



Retail Real Estate  
Investment Trust

**NOTICE OF  
ANNUAL AND SPECIAL MEETING OF UNITHOLDERS  
May 8, 2012  
AND  
MANAGEMENT INFORMATION CIRCULAR**

**Dated March 30, 2012**

# MANAGEMENT INFORMATION CIRCULAR

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March 30, 2012

Dear Unitholder,

We invite you to attend Primaris' Annual and Special Meeting of Unitholders to be held at the Toronto Board of Trade, 4<sup>th</sup> floor; First Canadian Place, Toronto, Ontario on Tuesday, May 8, 2012 at 10:00 a.m. (Eastern Daylight Time).

At the meeting, you will hear about Primaris' performance and our plans for the coming year. You will also be able to meet and ask questions of the Board and Management.

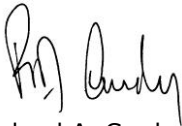
This Management Information Circular describes the business to be conducted at the meeting. It also describes Primaris' governance practices and provides extensive information about Primaris' compensation philosophy as it relates to the named executive officers. Our Compensation Committee will attend the Annual and Special Meeting for the purpose of being available to answer questions about our executive compensation practices.

We believe that the compensation plan we have designed and approved aligns the interests of management with those of our Unitholders and will bring about the business results that we expect.

Once again, in 2011 Primaris' governance practices were reviewed in the annual "Board Games" report on governance that is published by the Globe and Mail's Report on Business. Primaris performed well when measured against high governance standards as acknowledged in this independent evaluation. In addition, Primaris excelled in the Board Shareholder Confidence Index published by the Clarkson Centre for Ethics at the Rotman School of Management at the University of Toronto.

Your vote matters. You may exercise your vote by completing the enclosed proxy voting form or by attending the meeting.

We encourage you to attend the meeting to hear about our annual results and learn more about our plans for Primaris.



Roland A. Cardy  
Chair of the Board



John Morrison  
President and Chief Executive Officer

## PRIMARIS RETAIL REAL ESTATE INVESTMENT TRUST

### NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS

The Annual and Special Meeting of Primaris Retail Real Estate Investment Trust will be held

on **Tuesday, May 8, 2012**  
**from 10:00 a.m. (Eastern Daylight Time)**  
at **Toronto Board of Trade, 4<sup>th</sup> floor**  
**First Canadian Place, Toronto, Ontario**

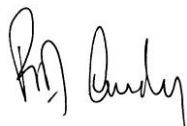
for the following purposes:

1. **TO RECEIVE** the financial statements of Primaris and the auditors' report thereon, for the years ended December 31, 2011 and 2010;
2. **TO ELECT** members of the Board of Trustees of Primaris;
3. **TO APPOINT** auditors and to authorize the Trustees of Primaris to fix their remuneration;
4. **TO RATIFY** amendments to the Declaration of Trust; and
5. **TO TRANSACT** such other business as may properly come before the meeting or any adjournment thereof.

Unitholders of record at the close of business on March 30, 2012, will be entitled to vote at the meeting.

This Notice of Meeting and Management Information Circular, which contains details of the matters to be dealt with at the meeting, is accompanied by a form of proxy or voting information form. If you told us last year that you would like to receive the 2011 Annual Report then you will have already received this material in recent weeks. The Annual Report may also be accessed at [www.sedar.com](http://www.sedar.com) or [www.primarisreit.com](http://www.primarisreit.com).

Unitholders who are unable to attend the meeting in person are asked to complete, sign and return the accompanying voting information form at any time up to Friday, May 4, at 4:30 p.m. (Eastern Daylight Time) which is the second business day prior to the meeting.



Roland A. Cardy  
Chair of the Board  
Toronto, Ontario, Canada  
March 30, 2012

Primaris Retail Real Estate Investment Trust ("Primaris") is an unincorporated open-ended real estate investment trust governed by the laws of the Province of Ontario and created pursuant to a declaration of trust dated as of March 28, 2003, as amended and restated (the "Declaration of Trust"). As at February 29, 2012, 83,161,108 units ("Units") were issued and outstanding, of which 371,505 Exchangeable Units are ineligible to be voted. Primaris is aware of no Unitholder that holds (under control or direction) more than 10% of the issued and outstanding Units.

### VOTING INFORMATION

#### Who is soliciting my proxy?

Your proxy is being solicited by management of Primaris.

#### Am I entitled to attend the meeting?

Yes, if you are a Unitholder as of March 30, 2012, which is the record date for the meeting, you are entitled to receive notice of, attend and be heard at the meeting.

#### Am I entitled to vote, and what am I voting on?

If you were a Unitholder as of the close of business on March 30, 2012, you are entitled one vote per Unit you hold on the resolutions relating to:

1. electing Trustees of Primaris for the next year;
2. appointing the auditors for the next year and authorizing the Trustees to fix their remuneration; and
3. ratifying certain amendments to the Declaration of Trust.

Whether or not you attend the meeting, you can appoint someone else to vote for you as your proxy holder. The persons named in the enclosed form of proxy or voting instruction form are Trustees of Primaris. However, you can choose another person to be your proxy holder, including someone who is not a Unitholder of Primaris. You may do so by deleting the names printed on the proxy or voting instruction form and inserting another person's name in the blank space provided, or by completing another form of proxy or voting information form.

If you acquire Units after March 30, 2012, you are not entitled to vote those Units.

#### How do I vote?

Your Units are held by Clearing and Depository Services Inc. (CDS) through a nominee which is usually a trust company, securities broker or other financial institution. Your nominee is required to seek your instructions as to how to vote your Units. For that reason, you have received this Management Information Circular from your nominee, together with a voting instruction form. Alternatively, you may have received a form of proxy which performs the same function. Each nominee has their own signing and return instructions which you should follow carefully to ensure your Units will be voted. If you are a Unitholder who has voted and you want to change your mind to vote in person, see the answers below titled "How can I vote in person at the meeting?" and "What if I change my mind and want to revoke my voting instructions?".

#### How can I vote in person at the meeting?

If you wish to vote in person at the meeting, insert your own name in the space provided on the proxy or voting instruction form sent to you by your nominee. By doing so, you are instructing your nominee to appoint you as proxy holder. Follow the signing and return instructions provided by your nominee. Do not otherwise complete the form, as you will be voting at the meeting.

#### How will my Units be voted?

On the voting instruction form, you can indicate how you want your proxy holder to vote your Units, or you can let your proxy holder decide for you. If you have specified on the voting instruction form how you want your Units to be voted (by marking FOR, AGAINST or WITHHOLD, as appropriate) then your proxy holder must vote accordingly.

If you have not specified on the form of proxy or voting instruction form how you want your Units to be voted, then your proxy holder can vote your Units as he or she sees fit.

Unless contrary instructions are provided, Units represented by proxies received by management will be voted:

1. FOR the election of the proposed nominees whose names are set out on the following pages as Trustees of Primaris;
2. FOR the appointment of KPMG LLP as auditors; and
3. FOR ratification of amendments to the Declaration of Trust.

#### What if I change my mind and want to revoke my voting instructions?

You can revoke your voting instructions at any time before they are acted upon. You should follow the instructions given to you by your nominee which may include a date by which you need to notify the nominee of your desire to revoke your voting instructions.

### Who counts the votes?

Proxies are counted by CIBC Mellon Trust Company, the transfer agent of Primaris (CIBC Mellon acts through its Administrative Agent, Canadian Stock Transfer Company Inc.) Primaris also proposes to appoint CIBC Mellon Trust Company as scrutineer to count the votes of any Unitholder voting in person.

### How are proxies solicited?

Primaris' management requests that you sign and return the form of proxy or voting instruction form and follow the instructions of your nominee in this regard to ensure your votes are exercised at the meeting. The solicitation of proxies will be primarily by mail. However, the Trustees, officers and management of Primaris may also solicit proxies by telephone, in writing or in person. Primaris may also use the services of outside firms to solicit proxies. The cost of proxy solicitation, if any, will be paid by Primaris.

### What if I have a question regarding the voting procedures or the meeting?

If you have any questions regarding the meeting, please contact CIBC Mellon Trust Company:

by phone: 1-800-387-0825 (toll-free in North America) or 416-682-3860 (local)

by e-mail: [inquiries@canstockta.com](mailto:inquiries@canstockta.com)

by fax: 1-888-249-6189

by mail: CIBC Mellon Trust Company c/o Canadian Stock Transfer Company Inc.,  
P.O. Box 700, Station B, Montreal, QC, H3B 3K3

Except as noted otherwise, the information contained in this Management Information Circular is given as of March 30, 2012 and all dollar amounts used in this document are in Canadian Dollars.

Unitholders who cannot attend the meeting in person will be able to access the speech of the President and Chief Executive Officer of Primaris after the meeting at: [www.primarisreit.com](http://www.primarisreit.com).

## BUSINESS TO BE TRANSACTED AT THE MEETING

### Financial Statements

The audited consolidated financial statements of Primaris for the years ended December 31, 2011 and 2010 and the report of the auditors on those statements will be placed before the meeting. These audited consolidated financial statements, as well as Management's Discussion and Analysis, form part of the Annual Report of Primaris. Copies of the Annual Report may be accessed at [www.sedar.com](http://www.sedar.com) or [www.primarisreit.com](http://www.primarisreit.com) or may be obtained from the Secretary of Primaris upon request and will be available at the meeting.

### Election of Trustees

The present term of office of each Trustee of Primaris will expire upon the election of Trustees at the meeting. It is proposed that each of the persons whose name appears below be elected as a Trustee of Primaris to serve until the close of the next annual meeting of Unitholders or until his or her successor is elected.

For each Trustee, the following information includes the Trustees' jurisdiction of residence; their age; all positions and offices held by them with Primaris; their attendance at meetings; their principal occupations or employment during the past five years; their status as an independent Trustee; other public board memberships; and the number of Primaris securities owned by each of them. The nominees for election as Trustees of Primaris are currently Trustees and have all been previously elected. The nominees are described beginning on page 9.

### Appointment of Auditors

Upon the recommendation of the Audit Committee of the Board of Trustees of Primaris, the Board of Trustees of Primaris recommends that KPMG LLP, Chartered Accountants, be reappointed as Primaris' auditors to hold office until the close of the next annual meeting and that the Trustees be authorized to fix their remuneration.

This reappointment of KPMG LLP as auditors must be approved by a simple majority of votes cast by Unitholders at the meeting.

### Audit Fees

The following chart summarizes the fees of KPMG LLP for services during 2011 and 2010 for audit fees and non-audit related services:

Type of Work	2011	2010	Difference
Audit Fees <sup>(1)</sup>	\$459,030	\$444,675	3.2%
Audit Related fees: Assurance and related services	571,228 <sup>(2)</sup>	523,397 <sup>(3)</sup>	9.1% <sup>(4)</sup>
Tax services	225,619 <sup>(5)</sup>	374,291 <sup>(6)</sup>	-39.7%
All other fees	225,500 <sup>(7)</sup>	121,371 <sup>(8)</sup>	85.8% <sup>(9)</sup>
<b>Total fees</b>	<b>\$1,481,377</b>	<b>\$1,463,734</b>	<b>1.8%</b>

- (1) Audit fees include the aggregate professional fees paid to the external auditors for the audit of the annual consolidated financial statements and the review of quarterly financial statements.
- (2) 22% of these fees are related the auditor's involvement in the prospectus.
- (3) 23% of these fees are related the auditor's involvement in the prospectus.
- (4) The increase in fees is related to the requirement for 10 additional annual common area maintenance audits on the 5 properties acquired in 2011
- (5) 27% of these fees are related to tax advisory work.
- (6) 57% of these fees are related to tax advisory work.
- (7) 22% of these fees are related to French translation and 71% of these fees are related to IFRS work.
- (8) 56% of these fees are related to French translation and 35% of these fees are related to IFRS work.
- (9) The increase in IFRS fees in 2011 accounts for the year over year increase in other fees.

