed to achieve a result that is financially superior to the KingSett Offer and delivers greater value for Primaris and the Primaris Unitholders.
- The KingSett Offer is not a permitted bid under the Primaris Unitholder Rights Plan.

If you require assistance in withdrawing your Primaris Units, please contact Kingsdale Shareholder Services Inc. at 1-866-581-1571 toll-free in North America, or 416-867-2272 outside North America or by email at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

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- Most taxable Primaris Unitholders could find it difficult to find an equally attractive investment and income stream with a similar risk profile as currently in place with their investment in Primaris Units using after-tax proceeds from the KingSett Offer.
- The timing of the KingSett Offer is opportunistic and designed to take advantage of the difficulty other potential interested parties could have in organizing their affairs through the holiday season.
- The KingSett Offer fails to consider the interests of all Primaris securityholders.

**Intentions with Respect to the KingSett Offer by the Trustees and Officers:**

All of the trustees and officers of Primaris have informed Primaris that they will reject the KingSett Offer and not tender their Primaris Units.

If you require assistance in withdrawing your Primaris Units, please contact Kingsdale Shareholder Services Inc. at 1-866-581-1571 toll-free in North America, or 416-867-2272 outside North America or by email at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

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## TRUSTEES' CIRCULAR

This Circular is issued by the Board of Trustees in connection with the KingSett Offer made on December 10, 2012 by the KingSett Acquisition Group to purchase all of the outstanding Primaris Units, on a fully diluted basis, for \$26.00 per Primaris Unit in cash upon the terms and conditions set forth in the KingSett Offer and the accompanying KingSett Circular.

### RECOMMENDATION OF THE BOARD OF TRUSTEES

**THE BOARD OF TRUSTEES HAS UNANIMOUSLY CONCLUDED THAT THE KINGSETT OFFER IS WHOLLY INADEQUATE TO PRIMARIS UNITHOLDERS. THE BOARD OF TRUSTEES UNANIMOUSLY RECOMMENDS THAT PRIMARIS UNITHOLDERS REJECT THE KINGSETT OFFER AND NOT TENDER THEIR PRIMARIS UNITS.**

### THE OFFER

The KingSett Offer is being made for all of the Primaris Units, together with the rights associated therewith issued under the Primaris Unitholder Rights Plan and all Primaris Units that may become outstanding after the date of the KingSett Offer but before 5:00 p.m. on January 17, 2013 (unless the KingSett Offer is extended or withdrawn by the KingSett Acquisition Group) (the “**Expiry Time**”) upon the conversion, exchange or exercise of the Convertible Securities, for consideration per Primaris Unit of \$26.00 in cash. The KingSett Offer is open for acceptance until the Expiry Time.

### RECENT DEVELOPMENTS

Along with revenue increases in each respective comparative period in 2011 and 2012, Primaris announced a number of positive transactions in 2011 and 2012 resulting in a steady increase in the trading price of Primaris Units. In 2012, Primaris acquired Regent Mall in Fredericton, New Brunswick, McAllister Place in Saint John, New Brunswick, Driftwood Mall in Courtenay, British Columbia and a property adjacent to Eglinton Square Shopping Centre in Toronto, Ontario for an aggregate purchase price for all of these properties of \$370 million. In 2011 Primaris acquired Oakville Place in Oakville, Ontario, Burlington Mall in Burlington, Ontario, Place Vertu in Montreal, Quebec, St. Albert Centre in Edmonton, Alberta, Tecumseh Mall in Windsor, Ontario and a property adjacent to Northland Village in Calgary, Alberta for an aggregate purchase price of \$574 million.

Additionally, the liquidity freed up through strategic dispositions in 2011 of two properties, Forest Glen in Kitchener, Ontario and Tillsonburg Gateway Centre in Tillsonburg, Ontario, has allowed Primaris to redeploy such funds at higher rates of return, in line with Primaris’ acquisition strategy.

Primaris is currently conducting due diligence on two properties that it has the right to purchase, subject to it being satisfied with its due diligence and the satisfaction of other conditions in its favour, for an aggregate purchase price of approximately \$380 million. Primaris is considering financing alternatives for this normal course of business acquisition and expects that the acquisition will be immediately accretive. Primaris intends to continue business in the ordinary course while the KingSett Offer is outstanding and may engage in other transactions, including acquisitions and dispositions.

On December 19, 2012, Primaris announced that, based on a unanimous recommendation of the Distributions Committee of the Board, the Board approved a 4.2% increase in monthly cash distributions from \$0.1016 per Primaris Unit (\$1.22 per Primaris Unit annualized) to \$0.1059 per Primaris Unit (\$1.27 per Primaris Unit annualized). The increased monthly distribution will commence on February 15, 2013, payable to Primaris Unitholders of record on January 31, 2013.

If you require assistance in withdrawing your Primaris Units, please contact Kingsdale Shareholder Services Inc. at 1-866-581-1571 toll-free in North America, or 416-867-2272 outside North America or by email at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

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## REASONS FOR THE RECOMMENDATION

The Board of Trustees has carefully considered all aspects of the KingSett Offer and has received the benefit of advice from its financial and legal advisors and a recommendation from the Independent Committee. The Board of Trustees identified a number of factors set out below as being most relevant to its recommendation to Primaris Unitholders to **REJECT** the KingSett Offer. The Board did not consider it practical to, and did not attempt to, assign relative weights to the various factors.

### 1. The KingSett Offer is Financially Inadequate.

The Board of Trustees believes that the KingSett Offer is financially inadequate for a number of reasons:

- a. *The KingSett Offer fails to adequately compensate Primaris Unitholders for the underlying value of Primaris' assets, the strategic value of Primaris' national scale and operating platform and Primaris' future growth potential through its acquisition and development pipeline. Primaris is the largest and only publicly-traded REIT in Canada focused on high quality enclosed shopping centres;*

Primaris is Canada's only publicly traded real estate investment trust focused on enclosed shopping centres. Quality retail properties are continually in high demand with both U.S. and international retailers expanding into Canada and investors continuing to seek real estate investments in a low interest rate environment.

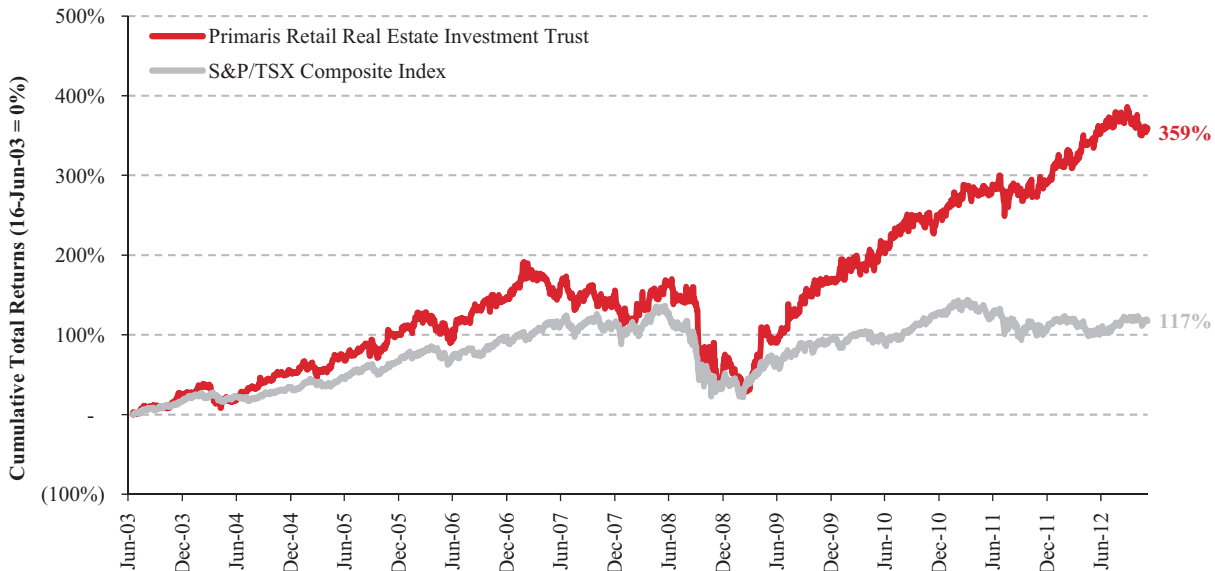
Given Primaris' impressive track-record, high asset quality, strong balance sheet, numerous organic growth opportunities and attractive acquisition pipeline, there continues to be significant upside in the Primaris Unit price beyond that implied by the KingSett Offer. According to an equity research analyst at CIBC World Markets, one of the disclosed financial advisors to the Offeror, Primaris "offers a very high degree of support for its existing distribution and strong prospects for distribution increases over the next few years."

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### Growth of Primaris and Return on Investment

In the period between its initial public offering in July 2003 (the “**IPO**”) and December 4, 2012 (the day prior to the announcement of the KingSett Offer), Primaris has demonstrated significant growth in various metrics, including an increase of its market capitalization by 937% and an increase of its gross leasable area (“**GLA**”) by 424%. Based on the closing price of the Primaris Units on December 4, 2012, Primaris has earned Primaris Unitholders a return of 359% since going public at \$10 per Primaris Unit in July 2003, and 17% since January 1, 2012. This compares to the S&P/TSX Composite index which has generated a 117% return since the date of Primaris’ IPO in July 2003 and a 4% year-to-date (to December 4, 2012) return.



Source: Bloomberg

### Primaris Portfolio

Primaris’ portfolio currently consists of 35 properties. The properties are located in twenty-five markets in seven provinces: British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, and New Brunswick. The portfolio’s approximately 14.7 million square feet of retail space is 97.8% occupied (including committed and specialty leasing) as of November 30, 2012. The Board of Trustees and management of Primaris expect to continue to generate strong returns and through its proactive management of the portfolio expect to continue delivering noticeable and immediate benefits that will keep Primaris at the forefront of the retail real estate industry.

Primaris’ highly experienced management team has a demonstrated ability to acquire high quality assets in various sectors of the market. Since its IPO, Primaris has grown its portfolio from six to 35 properties through the closing of 31 acquisitions (slightly offset by two dispositions of non-core properties) representing a net additional 12 million square feet of GLA. Primaris has demonstrated its ability to source and execute strategic growth initiatives and investments by acquiring 10 properties and a 50% joint interest in another property since management of the REIT was internalized in 2010. As part of its ongoing acquisition strategy, management of Primaris is currently conducting due diligence on two properties that it has the right to purchase, subject to it being satisfied with its due diligence and the satisfaction of other conditions in its favour, for an aggregate purchase price of approximately \$380 million. The acquisition is expected to be immediately accretive.

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### *Access to Financing*

Primaris has a successful track record of securing financing to make accretive property acquisitions. In the last nine years, Primaris has raised in excess of \$1.4 billion in public offerings and \$1.7 billion in mortgage and other non-convertible debt financings which have been used to acquire new properties and fund redevelopment projects for existing properties. Primaris intends to capitalize on its ability to raise public and private capital to make additional investments that further strengthen its national enclosed shopping centre portfolio. In addition, Primaris' Debt to Total Asset Ratio was 40.9% as at November 30, 2012, which compares favourably with other REITS and is significantly below the 60% covenant in Primaris' operating credit agreement. On November 15, 2012, DBRS upgraded Primaris' unsecured debt rating to investment grade. In its press release, DBRS indicated that Primaris' credit risk profile had benefitted from increased size and scale of its portfolio and that the rating action also recognizes Primaris' enhanced asset quality, portfolio diversification and improved credit metrics. Primaris' modest level of debt and upgraded credit rating provides Primaris with increased access to debt markets and flexibility for growth ensuring that Primaris is well positioned to make accretive acquisitions as opportunities arise.

### *Scarcity of Similar Investments*

The business built by Primaris was created over nine years and would be difficult and costly to replicate. Based on disclosure in the KingSett Circular, it appears that the Offeror intends to sell all or substantially all of the assets of Primaris to various interested parties and to terminate the head office staff of Primaris, thereby dismantling the value-building team that Primaris has built since internalizing management in 2010. The Board of Primaris believes that there exists a scarcity of investment vehicles that offer the asset and management quality offered to Primaris Unitholders. The KingSett Offer fails to compensate Primaris Unitholders for the time and effort expended to build the platform and the difficulty for investors to find a comparable alternative investment with a similar risk profile.

### *External Growth*

Primaris continuously seeks to expand its asset base and reinvest in existing assets in order to position itself for sustainable accretive future growth. Primaris' successful completion and integration of 31 acquisitions since its IPO demonstrate the REIT's commitment and success in accretively growing its real estate portfolio. The retail centres owned by Primaris were selected due to their attractive long-term investment opportunities and stable cash flow expected from ongoing multi-year tenant relationships secured with leases. Such retail centres typically provide growth opportunities through the lease-up of vacant space and the upward trend in rental rates through contractual escalations and lease renewals. Primaris believes it can provide additional cash flow and further enhance long-term portfolio value by continuing its investment strategy of acquiring properties with these characteristics. Primaris' external growth strategy is primarily driven by acquisitions of regional enclosed shopping centres in both major and secondary cities. Primaris' management is experienced in identifying opportunities that arise when owners choose to divest properties for strategic or other reasons and have the credibility and deal execution track record to be a preferred purchaser for many of these owners.

### *Internal Growth and Development Opportunities*

Primaris' internal growth strategy focuses on increasing rental income from its properties. Primaris actively manages the merchandising mix of each property to keep each property effectively aligned with its consumer market. Primaris leases vacant space at competitive market rates at the lowest possible transaction cost, maintains good relations with retailers and works with tenants to increase their sales. Primaris uses leasing activity to

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periodically adjust the merchandising mix of the properties in order to satisfy consumer demand, resulting in higher sales productivity for retailers and the opportunity for higher rents for Primaris. The properties are well-located, resulting in high tenant retention and a steady demand for space from prospective tenants. Rental income from properties with currently vacant space may be increased through active strategies for the leasing of such space. The opening by Target of stores in 10 of Primaris' properties in 2013 has the potential to greatly increase these opportunities. Primaris' portfolio of shopping centres offers a coast to coast solution for both domestic and non-domestic retailers expanding in Canada.

Rental income can also be improved through accretive investments in development. A significant portion of Primaris' asset base has development or expansion potential, including Primaris' assets located on Yonge Street in Toronto. At present, Primaris has 21 development projects under consideration, involving an estimated aggregate expenditure of \$370 million and will undertake those projects that are in the long-term interests of Primaris and the Primaris Unitholders.

*b. The KingSett Offer does not provide an appropriate change of control premium*

The KingSett Offer represents a small premium of less than 13% to the closing price per Primaris Unit of \$23.04 on December 4, 2012 (the day before public announcement of the KingSett Offer) and an even smaller premium of only 4.3% to the 52-week high trading price of \$24.93 per Primaris Unit reached less than four months prior to the KingSett Offer on August 17, 2012. This premium is less than the return provided by an investment in the Primaris Units over the last 12 months.

In the Board's view, a comparison of the KingSett Offer to premiums paid in recent Canadian real estate transactions illustrates that the KingSett Offer does not reflect an adequate premium for control of Primaris. The Board has been further advised by its financial advisors that the premium implied in the KingSett Offer appears to represent one of the lowest initial premiums proposed in a hostile take-over bid in Canada involving any industry in the last 10 years, even ignoring the final premium ultimately paid in these transactions.

*c. The consensus opinion of equity analysts has suggested that the KingSett Offer does not fully value Primaris*

The consensus opinion of equity research analysts at major nationally recognized investment firms, who provide research coverage on Primaris and who are not advising Primaris in respect of the KingSett Offer, have suggested the KingSett Offer does not fully value Primaris. Since the KingSett Offer was announced on December 5, 2012, a number of such analysts have set target prices for the Primaris Units that are significantly higher than the consideration offered pursuant to the KingSett Offer, including the equity analyst at CIBC World Markets, one of the financial advisors to the Offeror.

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*d. The KingSett Offer is at a discount to the current trading price of the Primaris Units*

Since the announcement of the Offeror's intention to make the KingSett Offer on December 5, 2012, the closing price of the Primaris Units on the Toronto Stock Exchange (the "TSX") has consistently exceeded the price of the KingSett Offer per Primaris Unit. The price of the KingSett Offer represents a discount of \$0.74 or 2.8% to the \$26.74 closing price of the Primaris Units on the TSX on December 18, 2012. The Primaris Unit trading price indicates that the KingSett Offer is not sufficient consideration to effect a change of control.

*e. The Opinion of Canaccord Genuity*

The Independent Committee has received a written opinion from Canaccord Genuity stating to the effect that as of December 19, 2012 and based upon and subject to the limitations and qualifications therein, the consideration offered to the Primaris Unitholders pursuant to the KingSett Offer is inadequate, from a financial point of view, to the Primaris Unitholders other than the Offeror and its affiliates. The full text of the opinion, setting out the scope of review, assumptions and limitations in connection with the opinion, is attached as Schedule B to this Circular and should be reviewed and considered in its entirety in conjunction with the review of this Circular.

**2. The Independent Committee, together with management of Primaris and its financial and legal advisors, are currently pursuing a rigorous process designed to achieve a result that is financially superior to the KingSett Offer and delivers greater value for Primaris and the Primaris Unitholders.**

The Independent Committee is currently pursuing a range of alternatives to the KingSett Offer. Primaris and the financial advisors to the Independent Committee are broadly canvassing other parties who may be interested in a transaction with Primaris that reflects better recognition of the value of Primaris' quality assets, operating platform and numerous growth opportunities.

Primaris will communicate further with Primaris Unitholders well before the Expiry Time. Primaris expects that KingSett will have to extend its offer beyond the current expiry date of January 17, 2013 as Primaris intends to leave the Primaris Unitholder Rights Plan in place to prevent the KingSett Acquisition Group from purchasing Primaris Units under the KingSett Offer until the Independent Committee has had an opportunity to properly canvass potentially available alternatives.

Tendering Primaris Units to the KingSett Offer before Primaris and its financial advisors have had an opportunity to fully explore all available alternatives to the KingSett Offer may preclude the possibility of financially superior alternative transactions emerging.

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**3. The KingSett Offer is not a permitted bid under the Primaris Unitholder Rights Plan of Primaris.**

Primaris adopted the Primaris Unitholder Rights Plan on March 3, 2005, which was affirmed by a resolution of the Primaris Unitholders at its annual general and special meeting on May 4, 2005, again on June 18, 2008, and most recently on May 17, 2011 where it was ratified by 98% of Primaris Unitholders voting.

Under the Primaris Unitholder Rights Plan, a Permitted Bid must be open for at least 60 days. If at the end of 60 days at least 50% of the outstanding Primaris Units, other than those owned by the Offeror and certain related parties, have been tendered and not withdrawn, the Offeror may take up and pay for the Primaris Units but must extend the bid for a further 10 days on the same terms to allow all other Primaris Unitholders to tender if they so choose.

The Offeror could have structured the KingSett Offer as a Permitted Bid under the Primaris Unitholder Rights Plan, which is designed to provide the Board of Trustees and Primaris Unitholders with sufficient time to properly consider any take-over bid made for Primaris and to allow enough time for competing bids and alternative proposals to emerge. However, the Offeror chose not to do so and is seeking to impose an unreasonably short time period over the holiday season.

**4. Most taxable Primaris Unitholders could find it difficult to find an equally attractive investment and income stream with a similar risk profile as currently in place with their investment in Primaris Units using after-tax proceeds from the KingSett Offer.**

Most taxable Primaris Unitholders will have a taxable capital gain on the sale of their Primaris Units and will only have the net after-tax proceeds to reinvest. Primaris Unitholders may be financially better off to continue to hold their existing Primaris Units and receive the regular monthly distribution.

**5. The timing of the KingSett Offer is opportunistic and designed to take advantage of the difficulty other potential interested parties could have in organizing their affairs through the holiday season.**

The commencement of the KingSett Offer on December 10, 2012 is purposely intended to take advantage of the holiday period and the likely difficulty other potential bidders and interested parties could be expected to incur in organizing their affairs on short notice over that period to complete a due diligence review of Primaris and propose and negotiate agreements respecting potentially higher value alternative transactions prior to the expiry of the KingSett Offer on January 17, 2013.

**6. The KingSett Offer fails to consider the interests of all securityholders.**

The KingSett Offer appears to contemplate that all or substantially all of Primaris' assets will be sold to either the "KS-OPB Group" or RioCan. The indentures governing the convertible debentures prohibit a sale of all or substantially all of the assets of Primaris unless certain strict conditions are met. It does not appear from the KingSett Offer that those conditions will be met and consequently the interest of the holders of Primaris' convertible debentures do not appear to be taken into account in the KingSett Offer.

**7. The KingSett Offer has been unanimously rejected by all of the trustees and officers of Primaris.**

The Board of Trustees has unanimously determined that the KingSett Offer is not in the best interests of Primaris and Primaris Unitholders. The Board of Trustees has been informed that, as of the date of this Circular, all of the trustees and officers of Primaris intend **NOT TO ACCEPT** the KingSett Offer.

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The trustees and officers of Primaris own or exercise control or direction over an aggregate of 201,962 Primaris Units and 127,882 Restricted Units.