Representatives of KPMG LLP will be present at the meeting and will be given the opportunity to make a statement if they so wish and will respond to appropriate questions.

### **Ratification of amendments to the Declaration of Trust**

The Investment Guidelines and Operating Policies in the Declaration of Trust for Primaris relied upon certain key definitions such as Gross Book Value and Adjusted Unitholders Equity to limit certain activities that could be undertaken by Primaris. The definitions of these terms were principally based on amounts that were shown, or derived from, the consolidated financial statements of Primaris, which at the time the definitions were adopted, were prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

In February 2008, the Canadian Accounting Standards Board confirmed the replacement of GAAP with International Financial Reporting Standards ("IFRS"), for Canadian publically accountable profit-oriented enterprises, effective for fiscal periods beginning on or after January 1, 2011. In anticipation of these as yet undefined changes, at the Primaris Annual and Special Meeting held on June 10, 2009, Unitholders gave Trustees the ability to amend the declaration of trust to reflect the changes that IFRS would bring. As subsequently finalized, IFRS replaced certain historical book values with fair values, and depreciation of certain fixed assets ceased being recorded. Upon the implementation of IFRS, Gross Book Value and Adjusted Unitholders' Equity were no longer calculable, and no longer apparent, by reference to the audited financial statements and, in the view of the Trustees, ceased to be a meaningful guide pursuant to which Trustees and Management of Primaris could manage the risks of Primaris.

As a result, upon the publication of Primaris' first audited statements for the year ended December 31, 2011, the Trustees determined that it was necessary to amend the Investment Guidelines and Operating Policies in the following manner:


1. The definitions of Gross Book Value and Adjusted Unitholders' Equity were deleted and were replaced by Total Asset Value, which is defined as the carrying value of the assets of Primaris and its consolidated Subsidiaries, as shown on the most recent consolidated statement of financial position as presented in accordance with IFRS. Under the definition of Gross Book Value in the Declaration of Trust, the Trustees had the option at any time to use the appraised value of the assets of Primaris. The change to Total Asset Value will result in a substantially similar value as the appraised value of the assets, since the carrying value under IFRS is based upon the fair value of those assets.
2. As at December 31, 2010, Adjusted Unitholders' Equity (based upon Primaris' financial statements prepared in accordance with Canadian GAAP) was equal to 29% of Total Asset Value (based upon Primaris' financial statements prepared in accordance with IFRS). As a result, the percentages set out in subsections 6.1(i)(i)(D), (j) and (k) and 6.2(c) were adjusted to take this into account and the test set out in section 6.1(c) is no longer measured net of debt incurred or assumed.
3. Under the previous version of subsection 6.2(h), any convertible debenture that was capable of being satisfied through the issuance of Units was not counted as indebtedness for the purposes of the test set out therein. Under Canadian GAAP, convertible debentures were considered compound financial instruments and recorded in two components; debt and equity. Under IFRS convertible debentures are no longer a compound financial instrument and the entire instrument is recorded as debt. In order to remain consistent with this approach, the Trustees have elected to include the face value of convertible debentures as indebtedness for the purposes of the debt incurrence test set out therein. As at December 31, 2011, the face value of outstanding convertible debentures was equal to approximately 7.5% of Total Asset Value. To partially address this increase in indebtedness for the purposes of the limitation set out in subsection 6.2(h), the Trustees amended the limit on indebtedness, previously equal to 60% of Gross Book Value, to 65% of Total Asset Value. In addition, to address the fact that Exchangeable Units are economically equivalent to Units and are in substance equity of the REIT but classified as debt under IFRS, the fair value of Exchangeable Units has been excluded from this test.


A black-line showing the changes to the Investment Guidelines and Operating Policies is set out in Schedule A.

At this meeting, Unitholders are being asked to ratify the foregoing changes. To be effective, the proposed special resolution set out in Schedule B must be approved by 66% of the votes cast by Unitholders. The persons named in the enclosed proxy form or voting information form intend to vote at the Annual and Special Meeting in favour of the special resolutions, unless the Unitholder has specified in the form of proxy that his or her Units are to be voted against such special resolution.



Nominees for Appointment

 <p><b>Roland A. Cardy</b> Age: 60 Toronto, ON Canada Trustee since: 2003 Independent</p>	<p>Since March 2003, Mr. Cardy has served as Managing Partner and a director of Gorbay Company Limited, a Toronto based private company that owns and operates multi-family properties. From 2000 to March 2003, Mr. Cardy was a Senior Managing Director at Raymond James Ltd. Prior to that, Mr. Cardy held a number of positions at The Toronto-Dominion Bank including Vice-Chair, Investment Banking from 1996 to 2000. Mr. Cardy also served on the Executive Committee and the Board of Directors of TD Securities Inc. from 1996 to 2000. Mr. Cardy has Bachelor of Arts (Economics and History) and Master of Business Administration degrees from York University. He also has completed the requirements of the Institute of Corporate Directors program.</p>					
	Board/Committee Membership:		2011 Attendance:		Public Board Membership During Last Five Years:	
	Board of Trustees, Chair		12/12	100%	Public Storage Canadian Properties 2006–2010	
	Audit Committee		7/7	100%		
Compensation Committee		5/5	100%			
Securities Held:						
As at	Units	Restricted Units	Debentures	Value of Units & Debentures <sup>(1)</sup>	Minimum Unit Ownership Requirement	Met
Jan 1, 2012	25,800	4,859	0	\$535,118	\$180,000 in Units	<input checked="" type="checkbox"/>
Dec 31, 2011	25,800	3,406	0	\$505,118	\$150,000 in Units	<input checked="" type="checkbox"/>

 <p><b>Kerry D. Adams</b> Age: 59 Aurora, ON Canada Trustee since: 2007 Independent</p>	<p>Ms. Adams has been President of K. Adams &amp; Associates Limited providing wealth management services for trusts and private corporations since 1991. Ms. Adams was a Commissioner and Director of the Ontario Securities Commission from 1996 through 2003. Ms. Adams is a member of the Bank of Nova Scotia's Master Trust and Pension Investment and Administration Committees and a Director and Chair of the Audit Committee of Walmart Canada Bank. A Fellow of the Institute of Chartered Accountants (Ontario), Ms. Adams also holds a Bachelor of Arts (Honours Economics) from Queens University and is an Institute-certified Director of the Institute of Corporate Directors.</p>					
	Board/Committee Membership:		2011 Attendance:		Public Board Membership During Last Five Years:	
	Board of Trustees		11/12	92%	Indigo Books and Music Inc. 2006–Dec 2009	
	Audit Committee		7/7	100%		
	Governance & Nominating Committee, Chair		3/3	100%		
Compensation Committee		5/5	100%			
Securities Held:						
As at	Units	Restricted Units	Debentures	Value of Units & Debentures <sup>(1)</sup>	Minimum Unit Ownership Requirement	Met
Jan 1, 2012	10,900	4,859	0	\$270,515	\$180,000 in Units	<input checked="" type="checkbox"/>
Dec 31, 2011	10,900	3,406	0	\$240,515	\$150,000 in Units	<input checked="" type="checkbox"/>

(1) Units owned prior to (and Restricted Units awarded on) Jan 1, 2010 are valued at the Dec 31, 2009 five day VWAP of \$16.06. Units acquired since Jan 1, 2010 are valued at cost.



**William J. Biggar**  
Age: 59  
Toronto, ON Canada  
Trustee since: 2003  
Independent

Mr. Biggar has been President and CEO of North American Palladium Ltd. since 2008. Prior to that, Mr. Biggar was Managing Director of Richardson Capital Limited from 2004 to 2007, President and Chief Executive Officer of MI Developments Inc. from 2003 to 2004 and Executive Vice-President of Magna International Inc. from 2001 to 2003. From 1999-2001, Mr. Biggar was Executive Vice-President and Chief Financial Officer of Cambridge Shopping Centres Limited. Mr. Biggar became a Chartered Accountant while working at what is now PricewaterhouseCoopers and also holds Bachelor of Commerce and Master of Business Administration degrees from the University of Toronto.

Board/Committee Membership:	2011 Attendance:		Public Board Membership During Last Five Years:	
Board of Trustees	11/12	92%	North American Palladium Ltd.	2008–present
Audit Committee, Chair	7/7	100%	Silver Bear Resources Inc.	2007–present
Governance & Nominating Committee	3/3	100%	Manitou Capital Corporation	2003–2008
Distributions Committee	3/3	100%	ATS Automation Tooling Systems Inc.	2005–2007

**Securities Held:**

As at	Units	Restricted Units	Debentures	Value of Units & Debentures <sup>(1)</sup>	Minimum Unit Ownership Requirement	
					Requirement	Met
Jan 1, 2012	11,000	4,859	0	\$266,660	\$180,000 in Units	<input checked="" type="checkbox"/>
Dec 31, 2011	11,000	3,406	0	\$236,660	\$150,000 in Units	<input checked="" type="checkbox"/>



**Ian Collier**  
Age: 65  
Toronto, ON Canada  
Trustee since: 2003  
Independent


Mr. Collier is CEO and Partner of Perseis Partners Inc. Prior to that, in 2004 and 2005, Mr. Collier was President and CEO of Borealis Private Equity and President and CEO of OMERS Capital Partners. Between 2001 and 2004, Mr. Collier served as CEO of Borealis Capital Corporation. Mr. Collier was a director of Borealis Real Estate Management Inc. between May 2002 and February 2004 and a director of Oxford Properties Group Inc. between 2001 and 2004. Mr. Collier holds a Bachelor of Arts (Economics) from Wilfrid Laurier University.


Board/Committee Membership:	2011 Attendance:		Public Board Membership During Last Five Years:	
Board of Trustees	12/12	100%	None	
Governance & Nominating Committee	3/3	100%		
Distributions Committee, Chair	3/3	100%		

**Securities Held:**

As at	Units	Restricted Units	Debentures	Value of Units & Debentures <sup>(1)</sup>	Minimum Unit Ownership Requirement	
					Requirement	Met
Jan 1, 2012	10,871	4,859	0	\$277,028	\$180,000 in Units	<input checked="" type="checkbox"/>
Dec 31, 2011	10,871	3,406	0	\$247,028	\$150,000 in Units	<input checked="" type="checkbox"/>

(1) Units owned prior to (and Restricted Units awarded on) Jan 1, 2010 are valued at the Dec 31, 2009 five day VWAP of \$16.06. Units acquired since Jan 1, 2010 are valued at cost.