**8. The KingSett Offer is highly conditional and is not a firm offer.**

The KingSett Offer contains numerous conditions which must be satisfied or waived before the Offeror is obligated to take up and pay for any securities deposited under the KingSett Offer. A number of the conditions are broad, in the sole discretion of the Offeror and are not subject to any materiality thresholds or other objective criteria commonly found in other offers, in effect, giving the Offeror the option to decline to proceed with the KingSett Offer. For example, one of the conditions to the bid would not be met if Primaris even proposes a “Restricted Event”, which events include normal course activities, many of which are likely to be proposed in the ordinary course of business prior to the expiry of the KingSett Offer. Primaris believes that the conditions give the Offeror broad discretion not to complete the KingSett Offer.

**AS A RESULT OF THE FOREGOING REASONS, THE BOARD OF TRUSTEES UNANIMOUSLY RECOMMENDS THAT PRIMARIS UNITHOLDERS REJECT THE KINGSETT OFFER AND NOT TENDER THEIR PRIMARIS UNITS TO THE KINGSETT OFFER.**

**INTENTION OF TRUSTEES AND OFFICERS  
WITH RESPECT TO THE KINGSETT OFFER**

Each of the trustees and officers of Primaris has indicated that he or she has not, and does not intend to, accept the KingSett Offer. To the knowledge of the trustees and officers of Primaris, after reasonable enquiry, no insider of Primaris, no associate or affiliate of any trustee, officer or other insider of Primaris and no associate or affiliate or any person or company acting jointly or in concert with Primaris has accepted or indicated an intention to accept the KingSett Offer.

**BACKGROUND TO THE KINGSETT OFFER AND RESPONSE OF BOARD OF TRUSTEES**

After the close of market on December 4, 2012, Jon Love, Managing Partner of KingSett Capital met briefly with John Morrison, President and Chief Executive Officer of Primaris. Mr. Love indicated that a KingSett Capital led consortium would be making an all-cash offer to acquire all of the outstanding Primaris Units for \$26 per Primaris Unit and that the consortium planned to announce their intention to make the offer prior to market open the following day. The meeting was accompanied by a short letter outlining the KingSett Offer. Shortly after this meeting, a representative of TD Securities Inc., one of the financial advisors to the consortium, called Roland Cardy, Chairman of the Board of Trustees to advise of the same matter.

On December 5, 2012, KingSett Capital issued a press release that indicated that a KingSett Capital led consortium that includes the Ontario Pension Board intended to make the KingSett Offer. That morning the Board met to consider matters and formed the Independent Committee consisting of six independent Trustees to consider and review the KingSett Offer and any other alternative transactions that Primaris is presented with or may choose to pursue.

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The Independent Committee approved the engagement of McCarthy Tétrault LLP as counsel to the Independent Committee and Primaris and Cassels Brock & Blackwell LLP as counsel to Primaris, and received advice relating to the KingSett Offer and its fiduciary duties. Primaris issued a news release commenting on the pending KingSett Offer and urging Primaris Unitholders to take no action. That day the Independent Committee began interviewing prospective financial advisors.

The following day, the Independent Committee approved the engagement of Canaccord Genuity as its financial advisor in connection with, among other things, the Independent Committee's analysis and consideration of a response to the KingSett Offer, subject to the satisfactory negotiation of definitive financial and other terms, which engagement was subsequently confirmed.

On December 10, 2012, the KingSett Acquisition Group filed documents with Canadian securities regulators relating to the KingSett Offer, published an advertisement and announced that it had formally commenced the KingSett Offer.

On December 11, 2012, the Independent Committee met to receive a preliminary financial presentation from Canaccord Genuity and to further discuss the KingSett Offer. Based upon the presentation and the discussions, Primaris issued a press release confirming the preliminary view of the Board that the KingSett Offer was wholly inadequate and urging Primaris Unitholders to take no action. The Independent Committee authorized the preparation of a data room as well as approaches to third parties that might be interested in exploring potential strategic alternatives and the execution of appropriate confidentiality agreements in connection therewith.

Also on December 11, 2012, the Independent Committee interviewed and then approved the engagement of Evercore Partners, an independent U.S.-based M&A advisory firm, to further assist the Independent Committee with its analysis and consideration of a response to the KingSett Offer, subject to the satisfactory negotiation of definitive financial and other terms, which engagement was subsequently confirmed.

On December 17 and 19, 2012, the Independent Committee met, along with management and legal and financial advisors to consider the KingSett Offer and the recommendation the Independent Committee was prepared to make in respect of the KingSett Offer. On December 19, 2012 the Board, including the Independent Committee, received the formal opinion from Canaccord Genuity as to the inadequacy of the KingSett Offer. Having reviewed and evaluated the KingSett Offer and the KingSett Circular and having received advice from its legal and financial advisors in this regard and based on such advice, review and evaluation, the Independent Committee recommended to the Board that it recommend that Primaris Unitholders reject the KingSett Offer and not tender their Primaris Units to the KingSett Offer. Based upon such recommendation and the advice of its legal and financial advisors, the Board unanimously recommended that Primaris Unitholders reject the KingSett Offer and approved the contents and delivery of the Circular.

## PRIMARIS

Primaris is an unincorporated, open-ended real estate investment trust established on March 28, 2003 by a Declaration of Trust under, and governed by, the laws of the Province of Ontario as amended and restated. Primaris was formed to directly or indirectly own, manage, lease and develop retail properties, primarily in Canada. The head office of Primaris is located at Suite 900, 1 Adelaide Street East, Toronto, ON, M5C 2V9. A copy of the Declaration of Trust is available on SEDAR at [www.sedar.com](http://www.sedar.com).

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Primaris' Units and convertible debentures trade on the TSX under the symbols PMZ.UN and PMZ.DB, PMZ.DB.B and PMZ.DB.C, respectively. The Board of Trustees is responsible for the general control and direction of Primaris, including decisions regarding the acquisition and disposition of Primaris' assets.

Primaris currently owns a portfolio of 35 properties that contain approximately 14.7 million square feet of GLA. The properties are located in twenty-five markets in seven provinces: British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, and New Brunswick. As at November 30, 2012, the portfolio had a weighted average occupancy rate of 97.8% (including committed and specialty leasing) and was leased to more than 1,100 distinct tenants. In addition, no single tenant group represented more than 4% of the aggregate annualized gross rent of the portfolio and only 22 tenant groups individually represented more than 1% of such annualized gross rent.

Primaris believes that all of the properties are well-located in their respective markets and present an attractive long-term investment opportunity given their characteristics, which include multi-year tenant relationships defined by leases and stable cash flow provided by such relationships. Primaris' asset and property management business is internalized. Primaris' operational infrastructure is national in scope, operating in 25 markets in seven provinces with an experienced management team and over 620 regular and seasonal employees. Each operating platform is staffed with professionals dedicated to the hands-on management of the properties, including property management, tenant relations and leasing.

The specific objectives of Primaris are to: (1) generate stable and growing cash distributions; (2) enhance the value of Primaris' assets and maximize long-term Primaris Unit value; and (3) expand the asset base of Primaris and increase its FFO through an accretive acquisition and development program.

Primaris believes that its objectives can be best achieved through dedicated internalized management by employing comprehensive and proactive management strategies that leverage and build upon Primaris' existing competitive strengths in order to enhance the operating and financial performance of Primaris and its properties.

### **PRIMARIS UNITHOLDER RIGHTS PLAN**

Primaris adopted the Primaris Unitholder Rights Plan on March 3, 2005 which was affirmed by a resolution of the Primaris Unitholders at its annual general and special meeting on May 4, 2005, again on June 18, 2008, and most recently on May 17, 2011 where it was most recently ratified by 98% of Primaris Unitholders voting. The Primaris Unitholder Rights Plan was amended on December 14, 2012 to correct a typographical or clerical error relating to the definition of "Separation Time".

Pursuant to the Primaris Unitholder Rights Plan, Primaris issued one right (a "**Right**") to each outstanding Primaris Unit. One Right will also be issued and attach to each Primaris Unit (and any other securities in the capital of the REIT entitled to vote generally in the election of trustees (including, without limitation, instalment receipts representing such securities) (collectively, "**Voting Units**") issued thereafter, subject to the limitations set forth in the Primaris Unitholder Rights Plan. The initial exercise price of each Right is \$100, subject to appropriate anti-dilution adjustments.

The Primaris Unitholder Rights Plan utilizes the mechanism of a "**Permitted Bid**", as further described in Schedule C to this Circular to ensure that a person seeking control of the REIT gives Primaris Unitholders and the trustees sufficient time to evaluate the bid, negotiate with the initial bidder and encourage competing bids to

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emerge. The purpose of the Primaris Unitholder Rights Plan is to protect Primaris Unitholders by requiring all potential bidders to comply with the conditions specified in the Permitted Bid provisions or risk being subject to the dilutive features of the Primaris Unitholder Rights Plan. Generally, to qualify as a Permitted Bid, a bid must be made to all Primaris Unitholders and must be open for 60 days after the bid is made. If more than 50% of the Primaris Units held by Independent Primaris Unitholders are deposited or tendered to the bid and not withdrawn, the bidder may take up and pay for such Primaris Units. The take-over bid must then be extended for a further period of ten days on the same terms to allow those Primaris Unitholders who did not initially tender their Primaris Units to tender to the take-over bid if they so choose. Thus, there is no coercion to tender during the initial 60-day period because the bid must be open for acceptance for at least ten days after the expiry of the initial tender period. The Primaris Unitholder Rights Plan is designed to make it impractical for any acquiror to acquire more than 20% of the outstanding Primaris Units without the approval of the trustees except pursuant to the Permitted Bid procedures or pursuant to certain other exemptions outlined in the Primaris Unitholder Rights Plan. The trustees believe that the Primaris Unitholder Rights Plan is not an unreasonable obstacle to a serious bidder willing to make a bona fide and financially fair offer to all Primaris Unitholders.

### **PRINCIPAL PRIMARIS UNITHOLDERS**

As at December 19, 2012 the outstanding capital of Primaris consisted of 100,078,272 Primaris Units (including exchangeable units for which Primaris Units have yet to be issued) and 1,750,756 special voting units of Primaris. To the knowledge of Primaris, there are no Primaris Unitholders who beneficially owned, directly or indirectly, or, to the knowledge of the trustees and officers of Primaris based on publicly available information, exercised control or direction over more than 10% of the Primaris Units, at such date.

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## TRUSTEES AND OFFICERS OF PRIMARIS AND OWNERSHIP OF SECURITIES

The following table indicates the names of the trustees and officers of Primaris and their position with Primaris and the securities of Primaris beneficially owned by them or their associates or over which they exercise control or direction (as furnished by the respective trustees and officers):

<u>Name and Position</u>	<u>Number of Primaris Units<sup>(1)</sup></u>	<u>Number of Restricted Units</u>	<u>Percentage of Outstanding Restricted Units</u>	<u>Number of Options</u>	<u>Percentage of Outstanding Options</u>
Kerry Adams <i>Trustee</i>	17,400	4,859	3.3%	0	—
William Biggar <i>Trustee</i>	11,000 <sup>(2)</sup>	4,859	3.3%	0	—
Leslie Buist <i>Assistant Vice President, Finance</i>	1,000	0	—	0	—
Roland Cardy <i>Trustee, Chair of the Board</i>	25,990 <sup>(3)</sup>	4,859	3.3%	0	—
Ian Collier <i>Trustee</i>	13,000 <sup>(4)</sup>	4,859	3.3%	0	—
Toran Eggert <i>Vice President, Portfolio Management</i>	0	1,497	1%	17,917	1.3%
Kenneth Field <i>Trustee</i>	10,000 <sup>(5)</sup>	4,859	3.3%	0	—
Louis M. Forbes <i>Executive Vice President and Chief Financial Officer</i>	32,000 <sup>(6)</sup>	19,367	13.2%	236,378	17.6%
Lesley Gibson <i>Vice President, Finance</i>	3,316	3,762	2.6%	35,523	2.7%
Oliver Hobday <i>Assistant Secretary</i>	0	580	0.4%	6,944	0.5%
Brent Hollister <i>Trustee</i>	24,721	4,859	3.3%	0	—
Devon Jones <i>Vice President, Legal &amp; Secretary</i>	0	4,172	2.8%	38,879	2.9%
Anne Morash <i>Vice President, Development</i>	100	2,918	1.2%	29,908	2.2%
John Morrison <i>President and Chief Executive Officer and Trustee</i>	60,185 <sup>(7)</sup>	51,735	35.2%	684,934	51.1%
Ronald Perlmutter <i>Vice President, Investments</i>	3,250	4,702	3.2%	43,798	3.2%
Patrick Sullivan <i>Senior Vice President, Portfolio Management</i>	0	9,995	6.8%	48,831	3.6%

If you require assistance in withdrawing your Primaris Units, please contact Kingsdale Shareholder Services Inc. at 1-866-581-1571 toll-free in North America, or 416-867-2272 outside North America or by email at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

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**Notes:**

- (1) The number of Primaris Units indicated in the column represents, in each case, less than 1% of the outstanding Primaris Units. In addition to the holdings noted, an affiliate of Primaris holds 371,505 Primaris Units which are held to be transferred upon the exercise of an equivalent number of outstanding exchangeable units.
- (2) All of Mr. Biggar's Primaris Units are held indirectly as follows: 5,000 Primaris Units are held by Mr. Biggar's spouse and 6,000 Primaris Units are held through a registered retirement savings plan (an "RRSP").
- (3) Mr. Cardy's Primaris Units are held as follows: 20,500 Primaris Units are held directly by Mr. Cardy, 2,000 Primaris Units are held indirectly by Mr. Cardy's spouse; 2,000 Primaris Units are held indirectly by Gorbay Co. Ltd. and 1,490 Primaris Units are held indirectly through an RRSP.
- (4) Mr. Collier's Primaris Units are held as follows: 12,000 Primaris Units are held directly by Mr. Collier and 1,000 Primaris Units are held indirectly through an RRSP.
- (5) All of Mr. Field's Primaris Units are held indirectly through an RRSP.
- (6) Mr. Forbes' Primaris Units are held as follows: 23,896 Primaris Units are held directly by Mr. Forbes and 8,104 Primaris Units are held indirectly by Mr. Forbes' spouse.
- (7) Mr. Morrison's Primaris Units are held as follows: 58,898 Primaris Units are held directly by Mr. Morrison and 1,287 Primaris Units are held indirectly by Mr. Morrison's spouse.

To the knowledge of the trustees and officers of Primaris after reasonable inquiry, no associate or affiliate of Primaris, no insider of Primaris, nor any of such insider's associates or affiliates or any person or company acting jointly or in concert with Primaris, beneficially owns, or exercises control or direction over, directly or indirectly, any securities of Primaris, except as otherwise disclosed in this Circular.

If you require assistance in withdrawing your Primaris Units, please contact Kingsdale Shareholder Services Inc. at 1-866-581-1571 toll-free in North America, or 416-867-2272 outside North America or by email at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

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## TRADING IN SECURITIES OF PRIMARIS

During the six months preceding the date hereof, none of Primaris, the trustees or the officers of Primaris or other insiders of Primaris nor, to the knowledge of the trustees and the officers of Primaris, after reasonable enquiry, any of their respective associates or affiliates, or any person or company acting jointly or in concert with Primaris, has traded in any securities of Primaris except as follows (or, in the case of securities purchased directly from Primaris, as set out in the table under “Issuances of Securities of Primaris”):

<u>Name and Position</u>	<u>Nature of Transaction</u>	<u>Date of Transaction</u>	<u>Number of Primaris Units /Restricted Units/Options</u>	<u>Purchase/Sale Price per Primaris Unit/Restricted Unit/Option</u>
Kerry Adams . . . . . <i>Trustee</i>	Acquisition of Primaris Units	August 9, 2012	2,500	\$23.65
Roland Cardy . . . . . <i>Trustee, Chair of the Board</i>	Acquisition of Primaris Units	August 28, 2012	190	\$24.11
Brent Hollister . . . . . <i>Trustee</i>	Acquisition of Primaris Units Acquisition of Primaris Units	August 22, 2012 August 22, 2012	5,500 200	\$24.05 \$24.09
Primaris . . . . .	Conversion of 6.75% Debentures	August 29, 2012	1,714	\$12.25
	Conversion of 6.30% Debentures	August 30, 2012	15,688	\$16.70
	Conversion of 6.75% Debentures	August 31, 2012	1,632	\$12.25
	Conversion of 6.30% Debentures	August 31, 2012	16,706	\$16.70
	Conversion of 6.30% Debentures	September 12, 2012	4,910	\$16.70
	Distribution Reinvestment Plan	September 17, 2012	66,605	\$23.43
	Conversion of 6.30% Debentures	September 20, 2012	1,137	\$16.70
	Conversion of 6.30% Debentures	September 21, 2012	15,029	\$16.70
	Conversion of 6.75% Debentures	September 26, 2012	571	\$12.25
	Distribution Reinvestment Plan	October 15, 2012	35,759	\$23.36
	Conversion of 6.30% Debentures	October 15, 2012	1,796	\$16.70
	Conversion of 6.75% Debentures	October 29, 2012	897	\$12.25
	Conversion of 6.30% Debentures	October 29, 2012	22,934	\$16.70
	Conversion of 6.30% Debentures	October 30, 2012	2,095	\$16.70
	Conversion of 6.30% Debentures	November 2, 2012	958	\$16.70
	Conversion of 6.75% Debentures	November 16, 2012	1,224	\$12.25
	Conversion of 6.30% Debentures	November 27, 2012	5,998	\$16.70
	Conversion of 6.30% Debentures	November 28, 2012	11,796	\$16.70
	Conversion of 6.30% Debentures	December 3, 2012	1,197	\$16.70
	Conversion of 6.30% Debentures	December 7, 2012	1,497	\$16.70
	Conversion of 6.30% Debentures	December 11, 2012	5,269	\$16.70

If you require assistance in withdrawing your Primaris Units, please contact Kingsdale Shareholder Services Inc. at 1-866-581-1571 toll-free in North America, or 416-867-2272 outside North America or by email at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

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## ISSUANCES OF SECURITIES OF PRIMARIS

Except as disclosed below or pursuant to Primaris' distribution reinvestment plan, no Primaris Units or securities convertible into Primaris Units have been issued by Primaris to any of the trustees or officers of Primaris or other insiders of Primaris during the two-year period preceding the date of this Circular:

Name and Position <sup>(1)</sup>	Nature of Issue	Date of Issue	Number of Primaris Units/ Restricted Units/Options	Issue/Exercise Price per Primaris Unit/ Restricted Unit/Option
Kerry Adams ..... <i>Trustee</i>	Grant of Restricted Units	January 1, 2011	1,538	\$19.51
	Grant of Restricted Units	January 1, 2012	1,453	\$20.66
	Acquisition pursuant to Prospectus	November 9, 2012	4,000	\$23.45
William Biggar ..... <i>Trustee</i>	Grant of Restricted Units	January 1, 2011	1,538	\$19.51
	Grant of Restricted Units	January 1, 2011	1,453	\$20.66
Leslie Buist ..... <i>Assistant Vice President, Finance</i>	Acquisition pursuant to Prospectus	November 9, 2012	500	\$23.45
Roland Cardy ..... <i>Trustee, Chair of the Board</i>	Grant of Restricted Units	January 1, 2011	1,538	\$19.51
	Grant of Restricted Units	January 1, 2012	1,453	\$20.66
Ian Collier ..... <i>Trustee</i>	Grant of Restricted Units	January 1, 2011	1,538	\$19.51
	Grant of Restricted Units	January 1, 2012	1,453	\$20.66
	Acquisition pursuant to Prospectus	November 9, 2012 <sup>(2)</sup>	2,000	\$23.45
Toran Eggert ..... <i>Vice President, Portfolio Management</i>	Grant of Restricted Units	March 1, 2012	1,497	\$21.54
	Grant of Options	March 1, 2012	17,917	\$21.54
Kenneth Field <sup>(3)</sup> ..... <i>Trustee</i>	Grant of Restricted Units	January 1, 2011	1,538	\$19.51
	Grant of Restricted Units	January 1, 2012	1,453	\$20.66
	Acquisition pursuant to Prospectus	November 9, 2012	1,000	\$23.45
Louis M. Forbes ..... <i>Executive Vice President and Chief Financial Officer</i>	Issue of Units on Exercise of Options	January 7, 2011	11,000	\$10.70
	Grant of Restricted Units	March 9, 2011	3,999	\$20.32
	Grant of Options	March 9, 2011	34,283	\$20.32
	Issue of Units on Exercise of Options	June 28, 2011	15,000	\$10.70
	Issue of Units on Exercise of Options	September 20, 2011	9,500	\$10.70
	Grant of Restricted Units	March 1, 2012	3,877	\$21.54
	Grant of Options	March 1, 2012	46,389	\$21.54
	Units issued upon Exercise of Options	March 5, 2012	15,000	\$10.70
	Units issued upon Exercise of Options	March 14, 2012	13,000	\$10.70
Acquisition pursuant to Prospectus	November 9, 2012	1,000	\$23.45	

If you require assistance in withdrawing your Primaris Units, please contact Kingsdale Shareholder Services Inc. at 1-866-581-1571 toll-free in North America, or 416-867-2272 outside North America or by email at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