 <p><b>Kenneth A. Field</b> Age: 68 Toronto, ON Canada Trustee since: 2005 Independent</p>	<p>Mr. Field is a retired Investment Banker. Between 1996 and 2000, Mr. Field was Senior Vice President, Head of Real Estate Investment Banking with Midland Walwyn Inc. / Merrill Lynch Canada Inc. Mr. Field has over 35 years of experience in major real estate sales and financings across Canada, including many regional shopping centres. He is a member of the Canadian Institute of Chartered Accountants, a former member of the Board of Governors of the Toronto Stock Exchange and a former Chair of the Board of Governors of the Toronto Futures Exchange.</p>					
	Board/Committee Membership:		2011 Attendance:		Public Board Membership During Last Five Years:	
	Board of Trustees	12/12	100%	None		
	Audit Committee	7/7	100%			
	Governance & Nominating Committee	3/3	100%			
Compensation Committee, Chair	5/5	100%				
Securities Held:						
As at	Units	Restricted Units	Debentures	Value of Units & Debentures <sup>(1)</sup>	Minimum Unit Ownership Requirement	Met
Jan 1, 2012	9,000	4,859	0	\$244,920	\$180,000 in Units	<input checked="" type="checkbox"/>
Dec 31, 2011	9,000	3,406	0	\$214,920	\$150,000 in Units	<input checked="" type="checkbox"/>

 <p><b>Brent Hollister</b> Age: 64 Toronto, ON Canada Trustee since: 2009 Independent</p>	<p>Mr. Hollister has been actively involved in the Canadian retail industry for over 35 years. He retired from his role as Chief Executive Officer of Sears Canada Inc. in 2006. Mr. Hollister is a director for Holiday Group Holdings Inc. a private equity company, and the Advisory Board of the Boys &amp; Girls Club Foundation of Canada. A graduate of Ryerson, Mr. Hollister has completed the requirements of the Institute of Corporate Directors program.</p>					
	Board/Committee Membership:		2011 Attendance:		Public Board Membership During Last Five Years:	
	Board of Trustees	12/12	100%	None		
	Distributions Committee	3/3	100%			
	Compensation Committee	5/5	100%			
Securities Held:						
As at	Units	Restricted Units	Debentures	Value of Units & Debentures <sup>(1)</sup>	Minimum Unit Ownership Requirement	Met
Jan 1, 2012	19,021	4,859	0	\$437,911	\$180,000 in Units	<input checked="" type="checkbox"/>
Dec 31, 2011	19,021	3,406	0	\$407,911	\$150,000 in Units	<input checked="" type="checkbox"/>

(1) Units owned prior to (and Restricted Units awarded on) Jan 1, 2010 are valued at the Dec 31, 2009 five day VWAP of \$16.06. Units acquired since Jan 1, 2010 are valued at cost.



**John Morrison**  
 Age: 55  
 Mississauga, ON  
 Canada  
 Trustee since: 2010  
 Non-Independent

Mr. Morrison is President and CEO of Primaris Retail REIT and has over 30 years experience in the commercial real estate industry, primarily in the shopping centre asset class. Prior to his appointment as CEO of Primaris, Mr. Morrison was President, Real Estate Management at Oxford Properties Group, where he was responsible for the performance of Oxford's \$10 billion domestic portfolio of office, industrial, multi-family residential and shopping centre properties including Primaris properties. Mr. Morrison is on the Board of Trustees for the International Council of Shopping Centres, and currently serves on the Executive Committee as Divisional Vice President for Canada. He is also former Vice Chairman of the Urban Land Institute Toronto District Council.

Board/Committee Membership:	2011 Attendance:		Public Board Membership During Last Five Years:
Board of Trustees	12/12	100%	None
Distributions Committee	3/3	100%	

Securities Held:							
As at	Units	Restricted Units	Debentures	Options	Value of Units & Debentures <sup>(1)</sup>	Minimum Unit Ownership Requirement	Met
Mar 30, 2012	55,685	51,735	0	688,775	\$1,959,133	3X base salary (in Units)	<input checked="" type="checkbox"/>
Dec 31, 2011	55,685	35,928	0	499,620	\$1,618,654	3X base salary (in Units)	<input checked="" type="checkbox"/>

(1) Units owned prior to (and Restricted Units awarded on) Jan 1, 2010 are valued at the Dec 31, 2009 five day VWAP of \$16.06. Units acquired since Jan 1, 2010 are valued at cost.

## CORPORATE GOVERNANCE DISCLOSURE

Primaris' Board of Trustees and members of its management consider good corporate governance to be central to the effective and efficient operation of Primaris. Primaris' corporate governance practices comply with the Ontario Securities Commission ("OSC") rules and policies and are designed to protect the interests of Unitholders. The governance, investment guidelines and operating policies of Primaris are overseen by the Board of Trustees.

### Term of Election for Trustees

The Trustees are individually elected by resolution that is passed by a majority of the votes cast at a meeting of the Unitholders. Trustees elected at an annual meeting are elected for terms expiring at the next annual meeting or until their successors are elected or appointed, and are eligible for re-election.

### Majority Voting Policy

The Board has a Majority Voting Policy under which each Trustee should be elected by the vote of a majority of the Units represented in person or by proxy at any meeting for the election of Trustees. Accordingly, if any nominee for Trustee receives, from the Units voted at the meeting in person or by proxy, a greater number of Units withheld than Units voted in favour of his or her election, the Trustee must promptly tender his or her offer to resign to the Chairman of the Board, to take effect on acceptance by the Board.

The Governance and Nominating Committee will expeditiously consider the Trustee's offer to resign and make a recommendation to the Board whether or not to accept it. Within 90 days of the Unitholders' meeting, the Board will make a final decision and announce it by way of press release.

This policy does not apply to a contested election of Trustees, that is, where the number of nominees exceeds the number of Trustees to be elected.

Any Trustee who offers his or her resignation will not participate in the deliberations of the Governance and Nominating Committee or the Board with respect to whether or not to accept the resignation.

In the event any Trustee fails to offer his or her resignation in accordance with this policy, the Board will not re-nominate the Trustee. Subject to the provisions of Primaris' Declaration of Trust, the Board is not limited in any action it may take if a Trustee's resignation is accepted, including appointing a new Trustee to fill the vacancy.

At the 2011 Annual and Special Meeting of Unitholders, each Trustee individually received a minimum of 99.6% of Unitholders' votes. The actual voting results are as follows:

## 2011 Annual and Special Meeting Voting Results

<u>Trustee</u>	<u>Votes For</u>	<u>% Votes For</u>
Roland A. Cardy	43,498,535	99.6%
Kerry D. Adams	43,504,956	99.6%
William J. Biggar	43,612,153	99.9%
Ian Collier	43,657,856	100.0%
Kenneth A. Field	43,488,395	99.6%
Brent Hollister	43,508,706	99.6%
John Morrison	43,653,387	99.9%

### Number of Trustees

Pursuant to the Declaration of Trust, there are to be no fewer than three and no more than twelve Trustees, with a majority being independent Trustees. The Trustees have determined that seven Trustees are appropriate at this time.

### Trustee Independence

The Trustees have determined that six of the seven Trustees standing for election, including the Chair of the Board of Trustees of Primaris, are independent Trustees in accordance with the Declaration of Trust and the Canadian Securities Administrators' rules, having no direct or indirect material relationship with Primaris.

#### Independent Trustee Nominees:

Roland A. Cardy, Chair  
Kerry D. Adams  
William J. Biggar  
Ian Collier  
Kenneth A. Field  
Brent Hollister

#### Non Independent Trustee Nominee:

John Morrison (President and CEO)

### Independence of the Board Chair

The Board appoints a non-executive, independent Trustee to act as Chair of the Board. Independence in this role is essential in the role of stewardship. It provides strong leadership, promotes involvement by all Trustees and avoids conflict of interest. The Chair is responsible for the following duties and responsibilities among other things:

- overseeing the cohesive responsiveness of the Board to board issues
- acting as Chair of meetings of the Board of Trustees including establishing procedures to govern the Board's work to ensure the Board can conduct its work effectively and efficiently
- acting as a liaison between the Board of Trustees and management through the president and CEO.

### Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as set out below, to the best of the knowledge of management, no person or company who is a proposed Trustee of Primaris:

- (a) is, as at the date of this Management Information Circular or has been, within the 10 years before the date of this Management Information Circular, a director or chief executive officer or chief financial officer of any company, that:
  - (i) while that person was acting in that capacity was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation (each, an "order"), for a period of more than 30 consecutive days;
  - (ii) was subject to an order that was issued after that person ceased to act in that capacity and which resulted from an event that occurred while the person was acting in that capacity; or
  - (iii) while that person was acting in that capacity or in the capacity as another executive officer, within a year of that person ceasing to act in any such capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or Trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of this Management Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or Trustee appointed to hold the assets of the director, officer or Unitholder.

Mr. Biggar was a director of Mosaic Group Limited from October 1995 to May 2002. Mosaic Group Limited filed for protection from its creditors under the Companies' Creditor Arrangement Act in December 2002. Mr. Biggar was

also a director of Cabletel Ltd. from June 2001 to November 2003. Cabletel Ltd. filed a proposal under the Bankruptcy and Insolvency Act (Canada) in June 2004.

### Financial Literacy

All Trustees meet the standard for financial literacy defined by the Ontario Securities Commission as the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements.

### Board and Committee Meetings

	# of regularly scheduled meetings	In camera sessions at regularly scheduled meetings	# of ad hoc meetings
<b>Board of Trustees</b>	10	10	2
<b>Audit Committee</b>	6	6	1
<b>Governance and Nominating Committee</b>	3	3	0
<b>Compensation Committee</b>	5	5	0
<b>Distributions Committee</b>	3	1	0
<b>Total number of meetings held</b>	<b>27</b>	<b>25</b>	<b>3</b>

### Committees of the Board

To assist the Board in fulfilling its responsibilities, four committees of the Board are in place:

<b>Audit Committee:</b>	William J. Biggar – Chair Roland A. Cardy Kenneth A. Field Kerry D. Adams
<b>Governance &amp; Nominating Committee:</b>	Kerry D. Adams – Chair Kenneth A. Field William J. Biggar Ian Collier
<b>Compensation Committee:</b>	Kenneth A. Field – Chair Brent Hollister Roland A. Cardy Kerry D. Adams
<b>Distributions Committee:</b>	Ian Collier – Chair Brent Hollister William J. Biggar John Morrison

### Board and Committee Attendance

	Roland A. Cardy	Kerry D. Adams	William J. Biggar	Ian Collier	Kenneth A. Field	Brent Hollister	John Morrison
<b>Board of Trustees</b>	100% (12 of 12)	92% (11 of 12)	92% (11 of 12)	100% (12 of 12)	100% (12 of 12)	100% (12 of 12)	100% (12 of 12)
<b>Audit Committee</b>	100% (7 of 7)	100% (7 of 7)	100% (7 of 7)	N/A	100% (7 of 7)	N/A	N/A
<b>Governance &amp; Nominating Committee</b>	N/A	100% (3 of 3)	100% (3 of 3)	100% (3 of 3)	100% (3 of 3)	N/A	N/A
<b>Compensation Committee</b>	100% (5 of 5)	100% (5 of 5)	N/A	N/A	100% (5 of 5)	100% (5 of 5)	N/A
<b>Distributions Committee</b>	N/A	N/A	100% (3 of 3)	100% (3 of 3)	N/A	100% (3 of 3)	100% (3 of 3)

## Board and Committee Attendance (year over year)

	Board	Audit Committee	Gov. and Nom. Committee	Compensation Committee	Distributions Committee
<b>Roland A. Cardy</b>					
2011	100%	100%	N/A	100%	N/A
2010	100%	86%	N/A	100%	N/A
2009	100%	75%	100%	100%	N/A
2008	100%	100%	100%	N/A	N/A
2007	100%	100%	100%	N/A	N/A
<b>Kerry D. Adams</b>					
2011	92%	100%	100%	100%	N/A
2010	100%	100%	100%	100%	N/A
2009	100%	100%	100%	100%	100%
2008	100%	100%	100%	N/A	100%
2007	100%	100%	N/A	N/A	100%
<b>William J. Biggar</b>					
2011	92%	100%	100%	N/A	100%
2010	100%	100%	100%	N/A	100%
2009	100%	100%	100%	N/A	100%
2008	88%	100%	57%	N/A	N/A
2007	92%	100%	100%	N/A	N/A
<b>Ian Collier</b>					
2011	100%	N/A	100%	N/A	100%
2010	100%	N/A	100%	N/A	100%
2009	100%	N/A	100%	N/A	100%
2008	100%	N/A	100%	N/A	100%
2007	100%	N/A	100%	N/A	100%
<b>Kenneth A. Field</b>					
2011	100%	100%	100%	100%	N/A
2010	91%	100%	100%	100%	N/A
2009	100%	100%	100%	100%	100%
2008	94%	100%	100%	N/A	100%
2007	92%	100%	92%	N/A	100%
<b>Brent Hollister</b>					
2011	100%	N/A	N/A	100%	100%
2010	100%	N/A	N/A	100%	100%
2009	100%	N/A	N/A	100%	100%
2008	N/A	N/A	N/A	N/A	N/A
2007	N/A	N/A	N/A	N/A	N/A
<b>John Morrison</b>					
2011	100%	N/A	N/A	N/A	100%
2010	100%	N/A	N/A	N/A	100%
2009	N/A	N/A	N/A	N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A
2007	N/A	N/A	N/A	N/A	N/A

All Committees are comprised of independent Trustees except the Distributions Committee, which has a majority of independent Trustees. The Chair of each Committee is independent.