<p><b><u>REJECT</u> THE KINGSETT OFFER AND <u>DO NOT</u> TENDER YOUR PRIMARIS UNITS. PLEASE VISIT <a href="http://WWW.PRIMARISREALVALUE.COM">WWW.PRIMARISREALVALUE.COM</a></b></p>
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<u>Name and Position<sup>(1)</sup></u>	<u>Nature of Issue</u>	<u>Date of Issue</u>	<u>Number of Primaris Units/ Restricted Units/Options</u>	<u>Issue/Exercise Price per Primaris Unit/ Restricted Unit/Option</u>
Lesley Gibson . . . . . <i>Vice President, Finance</i>	Grant of Restricted Units	March 9, 2011	763	\$20.32
	Grant of Options	March 9, 2011	6,540	\$20.32
	Grant of Restricted Units	March 1, 2012	1,348	\$21.54
	Grant of Options	March 1, 2012	16,135	\$21.54
Oliver Hobday . . . . . <i>Assistant Secretary</i>	Grant of Restricted Units	March 1, 2012	580	\$21.54
	Grant of Options	March 1, 2012	6,944	\$21.54
Brent Hollister . . . . . <i>Trustee</i>	Grant of Restricted Units	January 1, 2011	1,538	\$19.51
	Grant of Restricted Units	January 1, 2012	1,453	\$20.66
Devon Jones . . . . . <i>Vice President, Legal &amp; Secretary</i>	Grant of Restricted Units	March 9, 2011	1,329	\$20.32
	Grant of Options	March 9, 2011	11,392	\$20.32
	Grant of Restricted Units	March 1, 2012	1,281	\$21.54
	Grant of Options	March 1, 2012	15,333	\$21.54
Anne Morash . . . . . <i>Vice President, Development</i>	Grant of Restricted Units	March 9, 2011	1,476	\$20.32
	Grant of Options	March 9, 2011	12,658	\$20.32
	Grant of Restricted Units	March 1, 2012	1,442	\$21.54
	Grant of Options	March 1, 2012	17,250	\$21.54
John Morrison . . . . . <i>President, Chief Executive Officer and Trustee</i>	Grant of Restricted Units	March 9, 2011	16,268	\$20.32
	Grant of Options	March 9, 2011	139,478	\$20.32
	Grant of Restricted Units	March 1, 2012	15,807	\$21.54
	Grant of Options	March 1, 2012	189,155	\$21.54
	Acquisition Pursuant to a Prospectus	November 9, 2012	4,500	\$23.45
Ronald Perlmutter . . . . . <i>Vice President, Investments</i>	Grant of Restricted Units	March 9, 2011	1,476	\$20.32
	Grant of Options	March 9, 2011	12,658	\$20.32
	Grant of Restricted Units	March 1, 2012	1,442	\$21.54
	Grant of Options	March 1, 2012	17,250	\$21.54
Patrick Sullivan . . . . . <i>Senior Vice President, Portfolio Management</i>	Grant of Restricted Units	March 9, 2011	1,403	\$20.32
	Grant of Options	March 9, 2011	12,025	\$20.32
	Grant of Restricted Units	October 18, 2011	4,986	\$20.06
	Grant of Restricted Units	March 1, 2012	2,089	\$21.54
	Grant of Options	March 1, 2012	25,000	\$21.54

**Note:**

- (1) The information concerning the Primaris Units or other securities convertible into or exchangeable for Primaris Units that have been issued or granted to the trustees, officers or other insiders of Primaris during the two years preceding the date of this Circular has been furnished by the respective trustees and officers or based on insider reports publicly filed on the System for Electronic Data on Insiders (SEDI) as at the date hereof.
- (2) Mr. Collier acquired these Primaris Units indirectly through his RRSP.
- (3) Mr. Field acquired these Primaris Units indirectly through his RRSP.

If you require assistance in withdrawing your Primaris Units, please contact Kingsdale Shareholder Services Inc. at 1-866-581-1571 toll-free in North America, or 416-867-2272 outside North America or by email at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

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## RELATIONSHIP BETWEEN THE OFFEROR AND THE TRUSTEES AND OFFICERS OF PRIMARIS

There are no agreements, commitments or understandings made or proposed to be made between the Offeror and any of the trustees or officers of Primaris. None of the trustees or officers of Primaris are also directors or officers of the Offeror or any subsidiary of the Offeror.

## ARRANGEMENTS BETWEEN PRIMARIS AND ITS TRUSTEES AND OFFICERS

Except as described herein, there are no agreements, commitments or understandings made or proposed to be made between Primaris and any of the trustees or officers of Primaris pursuant to which a payment or other benefit is to be made or given by way of compensation for loss of office or for remaining in or retiring from office if the KingSett Offer is successful.

### Executive Employment Agreements

Each of (i) John Morrison, (ii) Louis Forbes, (iii) Leslie Buist, (iv) Devon Jones, (v) Toran Eggert, (vi) Lesley Gibson, (vii) Anne Morash, (viii) Ron Perlmutter and (ix) Patrick Sullivan (collectively, the “**Executive Officers**”) is currently employed by Primaris and has an agreement (an “**Executive Employment Agreement**”) with Primaris in respect of his or her employment. The Executive Employment Agreements for all the Executive Officers include termination arrangements.

Each Executive Officer, if terminated due to a change of control within 24 months following the change of control, or, in the case of Mr. Morrison or Mr. Forbes, if such Executive Officer deems in his absolute discretion that the new relationship is unacceptable and notifies the board within 24 months of a change of control, will receive certain payments. In the case of the President and Chief Executive Officer, John Morrison, he would receive earned but unpaid salary and vacation pay up to termination date plus three years base salary, STIP awards for the termination year (prorated) plus three years STIP awards, existing LTIP awards will vest immediately and be immediately exercisable, some benefits remain in effect for three years although such benefits may be paid out by the employer, perquisites remain in effect for three years although such perquisites may be paid out by the employer, pension contributions remain in effect for three years although such pension benefits may be paid out by the employer, and reimbursement of outstanding expenses. In the case of Chief Financial Officer, Louis Forbes, he would receive all earned but unpaid salary and vacation pay plus two times annual base salary, two years STIP awards, existing LTIP awards vest immediately and are exercisable for 30 days following termination, two times his annual allowance for perquisites, two times his annual pension contributions and reimbursement of outstanding expenses. In the case of the remaining Executive Officers, they would each receive all earned but unpaid salary and vacation pay plus two times annual base salary, two times annual STIP awards, existing LTIP awards vest immediately and are exercisable for 30 days following termination, two times their annual perquisites, two times their annual pension contributions and reimbursement of outstanding expenses.

## ARRANGEMENTS BETWEEN THE OFFEROR AND THE SECURITYHOLDERS OF PRIMARIS

To the knowledge of the trustees and officers of Primaris, there are no agreements, commitments or understandings made or proposed to be made between the Offeror and any securityholders of Primaris relating to the KingSett Offer.

If you require assistance in withdrawing your Primaris Units, please contact Kingsdale Shareholder Services Inc. at 1-866-581-1571 toll-free in North America, or 416-867-2272 outside North America or by email at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

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## **INTERESTS OF TRUSTEES AND OFFICERS OF PRIMARIS IN MATERIAL TRANSACTIONS WITH THE OFFEROR**

None of the trustees or officers nor any of their respective associates nor, to the knowledge of the trustees or officers, after reasonable inquiry, any person or company owning more than 10% of any class of securities in Primaris, has any interest in any material transaction to which the Offeror is a party.

## **OWNERSHIP OF SECURITIES OF THE OFFEROR**

None of Primaris, nor its trustees or officers nor, to the knowledge of the trustees and officers of Primaris, after reasonable inquiry, their respective associates nor any person who beneficially owns or exercises control or direction over more than 10% of the Primaris Units nor any affiliates or associates of such persons nor any person or company who is acting jointly or in concert with Primaris, beneficially owns or exercises control or direction over any securities of the Offeror, its principals, partners or affiliates.

## **ALTERNATIVES TO THE KINGSETT OFFER**

Except as set forth in this Circular, there are currently no transactions, trustees' resolutions, agreements in principle or signed contracts of Primaris in response to the KingSett Offer that relate to or would result in: (a) an extraordinary transaction such as a reorganization or liquidation involving Primaris or any of its subsidiaries; (b) the purchase, sale, license or transfer of a material amount of assets of Primaris or any of its subsidiaries; (c) an issuer bid, other tender offer for or other acquisition of the Primaris Units by Primaris, any of its subsidiaries or any other person; or (d) any material change in the present capitalization or indebtedness of Primaris.

Notwithstanding the foregoing, the Independent Committee may engage in negotiations that could have one or more of the effects specified in the preceding paragraph. The Independent Committee has determined that premature disclosure with respect to the status of any negotiations might jeopardize the discussions or negotiations. Accordingly, Primaris does not intend to disclose the possible terms of any such transaction or proposal until an agreement relating thereto has been reached or as otherwise may be required by law.

## **MATERIAL CHANGES**

Except as disclosed or referred to in the Circular, to the knowledge of the trustees and officers of Primaris, there has been no material change in the affairs or prospects of Primaris since September 30, 2012, the date of its last published financial statements, being the unaudited interim financial statements of Primaris for the nine month period ended September 30, 2012.

If you require assistance in withdrawing your Primaris Units, please contact Kingsdale Shareholder Services Inc. at 1-866-581-1571 toll-free in North America, or 416-867-2272 outside North America or by email at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

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## HOW TO WITHDRAW DEPOSITED PRIMARIS UNITS

To reject the KingSett Offer, you should do nothing or if you have already deposited your Primaris Units pursuant to the KingSett Offer and you wish to withdraw them, you can do so (according to the KingSett Offer and the KingSett Circular):

- (a) at any time before the Primaris Units have been taken up by the Offeror under the KingSett Offer;
- (b) if the Primaris Units have not been paid for by the Offeror within three business days after having been taken up; or
- (c) at any time before the expiration of 10 days from the date upon which either:
  - (i) a notice of change relating to a change which has occurred in the information contained in the KingSett Offer or the KingSett Circular, a notice of change or a notice of variation, that would reasonably be expected to affect the decision of a Primaris Unitholder to accept or reject the KingSett Offer (other than a change that is not within the control of the Offeror or of an affiliate of the Offeror), in the event that such a change occurs before the Expiry Time or after the Expiry Time but before the expiry of all rights of withdrawal in respect of the KingSett Offer; or
  - (ii) a notice of variation concerning a variation on the terms of the KingSett Offer (other than a variation consisting solely of an increase in the consideration offered for the Primaris Units where the Expiry time is not extended for more than 10 days or a variation consisting solely of a waiver of a condition of the KingSett Offer), is mailed, delivered or otherwise properly communicated (subject to abridgement of that period pursuant to such order or orders or other forms of relief as may be granted by applicable courts or regulatory authorities) and only if such Primaris Units have not been taken up by the Offeror at the date of the notice.