At the end of each regularly scheduled Audit Committee meeting, the members meet with the auditors in the absence of management.

The Distributions Committee approves distributions of Primaris (other than the final distribution for each calendar year which must be approved by the Board of Trustees of Primaris).

Written mandates are in place for each committee and are available on SEDAR and Primaris' website. These mandates are reviewed and updated annually by the Board. Included in each mandate is a written description for the duties of the Chair of the Committee.

All Committees prepare a workplan and report annually to the Board on results.

## 2011 Workplans and Accomplishments for Committees

### Audit Committee

#### Description

The Audit Committee met seven times in 2011 and held *in camera* sessions with the external auditor at the end of all but one of those meetings.

Attendance	Meetings
William J. Biggar, Chair	7 of 7
Roland A. Cardy	7 of 7
Kenneth A. Field	7 of 7
Kerry D. Adams	7 of 7

#### Responsibilities fulfilled:

##### Financial Reporting & Disclosure

- Reviewed and approved
  - quarterly un-audited and annual audited financial statements, MD&A and associated press releases
  - Annual Report and the Annual Information Form
  - 2012 Audit plan
  - CEO and CFO 2011 quarterly and 2010 annual certification process including disclosure controls and procedures and internal control over financial reporting
  - quarterly budget vs. actual
  - a Business Acquisition Report
- Oversaw the transition to IFRS reporting
- Monitored changes to SIFT legislation

##### External Auditors

- Reviewed the external auditors fees and recommended approval by the Board
- Reviewed and assessed the auditor's independence
- Reviewed and approved requirements and budgets for non-audit related work
- Reviewed the performance of the external auditor
- Selected and recommended the external auditors, for appointment by Unitholders at the Annual and Special Meeting

##### Corporate Agreements

- Reviewed the Declaration of Trust
- Reviewed and amended the Audit Committee mandate
- Reviewed compliance with covenants in trust deeds or loan agreements

##### Internal Controls

- Monitored Primaris' system of internal controls
- Reviewed material business risks, uncertainties, commitments, and contingent liabilities
- Reviewed the effectiveness of the design and operation of internal controls over financial reporting

##### Governance

- Reviewed
  - the effectiveness of the Committee and Chair
  - insurance coverage
  - environmental compliance

##### Risk Management

- Reviewed risks on a quarterly basis

##### Information Technology Systems

- Monitored developments to the Enterprise Resource Program

The Chair of the Audit Committee reported to the Board of Trustees with respect to all of the above-noted matters in a timely way.

### Governance and Nominating Committee

#### Description

In 2011, the Governance and Nominating Committee met three times.

Attendance	Meetings
Kerry D. Adams, Chair	3 of 3
Kenneth A. Field	3 of 3
William J. Biggar	3 of 3
Ian Collier	3 of 3

#### Responsibilities fulfilled:

##### Corporate Governance Matters

- Reviewed and approved
  - key corporate policies
  - a Board education program
  - Board, Board Chair and Committee mandates
  - Trustee compensation



- Reviewed
  - corporate governance disclosure
  - the orientation program for Trustees
  - the policy on terms for Trustees and Chairs
  - foreign ownership of REIT Units
  - Independence of the Board and individual Trustees
  - Pool of Trustee candidates
  - Successors for Board and Committee Chairs
  - Trustee minimum unitholding requirements

#### Composition & Performance of the Board and its Committees

- Conducted confidential Trustee self-evaluation and peer review surveys
- Reported on 2011 Board effectiveness based on feedback from anonymous surveys completed by Trustees
- Reviewed
  - Trustee independence
  - Trustee succession and the skills and competencies required in Trustees
  - the size of the Board and recommended approval of the size by the Board
- Reviewed and approved Trustee compensation

#### CEO Succession

- Established short and long-term succession plans for the President and CEO

#### Code of Conduct review

- Reviewed compliance with the Code of Conduct for Trustees and officers

#### Continuing Education

- The Committee Chair graduated as an Institute-certified Director of the Institute of Corporate Directors.
  - Participated in seminars on executive compensation, disclosure and best practices in corporate governance
  - Received educational updates on emerging governance trends from management and external advisors
- The Chair of the Governance and Nominating Committee reported to the Board of Trustees with respect to all of the above-noted matters in a timely way.

### Compensation Committee

#### Description

In 2011, the Compensation Committee met five times.

#### Attendance

#### Meetings

Kenneth A. Field, Chair	5 of 5
Kerry D. Adams	5 of 5
Roland A. Cardy	5 of 5
Brent Hollister	5 of 5

#### Responsibilities fulfilled:

##### CEO Compensation

- Approved
  - annual goals and objectives for the CEO
  - 2012 CEO base compensation
  - CEO performance metrics for 2012

##### Compensation Principles, Policies and Plans

- Approved
  - 2010 Short Term Incentive Plan ("STIP") awards
  - 2011 Long Term Incentive Plan ("LTIP") awards
  - 2012 salary guideline
  - Reviewed 2011 STIP and LTIP Incentive plans
  - minimum unitholding requirement for management
  - Committee mandate
- Reviewed
  - 2012 STIP and LTIP Incentive plans
  - headcount
  - salaries – CEO direct reports

##### Disclosure

- Reviewed compensation disclosure in Management Information Circular

##### Continuing Education

- Participated in the following seminars
  - "Executive Compensation" hosted by Mercer Group
  - "Director Compensation" hosted by the Institute of Corporate Directors
  - "Executive Remuneration Trends" hosted by the Hay Group
- The Committee received educational updates on executive compensation trends and related disclosure requirements from management and external advisors

The Chair of the Compensation Committee reported to the Board of Trustees on all of the above-noted matters in a timely way.

**Distributions Committee**

**Description**

The Distributions Committee met three times in person and eleven times through resolution in 2011.

Attendance	Meetings
Ian Collier, Chair	3 of 3
Brent Hollister	3 of 3
William J. Biggar	3 of 3
John Morrison	3 of 3

**Responsibilities fulfilled:**

Distributions

- Reviewed monthly operational reports and the 2012 Operating Plan
- Reviewed and approved monthly distributions and press releases announcing these distributions
- Reviewed and approved Primaris’ distributions policy and payout ratio
- Reviewed current and historical distributions for all Canadian REITs

Governance

- Reviewed and approved the mandate for the Committee.

The Chair of the Distributions Committee reported to the Board of Trustees with respect to all of the above-noted matters in a timely way.

**Meetings of Independent Trustees**

The Trustees hold meetings at which non-independent Trustees and members of management are not in attendance. The independent members of the Board typically meet *in camera* at the end of Board and Committee meetings.

**Board Mandate**

The Board is responsible for the general stewardship of Primaris. It is elected by Unitholders to supervise management of Primaris’ business with the goal of enhancing Primaris’ long-term Unitholder value. The Board has adopted a mandate which reflects Primaris’ commitment to high standards of corporate governance. The mandate also assists the Board in supervising the management of Primaris.

The Chair of the Board of Trustees also has a mandate. These mandates contribute to establishing appropriate limits on management’s authority. The Board’s mandate is available at [www.sedar.com](http://www.sedar.com) or at [www.primarisreit.com](http://www.primarisreit.com) under “Corporate Governance”.

The Board oversees the management of Primaris. Management is responsible for general day-to-day management of Primaris and for making recommendations to the Board with respect to long-term strategic, financial, organizational and related objectives.

The roles and responsibilities of the Board are intended to primarily focus on the formulation of long term strategic, financial and organizational goals for Primaris and on the monitoring of management performance. The Board oversees a management-driven strategic planning process and approves Primaris’ strategic plan. The strategic plan takes into account, among other things: assessing the opportunities and risks of the business; assessing the principal risks of Primaris’ business and ensuring appropriate systems are in place to manage such risks; selecting, monitoring and evaluating the President and Chief Executive Officer and other members of senior management of Primaris; overseeing succession planning at the senior management level; overseeing the communications policies of Primaris and monitoring the effectiveness of Primaris’ internal control and management information systems to safeguard Primaris’ assets.

The Board reviews and approves Primaris’ financial objectives and short and long-term Business Plans for Primaris’ business and monitors financial and operating performance. The Board also approves significant capital allocations and expenditures, reviews and approves all material transactions, being all matters that would be expected to have a major impact on Unitholders or creditors, and Primaris’ strategic plan. The Board oversees ethical behaviour and compliance with laws and regulations.

The complete text of the mandate of the Board of Trustees of Primaris is available at [www.sedar.com](http://www.sedar.com) and [www.primarisreit.com](http://www.primarisreit.com).

**Annual Assessment of Board and Trustees & Peer Review**

Annually, the Governance and Nominating Committee approaches the evaluation of the members of the Board through three anonymous questionnaires administered confidentially:

1. Board evaluation
2. Self evaluation
3. Peer evaluation

The questionnaires provide for quantitative ratings and subjective comment in key areas and consider Board members’ effectiveness in terms of business operations, strategy, Unitholder value, risk management, use of time, board structure, size and process. A summary report on the questionnaires is compiled by external legal counsel and presented to the Chair of the Governance and Nominating Committee. All Board members are

subsequently provided with copies of the report. The Board meets to discuss the report, consider its findings and act on its recommendations.

Each year, the Board Chair meets with each Trustee individually to engage in open dialogue on any issues which either wish to raise, and uses the same meeting to discuss any specific issues that may have come up in the questionnaire process.

In all these ways, each Trustee receives feedback on their individual contribution to Board effectiveness.

### Compensation of Members of the Board of Trustees and Comparator Set

Compensation of the Trustees is reviewed annually by the Governance and Nominating Committee. The Committee then makes a recommendation on changes to compensation, if any, to the Board. In reviewing compensation, the Committee considers the growth and complexity of Primaris' business operations and fees paid to Trustees at other Canadian REITs.

In 2011, the Board considered a detailed comparator set of data prepared by management which was based on 2010 Management Information Circulars (2009 statistics). Peer comparators were selected based on market capitalization and status as a real estate investment entity. Components of compensation included ranges for annual retainers, meeting fees, chair fees as well as equity compensation. The comparator group included RioCan REIT, First Capital Realty, Dundee REIT, Brookfield Office Properties Inc., Cominar REIT and Allied Properties REIT. The Governance and Nominating Committee decided to maintain current levels for Primaris' retainers and fees with the exception of the meeting fee for which is now \$2,000 for in person meetings and telephone meetings of greater than 30 minutes duration and \$1,000 for telephone meetings that are 30 minutes or less in duration.