We recommend you contact your broker or dealer for further information on how to withdraw your Primaris Units. You may also contact Kingsdale, Primaris' information agent at 1-866-581-1571 toll-free in North America, or 416-867-2272 outside North America, or by email at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

## OTHER MATERIAL INFORMATION

There is no information not disclosed in this Circular but known to the Board of Trustees which would reasonably be expected to affect the decision of the Primaris Unitholders to accept or reject the KingSett Offer.

## STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides securityholders of Primaris with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to such securityholders. However, such rights must be exercised within prescribed time limits. Securityholders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult with a lawyer.

## TRUSTEES' APPROVAL

The contents of this Circular have been approved and the delivery thereof has been authorized by the Board of Trustees.

If you require assistance in withdrawing your Primaris Units, please contact Kingsdale Shareholder Services Inc. at 1-866-581-1571 toll-free in North America, or 416-867-2272 outside North America or by email at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

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**CONSENT OF CANACCORD GENUITY CORP.**

To the Trustees of Primaris Retail Real Estate Investment Trust (“**Primaris**”)

We hereby consent to the references in the trustees’ circular of Primaris dated December 19, 2012 (the “**Circular**”) to our firm name and to our opinion dated December 19, 2012, which we prepared for the Independent Committee of the Board of Trustees and the Board of Trustees of Primaris in connection with its consideration of the offer by KS Acquisition II LP for all of the units of Primaris, and to the inclusion of the text of our opinion attached as Schedule B to the Circular.

(signed) CANACCORD GENUITY CORP.

Toronto, Ontario  
December 19, 2012

**CERTIFICATE**

DATED: December 19, 2012

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

On behalf of the Board of Trustees

(signed) Roland A. Cardy  
Trustee and Chair of the Board

(signed) William J. Biggar  
Trustee, Chair of the Independent Committee of  
the Board

## SCHEDULE A - GLOSSARY OF TERMS

*Unless the context otherwise requires or where otherwise provided, the following words and terms shall have the meanings set forth below when used in this Circular.*

“**Acquiring Person**” has the meaning given to such term in “Schedule C – Summary of Primaris Unitholder Rights Plan”.

“**Board**” or “**Board of Trustees**” means the board of trustees of Primaris.

“**Canaccord Genuity**” means Canaccord Genuity Corp.

“**Circular**” means this trustees’ circular.

“**Convertible Securities**” means any securities of Primaris that are convertible into or exchangeable or exercisable for, or existing rights to acquire Primaris Units, other than any rights issued under the Primaris Unitholder Rights Plan.

“**Declaration of Trust**” means the sixth amended and restated declaration of trust of Primaris dated March 1, 2012 as may be further amended or restated from time to time.

“**Expiry Time**” has the meaning given to such term under “The Offer”.

“**Flip-in Event**” has the meaning given to such term in “Schedule C – Summary of Primaris Unitholder Rights Plan”.

“**IFRS**” means the International Financial Reporting Standards established by the International Accounting Standards Board and as adopted by the Canadian Institute of Chartered Accountants.

“**Independent Committee**” means the committee composed of independent trustees appointed by the Board of Trustees in connection with the KingSett Offer.

“**Independent Primaris Unitholders**” has the meaning given to such term in “Schedule C – Summary of Primaris Unitholder Rights Plan”.

“**Kingsdale**” means Kingsdale Shareholder Services Inc.

“**KingSett**” means KS Acquisition II LP.

“**KingSett Acquisition Group**” has the meaning given to such term under “General Information”.

“**Kingsett Capital**” means Kingsett Capital Inc.

“**KingSett Circular**” means the take-over bid circular of the KingSett Acquisition Group dated December 10, 2012.

“**KingSett Offer**” has the meaning given to such term under “General Information”.

“**LTIP**” means the long term incentive plan of Primaris.

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“**Offeror**” has the meaning given to such term under “General Information”.

“**OPB Trust**” means OPB Finance Trust II.

“**Permitted Bid**” has the meaning given to such term in “Schedule C – Summary of Primaris Unitholder Rights Plan”.

“**Primaris**” has the meaning given to such term under “General Information”.

“**Primaris’ Equity Incentive Plan**” means Primaris’ 2008 equity incentive plan as amended to May 17, 2011.

“**Primaris Unitholder Rights Plans**” means the unitholder rights plan of Primaris, adopted on March 3, 2005 which was affirmed by a resolution of the Primaris Unitholders at its annual general and special meeting on May 4, 2005, again on June 18, 2008, and most recently on May 17, 2011, as amended on December 12, 2012.

“**Primaris Unitholders**” means the holders of Primaris Units.

“**Primaris Units**” means trust units of Primaris.

“**REIT**” has the meaning given to such term under “General Information”.

“**Restricted Units**” means restricted units issued under Primaris’ Equity Incentive Plan.

“**Right**” has the meaning given to such term under “Primaris Unitholder Rights Plan”.

“**RRSP**” means a registered retirement savings plan.

“**SEDAR**” means the system for electronic document analysis and retrieval.

“**STIP**” means the short term incentive plan of Primaris.

“**Tax Act**” means the *Income Tax Act* (Canada) and the *Income Tax Regulations* (Canada), as applicable.

“**TSX**” means the Toronto Stock Exchange.

“**Voting Units**” has the meaning given to such term under “Primaris Unitholder Rights Plan”.

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SCHEDULE B - CANACCORD GENUITY INADEQUACY OPINION



CANACCORD GENUITY CORP

P.O. Box 516  
161 Bay Street, Suite 3000  
Toronto, ON  
Canada M5J 2S1

T: 416.869.7368  
F: 416.869.7356  
TF: 800.382.9280

[www.canaccordgenuity.com](http://www.canaccordgenuity.com)

December 19, 2012

The Board of Trustees of  
Primaris Retail REIT  
1 Adelaide Street East, Suite 900  
Toronto, ON  
M5C 2V9

To the Board of Trustees:

Canaccord Genuity Corp. (“**Canaccord Genuity**” or “**we**”) understands that KS Acquisition II LP (the “**Offeror**”) has made an offer to purchase all of the outstanding units (the “**Units**”) of Primaris Retail Real Estate Investment Trust (“**Primaris**” or the “**Trust**”) for \$26.00 per unit in cash (the “**Offer**”). The Offeror is a limited partnership whose limited partnership interests are owned equally by KS Bidco LP, a wholly-owned subsidiary of KingSett Real Estate Growth LP No. 5, an affiliate of KingSett Capital Inc. (“**KingSett Capital**”), and OPB Finance Trust II, an associate of Ontario Pension Board (“**OPB**”). We understand affiliates of KingSett Capital currently own 6,888,000 Units representing approximately 6.87% of the fully diluted Units outstanding. In connection with the Offer, Canaccord Genuity understands the Offeror has entered into purchase agreements with each of RioCan Real Estate Investment Trust (“**RioCan**”) and a group of persons consisting of an associate of OPB and certain affiliates of KingSett Capital to complete sale transactions of certain assets following a successful completion of the Offer.

The Trust has retained Canaccord Genuity to provide advice and assistance to the Trust and its board of trustees (the “**Board**”) and to the independent committee (“**Independent Committee**”) in evaluating the Offer, including the preparation and delivery to the Board and Independent Committee of Canaccord Genuity’s opinion (the “**Opinion**”) as to the fairness, from a financial point of view, of the consideration payable under the Offer to the holders of Units (“**Unitholders**”).

The terms of the Offer are more fully described in the formal take-over bid circular (the “**Bid Circular**”) filed by the Offeror under applicable laws, regulations, policies and rules and mailed to Unitholders in connection with

Vancouver San Francisco Calgary Houston Toronto Montreal New York Boston Edinburgh London

Offices in Canada are offices of Canaccord Genuity Corp. a member of the Canadian Investor Protection Fund, Investment Industry Regulatory Organization of Canada (IIROC), and the Toronto Stock Exchange (TSX).

Offices in the United States are offices of Canaccord Genuity Inc. Offices in the United Kingdom are offices of Canaccord Genuity Limited.

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the Offer, and in the trustees' circular (the "**Trustees' Circular**") to be prepared by Primaris in compliance with applicable laws, regulations, policies and rules and mailed to Unitholders in response to the Offer. Canaccord Genuity understands that this letter will form an exhibit to, and will be referenced in, the Trustees' Circular.

All dollar amounts herein are expressed in Canadian dollars, unless stated otherwise.

### **Engagement**

Canaccord Genuity was initially contacted by the Trust regarding a potential advisory assignment on December 5, 2012 and was formally engaged by the Trust pursuant to an agreement between the Trust and Canaccord Genuity dated December 6, 2012 (the "**Engagement Agreement**"). The Engagement Agreement provides the terms upon which Canaccord Genuity has agreed to act as financial advisor to the Trust and the Board of Trustees in connection with reviewing and assessing various strategic alternatives that may be available to the Trust, including any potential transaction involving the acquisition of control of the Trust by a third party, and to perform such financial advisory services for the Trust as are customary in transactions of this nature. Pursuant to the Engagement Agreement, the Trust and the Board of Trustees have requested that we prepare and deliver this Opinion.

The terms of the Engagement Agreement provide that Canaccord Genuity is to be paid certain fees for its services as financial advisor, including a monthly work fee, a fee upon delivery of this Opinion (no part of which is contingent upon this Opinion being favourable or upon success of the Offer or any alternative transaction), and either a fee payable upon completion of any change of control transaction (which is, in part, dependent upon the value of any such transaction) or a fee payable upon successfully remaining independent should the Offer fail or be withdrawn and no alternative transaction completed. In addition, the Trust has agreed to reimburse Canaccord Genuity for its reasonable out-of-pocket expenses and to indemnify Canaccord Genuity in respect of certain liabilities that might arise in connection with its engagement.

### **Relationship with Interested Parties**

Neither Canaccord Genuity nor any of its affiliates is an issuer insider, associated entity, or affiliated entity (as those terms are defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*) of the Trust, the Offeror, RioCan, OPB, or any of their respective associates, affiliates or subsidiaries (collectively, the "**Interested Parties**") nor an advisor to any person, company or trust other than to the Trust with respect to the Offer. Canaccord Genuity has not been engaged to provide any financial advisory services nor has it participated in any financings involving the Interested Parties within the past two years, other than the services provided under the Engagement Agreement and as disclosed herein. Other than pursuant to the Engagement Agreement, Canaccord Genuity has not entered into any other agreements or arrangements with any Interested Party with respect to any future dealings. However, Canaccord Genuity and its affiliates act as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have had and may in the future have long or short positions in the securities of one or more Interested Parties and, from time to time, may have executed or may execute transactions on behalf of such companies or clients for which it receives or may receive commission or other compensation. As an investment dealer, Canaccord Genuity and its affiliates conduct research on securities and may, in the ordinary course of their business, provide research reports and investment advice to their clients on investment matters, including with respect to the Interested Parties and the Offer. In addition, Canaccord Genuity and its affiliates may, in the ordinary course of their business, provide investment banking and other financial services to one or more of the Interested Parties in the future.