### Peer Comparators and Compensation Consultant

In 2010, the Trustees considered a detailed comparator set of data prepared by management which was based on 2009 Management Information Circulars (2008 statistics). Peer comparators were selected based on market capitalization and status as a real estate investment trust. Components of compensation included ranges for annual retainers, meeting fees, chair fees as well as equity compensation. The comparator group included Boardwalk REIT, H&R REIT, Calloway REIT, CREIT, CAP REIT and Chartwell Seniors REIT.

The Board did not engage any compensation consultants with respect to Trustee Compensation in 2010-2011.

### Trustee Compensation

Compensation	2010		2011		2012	
Annual Retainer	RUs	\$30,000	RUs	\$30,000	RUs	\$30,000
	Cash	30,000	Cash	30,000	Cash	30,000
Board Chair Retainer		50,000		50,000		50,000
Audit Chair Retainer		10,000		10,000		10,000
Governance & Nominating Chair Retainer		8,500		8,500		8,500
Compensation Chair Retainer		8,500		8,500		8,500
Distributions Chair Retainer		7,500		7,500		7,500
Meeting Fee, in person		1,500		1,500		2,000
Meeting Fee, by telephone	>30 mins.	1,500	>30 mins.	1,500	>30 mins.	2,000
	≤30 mins.	750	≤30 mins.	750	≤30 mins.	1,000

### Minimum Unitholding Requirement

The minimum unitholding requirement for Trustees was increased in March 2011 to an amount of Units and/or Restricted Units equal to three times the Trustee retainer (equal to \$180,000). All incumbent Trustees met these requirements in 2011.

Trustees are prohibited under Primaris' Insider Information and Insider Trading Policy from hedging activity with Primaris securities.

### 2011 Actual Trustee Compensation

Name	Trustee Annual Retainer (Non-equity)	Trustee Annual Retainer (Equity)	Board & AGM Meeting Attendance Fees	Chair Annual Retainer	Total Compensation
Kerry D. Adams	\$30,000	\$30,000	\$39,000	\$8,500	\$107,500
William J. Biggar	30,000	30,000	33,750	10,000	103,750
Roland A. Cardy	30,000	30,000	36,000	50,000	146,000
Kenneth A. Field	30,000	30,000	39,750	8,500	108,250
Ian Collier	30,000	30,000	27,000	7,500	94,500
Brent Hollister	30,000	30,000	30,000	N/A	90,000
John Morrison	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>\$180,000</b>	<b>\$180,000</b>	<b>\$205,500</b>	<b>\$84,500</b>	<b>\$650,000</b>

The Trustees do not have a pension plan. No other compensation was paid to the Trustees. Trustees are entitled to be reimbursed for reasonable travel and other expenses properly incurred by them in attending meetings of the Trustees or any committee meeting.

**Process for Nomination of Trustees**

The Governance and Nominating Committee, composed exclusively of independent Trustees, is responsible for succession planning, including the identification and nomination of Trustees.

The Board succession planning process is comprised of a review of the size of the Board, a skills assessment and a three part Board and Trustee evaluation process.

Annually, the Governance and Nominating Committee reviews the size of the Board and determines the appropriate size based on the outcome of a Trustee skills review, the projected workload requirements and the results of the Board effectiveness report.

The Governance and Nominating Committee reviews the skills represented on the Board annually against the skills matrix which defines the skills deemed as necessary for the Board to fulfill its responsibilities. If there is a skills gap, the Committee may address the matter by increasing the size of the Board, replacing an incumbent or enhancing Board education. The skills matrix is reviewed annually.

The annual Board effectiveness review process is discussed on page 18 and describes how incumbents are evaluated for their contribution and ongoing suitability for a role on the Board.

The Board of Trustees reviews the recommendations of the Governance and Nominating Committee with respect to succession planning and approves the size of the Board.

If a vacancy is to be filled, the Governance and Nominating Committee uses selection criteria to prioritize and select potential candidates. In addition to having the basic characteristics of integrity, good judgment, financial knowledge, and sufficient time available, potential candidates should also have experience in any of such areas as retail operations, real estate management or corporate governance. While the Board does consider gender, ethnic background, geographic origin and other personal characteristics when looking at diversity, it is the skills, experience, character and behavioural qualities that are most important when determining the value which an individual could bring to the Board.

Candidates for the position of Trustee are identified through formal and informal search processes. Interviews are conducted by the Governance and Nominating Committee and a short list of candidates is put before the Board for consideration. Prior to nomination, new Trustees are given a clear indication of the workload and time commitment required.

The Board of Trustees approves nominations for the role of Trustees. The Trustees’ matrix below lists the selection criteria and reflects the current strengths of the Board as a whole.

**Board of Trustees Skills Matrix**

	<b>Kerry D. Adams</b>	<b>William J. Biggar</b>	<b>Roland A. Cardy</b>	<b>Ian Collier</b>	<b>Kenneth A. Field</b>	<b>Brent Hollister</b>	<b>John Morrison</b>
<b>Financial/Risk Management experience</b>	√	√	√	√	√	√	√
<b>Real Estate experience<sup>(1)</sup></b>	√	√	√	√	√	√	√
<b>Retail industry experience<sup>(2)</sup></b>	√	√				√	√
<b>Capital markets experience</b>	√	√	√	√	√		√
<b>Corporate governance</b>	√	√	√	√	√	√	√
<b>Other Directorships<sup>(3)</sup></b>	√	√	√	√	√	√	√
<b>Senior Executive experience<sup>(4)</sup></b>	√	√	√	√	√	√	√

- (1) Includes commercial, office, industrial or multi-residential
- (2) Retail industry executive or director experience
- (3) Director/Trustee of a major organization (public, private, non-profit; past or present).
- (4) Senior experience in managing human resources and or operations

**Orientation for New Trustees**

Primaris has an orientation program for new Trustees which addresses the role of the Board, its committees and individual members and provides a reference manual of materials, which includes: the Declaration of Trust, material agreements, Board, committee and chair mandates, organizational structure, Board structure, and corporate policies and other materials prepared by the Canadian Institute of Chartered Accountants, the Canadian Coalition for Good Governance and professional services firms, among others.

In addition, the Board and members of management organize presentations by external legal counsel on new legislative and policy developments that affect Boards and Trustees; arrange one-on-one briefings with the Board Chair, and the CEO, CFO and Secretary and set aside time for social interaction with the Trustees and management.

To orient new Trustees to the nature and operation of Primaris' business, a tour of some of Primaris properties is arranged. Briefings are held with retail operations management, and new Trustees are provided with the strategic plan, prospectuses, Annual Information Forms, operational plans, financial reports and other reports.

The orientation program is reviewed annually by the Governance and Nominating Committee and the Board of Trustees and feedback from newly oriented Board members is incorporated in the program.

### Continuing Education for Trustees

The Governance and Nominating Committee is responsible for the ongoing education of Trustees. Continuing education contributes to the awareness of Trustees with respect to changes and developments in the following areas: legislative, policy and accounting developments, risk, insurance, corporate governance, market performance, competitive analysis, investment opportunities and environmental issues.

The Trustee educational program has five components:

1. Primaris management presentations
2. External advisors (solicited information):
  - o external legal counsel
  - o audit firm
  - o investment bankers
  - o other advisors
3. Consulting, law and accounting firms (conferences, seminars and information sessions)
4. Accredited programs
  - o Professional development (e.g. Canadian Institute of Chartered Accountants)
  - o Director's Education Program
5. Site visits

Education matters involving management and external advisors take place at regularly scheduled Board meetings, *in camera* sessions and at the annual off-site strategic planning session.

The Governance and Nominating Committee has approved the enrolment of up to two Trustees per year to participate in a director's education program at an accredited institution. Ms. Adams completed the Institute of Corporate Directors program at the Rotman School of Business in January 2012. A number of Primaris Trustees participated in the educational events listed below:

- Executive Compensation Seminar by the Mercer Group
- Executive Remuneration Trends by the Hay Group
- Director Compensation Seminar by Institute of Corporate Directors
- ICSC Annual Canadian Conference by International Council of Shopping Centres
- Canadian Retail Future presentation by Retail Advertising and Marketing Canada
- Disclosure and Governance Seminar by McCarthy Tétrault
- Audit Committee roundtable by KPMG
- Wilfred Laurier University's MBA Live Integrated Case Exercise

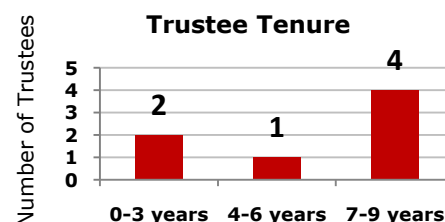
Trustees are provided opportunities to visit Primaris' properties as well as those of competitors. In 2011, the Trustees visited Primaris properties in the Kingston and Ottawa areas of Ontario.

The continuing education program is reviewed annually by the Governance and Nominating Committee and the Board of Trustees.

### Retirement Policy for Trustees

The Governance and Nominating Committee has determined that no fixed retirement date or term of service be set for Trustees or Chairs of the Board or Committees as such restrictions could create risk for Primaris.

The incumbent Trustees have a range of tenure on the Primaris Board as noted in the adjacent chart.



### Ethical Business Conduct

It is the policy of Primaris that all activities be conducted with the highest standards of fairness, honesty and integrity and in compliance with all legal and regulatory requirements.

Primaris' Code of Conduct ("the Code") has been endorsed by the Board and applies to the Trustees, Officers and employees of Primaris. All Trustees, Officers and employees of Primaris must sign an annual statement of compliance with the Code.

The Code emphasizes protection of Trust assets and resources, protection of confidential information, insider trading rules, conflicts of interest, disclosure, compliance with laws, rules and regulations and fair dealing.

The Board has responsibility for ensuring that the Code and compliance related policies and management systems are effectively implemented. Monitoring compliance with the Code is done through reports, meetings, audits and the statements of compliance. The Code which is reviewed annually by the Governance and Nominating Committee and approved by the Board is available on SEDAR, Primaris website or upon request to the Secretary.

**Independent Judgment of Trustees – Transactions and Agreements**

The Declaration of Trust for Primaris defines the protocol to be followed in the event that a Trustee or officer of Primaris is a party to a material contract or transaction. If a Trustee or officer is party to a material contract or transaction, she or he must disclose the nature and extent of the interest in writing to the Trustees or request to have it entered into the minutes of the Board meeting and they may not vote on any resolution to approve the contract or transaction. Each year, Trustees complete a disclosure questionnaire and certify their status as independent or non-independent and the details of any related party transactions.

**Interests of Management and Others in Material Transactions**

No Trustee, officer or employee has had a material interest in any transaction since the commencement of the 2011 financial year or has a material interest in any transaction that has materially affected, or will materially affect, Primaris or any of its subsidiaries.

Primaris’ Related Party Policy requires that all related party transactions be identified and reported to the Board of Trustees.

**Communications Policy**

Management’s Disclosure Committee and Sub-Committee meet quarterly to review financial statements, management’s discussion and analysis, the Management Information Circular and the Annual Information Form.

The Board approves all of Primaris’ significant communications with stakeholders, including this Management Information Circular, significant press releases, the Annual Information Form, the Annual General Meeting, disclosures on SEDAR and annual and quarterly financial reports. Additional communications include analyst conference calls, investor outreach, and the Primaris web site at [www.primarisreit.com](http://www.primarisreit.com).

The Board is committed to accurate and timely communication of all important information. Unitholders can provide feedback to Primaris by contacting the Executive Vice President and Chief Financial Officer, Louis Forbes, at 416-642-7810, by email at [lforbes@primarisreit.com](mailto:lforbes@primarisreit.com) or by attending the Annual and Special Meeting.

**Relationship of the Board of Trustees and Management**

The Board of Trustees has in place appropriate structures to ensure that it can function independently of management, including the appointment of a Chair of the Board of Trustees of Primaris, who is an independent Trustee.

The responsibilities of the Chair of the Board of Trustees of Primaris include overseeing the Board of Trustees’ discharge of its responsibilities. The Chair’s role and responsibilities include managing the affairs of the Board of Trustees of Primaris and, together with the Governance and Nominating Committee, monitoring the effectiveness of the Board of Trustees of Primaris, assessing the performance of the Board and its Trustees and the contribution of individual Trustees.

Management’s responsibilities are determined by the Board of Trustees of Primaris. The day-to-day role and responsibilities of the President and Chief Executive Officer of Primaris is determined by the Board of Trustees of Primaris. All major policy decisions relating to the business of Primaris are made by the Board of Trustees of Primaris or a committee thereof.

**Officers of Primaris**

<b>Name</b>	<b>Location</b>	<b>Position</b>
John Morrison	Mississauga, Ontario, Canada	President & Chief Executive Officer
Louis M. Forbes	Toronto, Ontario, Canada	Executive Vice President & Chief Financial Officer
Patrick Sullivan	Calgary, Alberta, Canada	Senior Vice President
Devon Jones	Toronto, Ontario, Canada	Vice President & Secretary
Toran Eggert	Toronto, Ontario, Canada	Vice President
Lesley Gibson	Toronto, Ontario, Canada	Vice President
Anne Morash	Toronto, Ontario, Canada	Vice President
Ron Perlmutter	Toronto, Ontario, Canada	Vice President
Leslie Buist	Oakville, Ontario, Canada	Vice President
Oliver Hobday	Toronto, Ontario, Canada	Assistant Secretary

## STATEMENT OF EXECUTIVE COMPENSATION

### Letter to our Unitholders

Primaris' compensation philosophy is to retain management and provide performance incentives. The information that follows in the Compensation Discussion and Analysis describes our approach to executive compensation, our assessment of the President and CEO's performance and a summary of the related compensation decisions we have made.

Primaris' approach to executive compensation is designed to align business objectives and the interests of Unitholders with performance. It is based on a sound methodology that has linkages between performance and pay that balance financial results with risk management. Overall, the approach is designed to lead to sustainable growth and performance over time.

#### Vision:

To be the leading enclosed shopping centre REIT in Canada.

#### Aligned

##### Primaris' business objectives

- generating stable and growing cash distributions
- enhancing the value of Primaris' assets and maximizing of long-term unit value, and
- expanding Primaris' asset base and its funds from operations through an accretive acquisition program

##### Primaris' compensation philosophy

- paying for performance
- attracting, motivating and retaining talent
- aligning management with Unitholder interests

We are confident that the executive compensation plan is fair and appropriate and will motivate Primaris executives to deliver on our business objectives.

Sincerely,



Kenneth A. Field  
Chair, Compensation Committee



Roland A. Cardy  
Chair of the Board

## Compensation Discussion and Analysis

### Alignment of strategic goals to executive compensation

Primaris has a vision of becoming the leading enclosed shopping centre REIT in Canada. This is what Primaris does best. The President and CEO's performance metrics and "at risk" compensation are directly tied to Primaris' performance against stated objectives.

### Risk Management and Executive Compensation Programs Design

Executive compensation programs were developed based on factors that include:

- market competitive compensation relative to similar roles within Primaris' peer group
- alignment with the short and long term strategic and operational objectives
- the potential of executives to meet strategic and operational objectives

Risk management is a consideration of the Compensation Committee in designing compensation programs. The Committee is aware that Funds From Operations (FFO) has been the key measure of financial performance for many years and, as a short term performance measure, has not motivated inappropriate risk taking. Some risk taking is necessary to achieve outcomes that are in the Unitholder's interests. The Committee has determined that FFO has been an effective performance objective which has not led to imprudent management practices. This consistent approach reflects our commitment to discouraging inappropriate risk-taking at all levels within the organization.

Risk mitigants include the caps in place on both short and long term awards and the requirement that the Board approve FFO targets. Awards of Restricted Units vest only after four years and option awards vest 25% annually for four years beginning in December of the year of the grant date; both forms of the long term awards provide an incentive for long term performance. Operating Policies and Guidelines in the Declaration of Trust mitigate risk as executives are required to follow them. Lastly, performance plans have a discretionary component of 10 – 20% which may be used to adjust final results based on an assessment of risk as well as any other factors that may have had an impact on overall performance.

### Description of Compensation Framework

<b>Base salaries</b>	The objective of the base salary is to attract, retain and motivate employees. It is the fundamental component of the compensation system and is the basis on which Primaris most directly competes for employees. Base salaries are reviewed annually and are increased on an ad hoc basis.
<b>"At Risk" Awards - STIP</b>	<p>Named Executive Officers ("NEOs") are eligible for annual cash awards under the short term incentive plan ("STIP") in addition to base pay components. The cash awards are related to performance against strategic objectives. These objectives are based on key performance indicators such as net operating income growth, return on capital investment, general and administrative expenditures as a percentage of revenue, minimizing leasing downtime, weighted average occupancy levels and rent increases which drive funds from operations, and ultimately, Unit price.</p> <p>Annual goals and objectives and performance metrics ("Business Plans") for each NEO are developed at the beginning of the year. The Compensation Committee approves the President and CEO's Business Plan which is then approved by the Board of Trustees. The President and CEO approves the Business Plans for the Executive Vice President and CFO and other NEOs. Every Business Plan has a discretionary component in their Business Plan of between 10% and 20%. Performance against objectives is reviewed informally during the year. After year end, results are documented against Business Plan objectives and plans are scored. These scores form an important variable of the personal component of the STIP calculation.</p> <p>The STIP comprises two components: the personal component and the corporate component, both of which have goals that are established in advance. The weighting between the two components varies by NEO but in every case, the weighting of the two components adds to 100%.</p> <p>The objective is to have a variable component to annual compensation that will align employees' compensation with the interests of Unitholders as well as personal performance.</p> <p style="text-align: center;"><u>The calculation for the STIP is as follows:</u></p> $\text{PERSONAL COMPONENT} + \text{CORPORATE COMPONENT}$ $(\text{Weighting} \times \text{Target} \times \text{Business Plan Score}) + (\text{Weighting} \times \text{Target} \times \text{Corporate Result})$ <p>Definitions for each component are as follows:</p> <ol style="list-style-type: none"> <li>1. Personal component weighting is determined by the NEO's job level: 50% for Vice President, 45% for Senior Vice President and 40% for the President and CEO and Executive Vice President and CFO.</li> </ol>



	<ol style="list-style-type: none"> <li>2. Personal component STIP target is tied to base salary and determined by the NEO's job level: 30 – 35% for Vice Presidents, 40% for Senior Vice President, 50% for Executive Vice President and CFO and 80% for the President and CEO.</li> <li>3. Business plan score is determined by the NEO's performance assessment and can be scored as high as 200% of the target.</li> <li>4. Corporate component weighting is determined by the NEO's job level: 50% for Vice President, 55% for Senior Vice President, and 60% for the President and CEO and Executive Vice President and CFO.</li> <li>5. Corporate component STIP target is tied to base salary and determined by the NEO's job level: 30 – 35% for Vice Presidents, 40% for Senior Vice President, 50% for Executive Vice President and CFO and 80% for the President and CEO.</li> <li>6. The Corporate Result is the extent to which funds from operations per unit (FFO/Unit) are achieved against a predetermined target and is the key performance metric by which NEOs are rewarded with their short term cash award. It is expressed as a percentage. If the corporate target result was reached, this would be 100%.</li> </ol> <p>FFO is a metric used by real estate investment trusts to define the cash flow from their operations. The target FFO is set and approved by the Board of Trustees prior to the fiscal year. It may be reviewed and adjusted by the Compensation Committee from time to time to allow for events not anticipated at the time of setting the target. For example, material property acquisitions mid-year could significantly affect FFO results. Additionally, a public offering of Units without immediate use of proceeds could have a dilutive effect and reduce FFO results.</p> <p>The 2011 FFO per Unit adjusted result was \$1.448 against an adjusted target of \$1.423 (101.74% of target).</p> <p>This result produced a Corporate Factor of 117.4 within Primaris' STIP program for 2011.</p> <p>Maximum payouts range between 80% and 100% of base salary. The 2011 STIP awards were in the range of 43% and 100% of the base pay for each NEO.</p>
<p><b>“At Risk” Awards - LTIP</b></p>	<p>Incentives under the Long Term Incentive Plan (“LTIP”) are granted as fixed dollar amounts and awarded in equal amounts of Restricted Units and Options. This award is completely discretionary and offsets risk associated with short term goals in the STIP by rewarding results over a four year period. There is no maximum limit to the President and CEO's LTIP. The LTIP maximum is 30% for Vice Presidents, 40% for Senior Vice President and 50% of base salary for the Executive Vice President and CFO.</p> <p>The Compensation Committee considers a recommendation from the President and CEO for all LTIP recipients other than his own compensation. The Chair of the Compensation Committee recommends the value of the award for the President and Chief Executive Officer. The Board of Trustees has the authority to approve grants under the Plan as recommended by the Compensation Committee.</p> <p>Restricted Units are valued using a Bloomberg five day volume weighted average price based on the five day period immediately preceding the date of the grant; the value of Options are determined using a trinomial model.</p> <p>The equity awards are intended to pay for performance, attract, motivate and retain talent and align management with Unitholder interests through longer term vesting provisions.</p> <p>Vesting is deferred for four years for Restricted Units, and Options vest 25% on the first anniversary of awards and 25% per annum for the following three anniversary dates. See the section on Equity Incentive Awards in this Circular for more details about the Equity Incentive Plan.</p> <p>Participants in the LTIP are expected to maintain minimum Unitholdings.</p>
<p><b>Indirect compensation</b></p>	<p><b>Perquisites and Personal Benefits</b></p> <p>Primaris provides a competitive benefit program, for eligible employees, that offers health and well being coverage. NEOs are eligible to receive perquisites that include automobile, parking, insurance premiums and fitness and health club costs which are typical perquisites.</p> <p>Perquisites and personal benefits for:</p> <ul style="list-style-type: none"> <li>• President and CEO include a monthly car allowance, life insurance premiums and annual perquisite allowance.</li> <li>• Executive Vice President and CFO include a monthly allowance and insurance premiums.</li> <li>• Remaining NEOs include a monthly perquisite allowance intended to cover automobile, parking, insurance premiums and fitness and health club costs.</li> </ul>

**Pension Plan**

Primaris has a defined contribution pension plan ("Pension Plan"), a group retirement savings plan, and a supplemental executive retirement plan.

**Defined Contribution Plan**

Primaris has a Defined Contribution Pension Plan. The assets that NEOs accumulate under the plan are intended to provide some of their retirement income needs. Participation in the Pension Plan does not guarantee any specific level of retirement income to NEOs.