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Previously, Canaccord Genuity was a syndicate member in an offering of

- (i) Trust Units that closed on November 9, 2012;
- (ii) Trust Units that closed on May 22, 2012;
- (iii) Subscription Receipts of the Trust that closed on June 13, 2011;
- (iv) RioCan trust units that closed on September 19, 2012;
- (v) RioCan trust units that closed on April 20, 2012;
- (vi) RioCan preferred shares that closed on November 30, 2011;
- (vii) RioCan trust units that closed on November 4, 2011;
- (viii) RioCan trust units that closed on September 2, 2011;
- (ix) RioCan preferred shares that closed on January 26, 2011; and
- (x) RioCan trust units that closed on December 21, 2010

in each case earning commissions for its involvement as syndicate member.

### **Credentials of Canaccord Genuity**

Canaccord Genuity is an independent investment bank providing a full range of corporate finance, merger and acquisition, financial restructuring, sales and trading, and equity research services. Canaccord Genuity has professionals and offices across Canada, as well as in the United States, Europe and China. This Opinion represents the opinion of Canaccord Genuity and the form and content herein have been approved for release by a committee of its principals, each of whom is experienced in merger, acquisition, divestiture and fairness opinion matters.

### **Scope of Review**

In arriving at its Opinion, Canaccord Genuity has reviewed, analysed, considered and relied upon (without attempting to independently verify the completeness or accuracy thereof) or carried out, among other things, the following:

1. The press release issued by KingSett Capital on December 5, 2012, in which KingSett Capital announced its intention to, as part of a consortium, make an all cash offer to acquire the Units of the Trust;
2. the Bid Circular dated December 10, 2012;
3. annual reports of the Trust for each of the fiscal years ended December 31, 2009, 2010, and 2011;
4. the audited consolidated financial statements and associated management discussion & analysis of the Trust as at and for each of the fiscal years ended December 31, 2009, 2010, and 2011;
5. the unaudited interim consolidated financial statements and associated management discussion & analysis of the Trust as at and for the three and nine months ended September 30, 2012;

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6. annual information forms of the Trust for each of the fiscal years ended December 31, 2009, 2010, and 2011;
7. the notice of meeting and management information circulars of the Trust with respect to the annual meetings of Unitholders for each of the fiscal years ended December 31, 2009, 2010, and 2011;
8. recent press releases and other public documents filed by the Trust on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) at [www.sedar.com](http://www.sedar.com);
9. discussions with the Trust’s senior management concerning the Trust’s financial condition, its future business prospects, the background of the Offer as set out in the Trustee’s Circular and potential alternatives to the Offer;
10. financial projections provided by management of the Trust for the fiscal years ending December 31, 2012 through 2015;
11. certain other internal financial, operational and corporate information prepared or provided by the management of Primaris;
12. the investor presentations dated November 2012 prepared by Primaris management;
13. discussions with the Board of Trustees;
14. discussions with the Trust’s legal counsel;
15. discussions with the Offeror’s financial advisors;
16. public information relating to the business, operations, financial performance and stock or unit trading history of selected public companies considered by Canaccord Genuity to be relevant;
17. public information with respect to comparable transactions considered by Canaccord Genuity to be relevant;
18. selected reports published by equity research analysts and industry sources regarding the Trust and other comparable public entities considered by Canaccord Genuity to be relevant;
19. selected public market trading statistics and relevant financial information in respect of the Trust and other comparable public entities considered by Canaccord Genuity to be relevant;
20. representations contained in certificates, addressed to Canaccord Genuity and dated the date hereof, from senior officers of the Trust as to the completeness and accuracy of the information upon which this Opinion is based and certain other matters;
21. such other corporate, industry and financial market information, investigations and analyses as Canaccord Genuity considered necessary or appropriate in the circumstances; and
22. the draft Trustee’s Circular as of December 19, 2012.

Canaccord Genuity has not, to the best of its knowledge, been denied access by the Trust to any information requested by Canaccord Genuity. Canaccord Genuity did not meet with the auditor of the Trust and has assumed the accuracy and fair presentation of, and has relied upon, the audited consolidated financial statements of the Trust and the reports of the auditor thereon.

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## Prior Valuations

The Trust has represented to Canaccord Genuity that there have not been any prior valuations (as defined in Canadian Securities Administrators' Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*) of the Trust or its material assets or its securities in the past two years which have not been provided to Canaccord Genuity for review. Canaccord Genuity did not receive any such valuations for review.

## Assumptions and Limitations

This Opinion is subject to the assumptions, explanations and limitations set forth below.

Canaccord Genuity has not prepared a formal valuation or appraisal of the Trust or any of its securities or assets and this Opinion should not be construed as such. Canaccord Genuity has, however, conducted such analyses as it considered necessary in the circumstances. In addition, this Opinion is not, and should not be construed as, advice as to the price at which any securities of the Trust may trade at any future date. This Opinion addresses only the fairness, from a financial point of view, of the consideration payable under the Offer to the holders of Units and does not address any other aspect or implication of the Offer. We have assumed that all draft documents referred to under "Scope of Review" above are accurate reflections, in all material respects, of the final form of such documents, the Trustees' Circular will be distributed to Unitholders, the disclosure therein will be complete and accurate in all material respects and such distribution and disclosure will comply, in all material respects, with the requirements of all applicable laws. We are not legal, tax or accounting experts, have not been engaged to review any legal, tax or accounting aspects of the Offer and express no opinion concerning any legal, tax or accounting matters concerning the Offer. Without limiting the generality of the foregoing, Canaccord Genuity has not reviewed and is not opining upon the tax treatment under the Offer to the holders of Units.

With the Board of Trustees' approval and as provided for in the Engagement Agreement, Canaccord Genuity has relied upon the completeness, accuracy and fair presentation of all of the financial and other information, data, documents, advice, opinions, representations and other materials, whether in written, electronic or oral form, obtained by it from public sources or provided to it by the Trust or any of its senior management, associates, affiliates, consultants, agents and advisors or otherwise (collectively, the "**Information**"), and we have assumed that this Information did not omit to state any material fact or any fact necessary to be stated to make such Information not misleading. This Opinion is conditional upon the completeness, accuracy and fair presentation of such Information. Subject to the exercise of professional judgment, we have not attempted to verify independently and have assumed the completeness, accuracy and fair presentation of any of the Information. With respect to the Trust's financial forecasts, projections or estimates provided to Canaccord Genuity by management of the Trust and used in the analysis of supporting this Opinion, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of management of the Trust as to the matters covered thereby and which, in the opinion of the Trust, are (or were at the time of preparation and continue to be) reasonable in the circumstances. By rendering this Opinion we express no view as to the reasonableness of such forecasts, projections or estimates or the assumptions on which they are based.

Senior management of the Trust have represented to Canaccord Genuity in a certificate delivered as of the date hereof, among other things, that (i) with the exception of forecasts, projections or estimates referred to in (ii) below, the Information obtained by Canaccord Genuity from the Trust's SEDAR filings filed since

**CANACCORD** Genuity

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December 31, 2009, provided by or on behalf of the Trust or any of its management or subsidiaries (as such term is defined in National Instrument 45-106 – *Prospectus and Registration Exemptions*) or any of their respective agents or representatives to Canaccord Genuity in connection with preparing the Opinion (a) was, at the date the Information was provided to Canaccord Genuity, and is at the date hereof complete, true and correct in all material respects, (b) did not and does not contain any untrue statement of a material fact in respect of the Trust or any of its or subsidiaries and (c) did not and does not omit to state a material fact necessary to make the Information or any statement contained therein not misleading in light of the circumstances under which the Information was provided or any statement was made; (ii) Any portions of the Information provided to Canaccord Genuity which constitute forecasts, projections or estimates (a) were reasonably prepared on bases reflecting the best currently available estimates and judgment of the Trust and its management, (b) were prepared using the assumptions identified therein, which, in the reasonable opinion of the management of the Trust, are (or were at the time of preparation) reasonable in the circumstances; and (c) are not, to the knowledge of the management of the Trust, misleading in any material respect in light of the assumptions used or in light of any developments since the time of their preparation; (iii) since the dates on which the Information was provided to Canaccord Genuity, no material change has occurred in the Information or any part thereof and there has been no change in material facts, financial or otherwise, relating to the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Trust or any of its or subsidiaries, in either case which would have or which would reasonably be expected to have a material effect on the Opinion; (iv) except as has been disclosed by or on behalf of the Trust to Canaccord Genuity, there have not been any independent appraisals or valuations or material non-independent appraisals or valuations including without limitation any “prior valuations” (as defined in Canadian Securities Administrators’ Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*) of the Trust or any of its subsidiaries or any of their respective material assets or of its securities which have been prepared as of a date within the two years preceding the date hereof; (v) since the dates on which the Information was provided to Canaccord Genuity (subject to any changes that have been updated by more current information provided by or on behalf of the Trust to Canaccord Genuity), no material transaction has been entered into by or on behalf of the Trust or any of its subsidiaries and, except for the Transaction, the Trust is not aware of any circumstances or developments that would reasonably be expected to have a material effect on the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Trust or any of its or subsidiaries or that would constitute a “material change” (as such term is defined in the Securities Act (Ontario)); (vi) they have no knowledge of any facts or circumstances, public or otherwise, not contained in or referred to in the Information that would reasonably be expected to affect the Opinion, including the assumptions used, the procedures adopted, the scope of the review undertaken or the conclusions reached; (vii) the Trust has not filed any confidential material change reports pursuant to the *Securities Act* (Ontario), or analogous legislation in any jurisdiction in which it is a reporting issuer or the equivalent, that remain confidential; (viii) other than as disclosed in the Information, none of the Trust or any of its subsidiaries have any material contingent liabilities (on a consolidated or non-consolidated basis) and there are no actions, suits, proceedings or inquiries pending or threatened in writing against or affecting the Trust or any of its subsidiaries at law or in equity or before or by any federal, provincial, municipal or other governmental department, commission, bureau, board, agency or instrumentality which may in any way materially adversely affect the Trust or any of its subsidiaries; (ix) unless otherwise disclosed to Canaccord Genuity in writing, all financial material, documentation and other data concerning the Trust and its subsidiaries, including any projections, forecasts or estimates (except for metrics not defined under Canadian generally accepted accounting principles or international financial reporting standards and used therein) provided to Canaccord Genuity were prepared, to the extent applicable, on a basis consistent in all material respects with the accounting policies applied in the most recent audited, consolidated financial statements of the Trust, and

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reflect only the assumptions expressly disclosed therein, which assumptions, in the reasonable opinion of the Trust and its management, are (or were at the time of preparation) reasonable in the circumstances; (x) no verbal or written offers for, at any one time, all or a material part of the properties and assets owned by, or the securities of, the Trust or any its subsidiaries have been received or made and no negotiations have occurred relating to any such offer within the two years preceding the date hereof that have not been disclosed to Canaccord Genuity; (xi) there are no agreements, undertakings, commitments or understandings (written or oral, formal or informal) between the Offeror and the Trust relating to the Offer, except as have been disclosed in complete detail to Canaccord Genuity; and (xii) all of the facts which Canaccord Genuity expresses as being its understanding in the Opinion, except for facts from sources other than the Trust, are true and correct in all material respects. In providing this Opinion we have relied without independent investigation upon the truth, accuracy and completeness of the statements in such certificate.

This Opinion has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of the Investment Industry Regulatory Organization of Canada (“IIROC”) but IIROC has not been involved in the preparation or review of this Opinion.

This Opinion is rendered on the basis of securities markets, economic, financial and general business conditions prevailing as of the date hereof and the conditions and prospects, financial and otherwise, of the Trust and its subsidiaries, as they were reflected in the Information and as they have been represented to Canaccord Genuity in discussions with management of the Trust. In its analyses and in preparing this Opinion, Canaccord Genuity made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Canaccord Genuity or any party involved in the Offer.

This Opinion has been provided for the sole use and benefit of the Board of Trustees in connection with, and for the purpose of, its consideration of the Offer and may not be used or relied upon by any other person or for any other purpose or quoted from or published without the prior written consent of Canaccord Genuity, provided that Canaccord Genuity consents to the inclusion of this Opinion in its entirety and a summary thereof (provided such summary is in a form acceptable to Canaccord Genuity) in the Trustees’ Circular to be mailed to Unitholders and to the filing thereof, as necessary, by the Trust on SEDAR and with the securities commissions or similar securities regulatory authorities in Canada.

This Opinion does not constitute a recommendation to the Board of Trustees or any Unitholder as to whether or not any holder of Units should tender their Units to the Offer. This Opinion does not address the relative merits of the Offer as compared to other transactions or business strategies that might be available to the Trust. In considering fairness from a financial point of view, Canaccord Genuity considered the Offer from the perspective of Unitholders generally and did not consider the specific circumstances of any particular Unitholder, including with regard to income tax consideration. This Opinion is given as of the date hereof, and Canaccord Genuity disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting this Opinion which may come, or be brought, to the attention of Canaccord Genuity after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting this Opinion after the date hereof, including, without limitation, the terms and conditions of the Offer, or if Canaccord Genuity learns that the Information relied upon in rendering this Opinion was inaccurate, incomplete or misleading in any material respect, Canaccord Genuity reserves the right to change, modify or withdraw this Opinion.

**CANACCORD**Genuity

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Canaccord Genuity believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying this Opinion. The preparation of an Opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

### **Conclusion**

Based upon and subject to the foregoing, and such other matters as Canaccord Genuity considered relevant, Canaccord Genuity is of the opinion that, as of the date hereof, the consideration payable to the Unitholders other than the Offeror and its affiliates under the Offer is inadequate, from a financial point of view, to such Unitholders.

Yours very truly,

(signed) Canaccord Genuity  
CANACCORD GENUITY CORP.

CANACCORD|Genuity

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## SCHEDULE C - SUMMARY OF PRIMARIS UNITHOLDER RIGHTS PLAN

The following is a summary of the principal terms of the Primaris Unitholder Rights Plan, which is qualified in its entirety by reference to the text of the Primaris Unitholder Rights Plan which has been filed with the Canadian Securities Administrators at [www.sedar.com](http://www.sedar.com) and is also available on the Primaris' website at [www.primarisreit.com](http://www.primarisreit.com). Terms used but not defined herein, have the meaning set out in the Primaris Unitholder Rights Plan.

### Issue of Rights

On the Effective Date, March 3, 2005, one Right was issued and attached to each outstanding Primaris Unit. One Right will also be issued and attach to each Primaris Unit (and any other securities in the capital of the REIT entitled to vote generally in the election of trustees (including, without limitation, instalment receipts representing such securities) (collectively, "**Voting Units**") issued thereafter, subject to the limitations set forth in the Primaris Unitholder Rights Plan. The initial exercise price of each Right is \$100, subject to appropriate anti-dilution adjustments.

Until a Right is exercised, the holder thereof, as such, will have no rights as a Primaris Unitholder.

### Rights Exercise Privilege

The Rights will separate from the Voting Units to which they are attached and will become exercisable at (the "**Separation Time**") the close of business on the tenth trading day after the earlier of (A) the first date of public announcement by the REIT or an Acquiring Person of facts indicating that a Person (as defined in the Primaris Unitholder Rights Plan) has become an Acquiring Person (the "**Voting Unit Acquisition Date**"), and (B) the date of the commencement of, or first public announcement of, the intent of any Person (other than the REIT or any subsidiary of the REIT) to commence a take-over bid (other than a Permitted Bid or Competing Bid (as described below), or two days following the date on which a Permitted Bid ceases to qualify as such, or, in either case, such later date as may be determined by the trustees.

The acquisition by a Person (an "**Acquiring Person**"), including Persons acting in concert, of 20% or more of the Voting Units, other than by way of a Permitted Bid in certain circumstances, is referred to as a "**Flip-in Event**". Any Rights held by an Acquiring Person on or after the earlier of the Separation Time or the first date of public announcement by the REIT or by an Acquiring Person that an Acquiring Person has become such, will become void upon the occurrence of a Flip-in Event. Ten trading days after the occurrence of the Flip-in Event, the Rights (other than those held by the Acquiring Person) will permit the holder to purchase, for example, Primaris Units with a total market value of \$200, on payment of \$100 (i.e., at a 50% discount).

The issue of the Rights is not initially dilutive. Upon a Flip-in Event occurring and the Rights separating from the attached Voting Units, reported earnings per Primaris Unit on a fully diluted or non-diluted basis may be affected. Holders of Rights who do not exercise their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

### Certificates and Transferability

Prior to the Separation Time, the Rights will be evidenced by a legend imprinted on certificates for Voting Units and will not be transferable separately from the attached Voting Units. From and after the Separation Time, the Rights will be evidenced by Rights certificates, which will be transferable and traded separately from the Voting Units.

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## Permitted Bid Requirements

The requirements of a Permitted Bid include the following:

- the take-over bid must be made by way of a take-over bid circular;
- the take-over bid must be made to all holders of Voting Units, other than the bidder;
- the take-over bid must not permit Voting Units tendered pursuant to the take-over bid to be taken up prior to the expiry of a period of not less than 60 days from the date of the bid and then only if at such time more than 50% of the Voting Units held by Primaris Unitholders other than the bidder, its affiliates and Persons acting jointly or in concert with the bidder (the “**Independent Primaris Unitholders**”) have been tendered pursuant to the take-over bid and not withdrawn; and
- if more than 50% of the Voting Units held by Independent Primaris Unitholders are tendered to the take-over bid within the 60 day period, the bidder must make a public announcement of that fact and the take-over bid must remain open for deposits of Voting Units for an additional ten business days from the date of such public announcement.

The Primaris Unitholder Rights Plan allows a competing Permitted Bid (a “**Competing Permitted Bid**”) to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all the requirements of a Permitted Bid except that, provided it is outstanding for a minimum period of 35 days, it may expire on the same date as the Permitted Bid.

## Waiver and Redemption

The Trustees may, prior to a Flip-in Event, and in certain circumstances without the approval of holders of Voting Units, waive the dilutive effects of the Primaris Unitholder Rights Plan in respect of a particular Flip-in Event. At any time prior to the occurrence of a Flip-in Event, and in certain circumstances without the approval of Rights holders, the Trustees may redeem all, but not less than all, of the outstanding Rights at a price of \$0.00001 each.

## Waiver of Inadvertent Flip-in Event

The Trustees may, prior to the close of business on the tenth day after a person has become an Acquiring Person, waive the application of the Primaris Unitholder Rights Plan to an inadvertent Flip-in Event, on the condition that such person reduces its beneficial ownership of Voting Units such that it is not an Acquiring Person within 14 days of the determination of the trustees.

## Portfolio Managers

The provisions of the Primaris Unitholder Rights Plan relating to portfolio managers are designed to prevent the occurrence of a Flip-in Event solely by virtue of the customary activities of such managers, including trust companies and other Persons, where a portion of the ordinary business of such Person is the management of funds for unaffiliated investors, so long as any such Person does not propose to make a take-over bid either alone or jointly with others.

## Supplement and Amendments

Prior to the confirmation of the Primaris Unitholder Rights Plan by Primaris Unitholders, the REIT may without the approval of holders of Voting Units or Rights amend, supplement or restate the Primaris Unitholders Rights Plan in order to make any changes which the Board of Trustees acting in good faith may deem necessary or desirable.

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Following Primaris Unitholder confirmation of the Primaris Unitholder Rights Plan, the REIT may, without the approval of the holders of Voting Units or Rights, make amendments to (i) correct clerical or typographical errors, (ii) to maintain the validity and effectiveness of the Primaris Unitholder Rights Plan as a result of any change in applicable law, rule of regulatory requirement, and (iii) as otherwise specifically contemplated therein. Any amendment referred to in (iii) must, if made before the Separation Time, be submitted for approval to the holders of Voting Units at the next meeting of Primaris Unitholders and, if made after the Separation Time, must be submitted to the holders of Rights for approval.

At any time before the Separation Time, the REIT may with prior written consent of the Independent Primaris Unitholders received at the special meeting called and held for such purpose, amend, vary or rescind any of the provisions of the Primaris Unitholder Rights Plan or the Rights, whether or not such action would materially adversely affect the interests of the Rights generally.

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Any questions and requests for assistance may be directed to the  
Information Agent:



The Exchange Tower  
130 King Street West, Suite 2950, P.O. Box 361  
Toronto, Ontario  
M5X 1E2  
[www.kingsdaleshareholder.com](http://www.kingsdaleshareholder.com)

North American Toll Free Phone:  
**1-866-581-1571**

Email: [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com)

Facsimile: 416-867-2271

Toll Free Facsimile: 1-866-545-5580

Outside North America, Banks and Brokers Call Collect: 416-867-2272

Please visit [www.primarisrealvalue.com](http://www.primarisrealvalue.com)

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