Primaris generally contributes an amount equal to 3% of NEOs base earnings to the Pension Plan. In addition, employees may contribute 1% or 2% of their base earnings to the Pension Plan which will be matched by further contributions from Primaris. Subject to statutory maximums, Primaris contributes 9% of base earnings to the plan on behalf of the President and CEO and Executive Vice President and CFO. No additional voluntary contributions may be made by these two employees.

Contributions by Primaris to the Pension Plan vest following completion of one year of continuous membership in the Plan. Contributions are locked in following the completion of one year of continuous membership in the Pension Plan.

Normal retirement age is 65. The pension can be deferred up until age 71 or such other age according to applicable legislation.

Early retirement may occur up to ten years preceding the normal retirement date. Employment must cease prior to electing early retirement.

If an employee dies prior to terminating employment or retirement, a death benefit will be paid to the survivor or designated beneficiary.

Contributors to the Defined Contribution Plan choose from a range of investment options offered by the plan provider based on their risk profile.

**Group Retirement Savings Plan**

NEOs are eligible to participate in a Group Retirement Savings Plan ("Group Plan") by making contributions to a group savings plan. Primaris does not make contributions to the Group Plan on behalf of NEOs.

Contributors to the Group Plan choose from a range of investment options offered by the plan provider based on their risk profile.

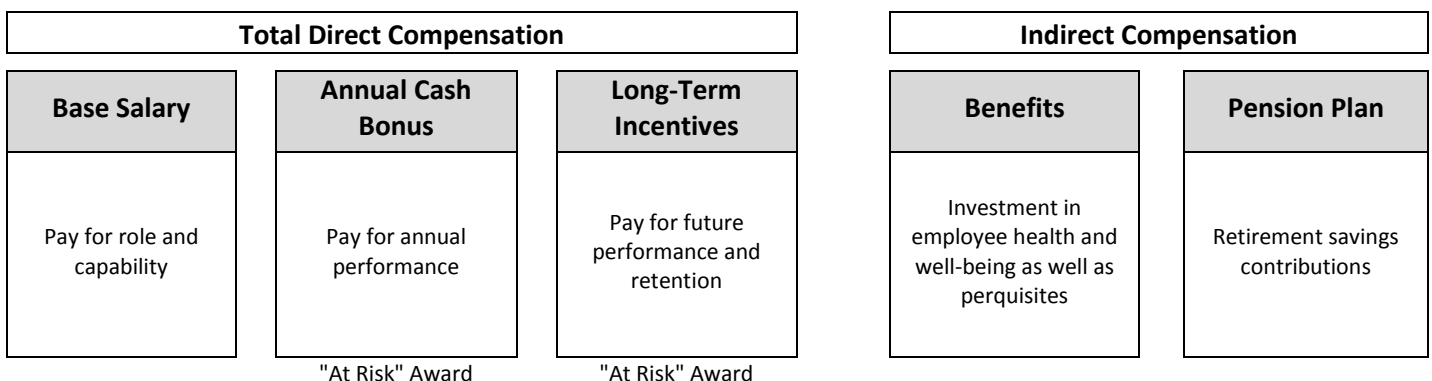
**SERP (Supplemental Executive Retirement Plan)**

The President & CEO and Executive Vice President & CFO are entitled to contributions to a supplemental executive retirement plan ("SERP"). These are notional pension plan contributions made once the Canada Revenue Agency annual pension contribution limit is met through the Pension Plan. When the employee leaves Primaris the account balance is transferred out in cash to the individual.

The SERP is in place to provide pensions that are relative to the income level for these senior executives as the Canada Revenue Agency limits the amount of contributions that may be made to regular pension plans.

Under the Pension Plan, Group Plan and SERP, if employment is terminated the amounts belonging to employees may be transferred to other plans as directed by the employee.

The following diagram summarizes the components of the total direct and indirect compensation:



It is not anticipated that any significant changes will be made to the compensation policies and practices in 2012.

### Clawback Provision

Primaris does not have a “clawback” provision that would allow the Board to recover bonus compensation from NEOs in the event of wrongdoing.

### Use of Discretion

The Compensation Committee has the authority to exercise discretion, either to award compensation absent attainment of the relevant performance goal or to reduce or increase the size of any award or payout. Situations arise in which unforeseen circumstances cause formula-driven compensation decisions to be inappropriate. In those situations, it would be appropriate for the compensation committee to use discretion. The Committee has used discretion on two occasions:

1. To compensate Mr. Morrison for LTIP awards forfeited with his previous employer when he accepted the role of President and CEO at Primaris. The Compensation Committee agreed to a \$1 million “make whole” grant of equity in the form of Restricted Units and Options in February 2010 which offset the loss to Mr. Morrison. A subsequent grant of Options was made in March 2010 by the Compensation Committee using its discretion to correct an error in the calculation of the number of Options in the February grant. See Summary Compensation table for details.
2. Mr. Sullivan was awarded Restricted Units valued at \$100,000 by the Compensation Committee upon the recommendation of Mr. Morrison to compensate Mr. Sullivan appropriately for the added level of responsibility associated with his promotion to Senior Vice President, Portfolio Management in 2011. The purpose of awarding the compensation in the form of Restricted Units specifically was to encourage retention and to further align Mr. Sullivan’s interests with those of Primaris Unitholders.

The Compensation Committee has not used its discretion to adjust awards previously made other than the award to Mr. Morrison noted above.

### Compensation Consultant

**2011** - Primaris paid Hugessen Consulting Inc. \$3,475 in 2011 for guidance on the valuation of Options.

**2010** - Primaris paid Hugessen Consulting Inc. \$3,500 for a review of executive compensation disclosure in 2010.

**2008-2009** - For a period overlapping 2008 and 2009, the Board of Trustees retained the services of Hugessen Consulting Inc. (“Hugessen”) to provide general information with respect to President and CEO and Executive Vice President and CFO compensation. The purpose was to obtain market competitive compensation data from organizations of comparable size and Primaris’ peer group for executive talent. At the time, the Board of Trustees was planning for the internalization of management at Primaris and this competitive information was used when recruiting for the key roles of President and CEO, and Executive Vice President and CFO.

Hugessen’s review of pay practices was based on a review of the most recent proxy disclosures available as of June 22, 2009 for a peer group, and where appropriate for additional context, on a similar review conducted in early 2008. See the 2009 Management Proxy Circular for more information on the list of comparator REITs.

Fees of \$80,138 were paid to Hugessen Consulting Inc. in 2009 for all consulting and advisory services related to recruitment of the President and CEO and Executive Vice President and CFO.

In 2009 the Board of Trustees also retained McCarthy Tétrault LLP and KPMG LLP to provide guidance related to compensation matters. The expenses associated with this work were less than \$5,000.

### President and CEO Succession

The Governance and Nominating Committee has put in place, short and long-term succession plans for the President and CEO. As well as mitigating risk, the succession plan provides a framework that drives senior executive development and contributes to the management and governance of Primaris, which are secondary benefits of the process. The multi dimensional process involves the identification and development of talent for future roles, mapping of development paths and retention planning. The regular review and renewal of the President and CEO succession plan is one of the Board’s ongoing priorities. Mr. Morrison has reviewed succession plans for the rest of the executive team with the Governance and Nominating Committee which places emphasis on the development of Primaris’ human capital.

### Compensation Committee

#### Role of the Compensation Committee

The role of the Committee is to:

- annually review and recommend to the Board for approval, the compensation (including base salary, annual bonus, pension, benefits and perquisites) for the CEO in light of the overall philosophy of Primaris and the established performance objectives for the individual;
- approve the annual goals and objectives of the President and CEO and make adjustments as required by material changes;

- review the performance of the President and CEO at least annually and assess performance against objectives;
- review the CEO's planned appointments of senior officers reporting to the CEO and approve such appointments;
- review and recommend approval of the CEO's and Named Executive Officers' planned total compensation arrangements including bonuses and incentive awards to ensure linkages and alignment with the interests of Primaris and its Unitholders;
- through a review led by the CEO, conduct annual review of succession options to ensure continuity and stability in the event of the departure of senior officers;
- annually review headcount and aggregate employee costs;
- review and approve material compensation and human resources policies;
- approve the general terms of Primaris' incentive plans whether Unit based or otherwise;
- approve the total compensation for the CEO and, on the recommendation of the CEO, the senior officers;

The Committee Chair reports to the Board of Trustees annually on its workplan and accomplishments related to its role. There is currently no requirement that the Committee must pre-approve services a compensation consultant or advisor to the Board provides at the request of management.

### Members and Experience

The Compensation Committee is made up solely of independent Trustees and does not include the Chief Executive Officer. The experience of the Committee members is rich and varied.

The members are:        Kenneth A. Field, Chair  
                                 Kerry D. Adams  
                                 Roland A. Cardy  
                                 Brent Hollister

With respect to his role on this Committee, the Chair, Mr. Field draws upon his experience from his former role as Executive Vice President of McLean McCarthy Inc. (subsequently – Deutsche Morgan Grenfell Canada) where he held joint responsibility for the operation of the firm including all aspects of employee compensation. In addition, Mr. Field gained compensation experience in his role as a former member of the Board of Governors of the Toronto Stock Exchange and a former Chair of the Board of Governors of the Toronto Futures Exchange.

Ms. Adams has compensation experience from her role on the Board of Directors of Walmart Bank, Canada, the Investment Industry Regulatory Organization of Canada, Indigo and from years of experience as a buy-side investment professional in which executive pay packages were considered as one aspect of the evaluation of management.

Mr. Cardy's experience with respect to compensation matters is related to his roles as Vice-Chair, Investment Banking, Toronto-Dominion Bank and the Executive Committee and the Board of Directors of TD Securities Inc.

Mr. Hollister's experience is related his former role as Chief Executive Officer of Sears Canada Inc. where he was involved in the design and implementation of total compensation and benefit programs for the multi-channel retailer.

The Committee members will be in attendance at the Annual and Special Meeting and will be available to respond to appropriate questions about executive compensation.

### Meetings and workplan

The Committee meets *in camera* after every meeting and met five times in 2011.

The workplan for the Compensation Committee is as follows:

#### February

- Review work plan and accomplishments for the Committee
- Review total compensation
- Assess CEO's performance against objectives
- Review volatility and other assumptions relating to valuation of Options awards
- Review and approve public disclosure documents
- Recommend appointment of officers

#### November

- Approve Salary Guidelines for the next fiscal year
- Review and approve mandate for the Committee
- Review of any new regulatory requirements related to executive compensation disclosure

#### December - February

- Review annual goals and objectives of the CEO
- Recommend CEO compensation
- CEO direct reports – base salary review

- Review and approve material compensation and human resources policies
- Recommend incentive plans for the CEO and other senior officers
- Review salary guidelines for next year
- Review headcount and aggregate employee costs

#### Ad hoc

- Appointments (total compensation and other terms and conditions) and terminations (settlements) of senior officers
- Pension plans: amendments to current pension plans
- Approve recruitment of compensation consultants

#### **Independent Advice**

The Compensation Committee mandate provides for its review and pre-approval of all fees and terms of service for consulting service provided to the Compensation Committee. The Committee is ultimately responsible for its own decisions, and may take into consideration more than the information and recommendations provided by its compensation consultants or management.

### **NEO Individual Compensation Tables and Employment Agreements**

#### **President and Chief Executive Officer, Mr. John Morrison**

##### **Position Description for the President and CEO**

The President and CEO is responsible for developing and implementing the company's vision and strategic plan and building and leading an executive team to deliver superior performance. This includes generating stable and growing cash distributions and enhancing asset and Unit value for investors.

##### **Performance goals for the President and CEO**

The 2011 performance goals for John Morrison were to:

- manage the business from a Unitholder's perspective with a goal of increasing distributions
- execute investment/divestment activity as per the Strategic Plan
- initiate value add development projects as per the Strategic Plan
- achieve G&A expense target – based upon Operating Plan as amended
- develop for Board approval CEO and senior management succession plan
- continue to monitor internal control procedures
- maintain effective relationships with the investor/institutional community
- finalize a strategy on the Yonge Street properties

Mr. Morrison was also responsible for:

- providing effective leadership to the management team and ensuring the business units remain focused and effective in carrying out their responsibilities
- overseeing a financial strategy / structure that will fund the growth of the organization and allow it to meet all financial obligations
- providing effective oversight of operations to ensure highly effective and efficient property management services.

The Compensation Committee reviewed Mr. Morrison's performance related to the above goals and responsibilities and determined subjectively that Mr. Morrison met and exceeded the 2011 goals.

The Board has approved a clear delegation of expenditure authority which sets out the limits for both budgeted and unbudgeted expenditures by the President and CEO.

#### **STIP**

For each year that Mr. Morrison is employed with Primaris, he is eligible to receive a STIP payment of between 0% and 100% of his base salary as determined by the Compensation Committee. For 2011, Mr. Morrison was awarded \$512,500, which was the maximum allowed under his contract and represents 100% of his base salary. This bonus was related to the performance goals approved by the Compensation Committee. The STIP bonus cannot be deferred. See the section on 'Performance Goals' for details.

#### **LTIP**

There is no maximum on the size of the LTIP award for the President and CEO. Mr. Morrison's 2011 LTIP award was valued at \$661,125 which represented a target of 129% of his 2011 base salary as determined by the Compensation Committee. Mr. Morrison's 2012 LTIP award was valued at \$680,959 which represented a target of 129% of his 2012 base salary as determined by the Compensation Committee. These awards were granted in equal value in the form of Options and Restricted Units.

Summary of Termination Payments for Mr. Morrison

	Termination by just cause or resignation (for other than a "good reason") <sup>(1)</sup>	Involuntary Termination (termination not-for-cause or resignation for a "good reason")	Involuntary Termination (change of control) <sup>(2)</sup>
<b>Base salary and vacation pay</b>	Earned but unpaid salary and vacation pay up to termination date	Earned but unpaid salary and vacation pay up to termination date plus two years base salary	Earned but unpaid salary and vacation pay up to termination date plus three years base salary
<b>STIP</b>	STIP for termination year (prorated)	STIP for termination year (prorated) plus two years STIP	STIP for termination year (prorated) plus three years STIP
<b>LTIP</b>	Existing awards expire and terminate and any vested awards will be exercisable for 30 days	Existing awards will continue to vest and be exercisable for a period of two years	Existing awards will vest immediately and be immediately exercisable
<b>Benefits</b>	None	Some benefits remain in effect for two years although may be paid out by the Employer	Some benefits remain in effect for three years although may be paid out by the Employer
<b>Perquisites</b>	None	Perquisites remain in effect for two years although may be paid out by the Employer	Perquisites remain in effect for three years although may be paid out by the Employer
<b>Pension Contributions Including SERP</b>	None	Pension contributions remain in effect for two years although may be paid out by the Employer	Pension contributions remain in effect for three years although may be paid out by the Employer
<b>Business expenses</b>	Reimbursement of outstanding expenses	Reimbursement of outstanding expenses	Reimbursement of outstanding expenses
<b>Duty to mitigate</b>	None	None	None

(1) a change of duties, a reduction in remuneration, the failure to continue any incentive or compensation plan, any reason that would be considered to be constructive dismissal, or a change of control of Primaris accompanied by any one of the preceding).

(2) a "change of control" for Mr. Morrison is defined as a situation in which Primaris is taken over by another company and his responsibilities or compensation are materially diminished.

The employment contract with Mr. Morrison commenced on August 1, 2009 with an undefined term.

**Executive Vice President and Chief Financial Officer, Mr. Louis Forbes**

**Performance goals for the Executive Vice President and CFO**

The 2011 performance goals for Mr. Forbes were to:

- meet the net operating income target
- prioritize and deliver information technology projects
- liaise with key investors and investment analysts
- prepare financing models for acquisitions
- raise capital to support investment activity
- advance business continuity planning
- deliver quality IFRS filings throughout 2011

The President and CEO reviewed Mr. Forbes' performance quantitatively and subjectively and determined that he met and exceeded the 2011 goals.

**STIP**

For each year that Mr. Forbes is employed with Primaris, he is eligible to receive a STIP payment of between 0% and 100% of his base salary as recommended by the President and CEO and approved by the Compensation Committee. For 2011, Mr. Forbes was awarded a STIP payment of \$250,715 which represented 77% of his base salary. This bonus was related to the performance goals approved by the President and CEO. The STIP bonus cannot be deferred. See the section on 'Performance Goals' for details.

**LTIP**

Mr. Forbes is eligible for a maximum LTIP award of 50% of base salary. Mr. Forbes' 2011 LTIP award was valued at \$162,500 which represented a target of 50% of his 2011 base salary as recommended by the President and CEO and approved by the Compensation Committee. Mr. Forbes' 2012 LTIP award was valued at \$167,000 which represented a target of 50% of his 2012 base salary as recommended by the President and CEO and approved by the Compensation Committee. These awards were granted in equal value in the form of Options and Restricted Units.

## Summary of Termination Payments for Mr. Forbes

	Termination by just cause or resignation (for other than a "good reason")	Involuntary Termination (termination not-for-cause)	Involuntary Termination (resignation for a "good reason" or change of control)
<b>Base salary and vacation pay</b>	All earned but unpaid salary and vacation pay	All earned but unpaid salary and vacation pay plus two times annual base salary.	All earned but unpaid salary and vacation pay plus two times annual base salary
<b>STIP</b>	None	Two years STIP	Two years STIP
<b>LTIP</b>	Existing LTIP awards vested as of this date are exercisable within 30 days. Unvested awards are forfeited.	Existing LTIP awards vest immediately and are exercisable for 30 days following termination.	Existing LTIP awards vest immediately and are exercisable for 30 days following termination.
<b>Benefits</b>	None	None	None
<b>Perquisites</b>	None	None	Two times annual allowance
<b>Pension Contributions</b>	None	None	Two times annual Pension Contributions
<b>Business expenses</b>	Reimbursement of outstanding expenses	Reimbursement of outstanding expenses	Reimbursement of outstanding expenses
<b>Duty to mitigate</b>	None	None	None

Mr. Forbes' employment contract with Primaris began on January 1, 2009 with an undefined term.

**Senior Vice President, Portfolio Management, Mr. Patrick Sullivan****Performance goals**

The 2011 performance goals for Mr. Sullivan were to:

- meet the net operating income target
- manage general and administrative expenses for the Canadian portfolio
- achieve target year end occupancy
- manage receivables by collecting 95% of rent by the 10th of the month
- manage leasing and development capital expenditures
- manage other capital expenditure projects

The President and CEO reviewed Mr. Sullivan's performance quantitatively and subjectively and determined that he met and exceeded the 2011 goals.

**STIP**

For each year that Mr. Sullivan is employed with Primaris, he is eligible to receive a STIP payment of between 0% and 80% of his base salary as determined by the President and CEO and approved by the Compensation Committee. For 2011, Mr. Sullivan was awarded a STIP payment of \$91,139 which represents 46% of his base salary. This bonus was related to the performance goals approved by the President and CEO. The STIP bonus cannot be deferred. See the section on 'Performance Goals' for details.

**LTIP**

Mr. Sullivan is eligible for a maximum LTIP award of 40% of base salary. Mr. Sullivan's 2011 LTIP award was valued at \$57,000 which represented a target of 30% of his 2011 base salary as recommended by the President and CEO and approved by the Compensation Committee. These awards were granted in equal value in the form of Options and Restricted Units.

**Vice President, Investments, Mr. Ron Perlmutter****Performance goals**

The 2011 performance goals for Mr. Perlmutter were to:

- meet the net operating income target
- lead the investment and divestment activity
- assess, recommend and execute transactions and other projects
- deliver results consistent with underwriting including vendor information and external reports
- monitor market activity
- manage expenditure control

The President and CEO reviewed Mr. Perlmutter's performance and subjectively determined that he met and exceeded the 2011 goals.

**STIP**

For each year that Mr. Perlmutter is employed with Primaris, he is eligible to receive a STIP payment of between 0% and 80% of his base salary as determined by the President and CEO and approved by the Compensation Committee. For 2011, Mr. Perlmutter was awarded a STIP payment of \$150,090 which represents 75% of his base salary. This bonus was related to the performance goals approved by the President and CEO. The STIP bonus cannot be deferred. See the section on 'Performance Goals' for details.

**LTIP**

Mr. Perlmutter is eligible for a maximum LTIP award of 30% of base salary. Mr. Perlmutter's 2011 LTIP award was valued at \$60,000 which represented a target of 30% of his 2011 base salary as recommended by the President and CEO and approved by the Compensation Committee. These awards were granted in equal value in the form of Options and Restricted Units.

**Vice President, Development, Ms. Anne Morash**

**Performance goals**

The 2011 performance goals for Ms. Morash were to:

- meet the net operating income target
- identify, initiate and deliver development opportunities that are consistent with the Strategic Plan and financial objectives
- manage expenditure control

The President and CEO reviewed Ms. Morash's performance quantitatively and subjectively and determined that she met and exceeded the 2011 goals.

**STIP**

For each year that Ms. Morash is employed with Primaris, she is eligible to receive a STIP payment of between 0% and 80% of her base salary as determined by the President and CEO and approved by the Compensation Committee. For 2011, Ms. Morash was awarded a STIP payment of \$85,890 which represents 43% of her base salary. This bonus was related to the performance goals approved by the President and CEO. The STIP bonus cannot be deferred. See the section on Performance Goals for details.

**LTIP**

Ms. Morash is eligible for a maximum LTIP award of 30% of base salary. Ms. Morash's 2011 LTIP award was valued at \$60,000 which represented a target of 30% of her 2011 base salary as recommended by the President and CEO and approved by the Compensation Committee. These awards were granted in equal value in the form of Options and Restricted Units.

**Termination entitlements for Other NEOs**

Termination entitlements for the NEOs other than the President and CEO, and Executive Vice President and CFO ("Other NEOs") are:

	<b>Termination by just cause or resignation</b>	<b>Involuntary Termination (termination not-for-cause)</b>	<b>Involuntary Termination (change of control within 24 months of position start date)</b>
<b>Base salary and vacation pay</b>	All earned but unpaid salary and vacation pay	All earned but unpaid salary and vacation pay.	All earned but unpaid salary and vacation pay plus 2 times annual base salary
<b>STIP</b>	None	None	2 times annual STIP
<b>LTIP</b>	Existing LTIP awards vested as of this date are exercisable within 30 days. Unvested awards are forfeited.	Existing LTIP awards vest immediately and are exercisable for 30 days following termination date.	Existing LTIP awards vest immediately and are exercisable for 30 days following termination.
<b>Benefits</b>	None	None	None
<b>Perquisites</b>	None	None	2 times annual perquisites
<b>Pension Contributions</b>	None	None	2 times annual contributions
<b>Business expenses</b>	Reimbursement of outstanding expenses	Reimbursement of outstanding expenses	Reimbursement of outstanding expenses
<b>Duty to mitigate</b>	None	None	None



## Summary Compensation Table

Title	Year	Salary	Unit-Based Awards	Option-Based Awards	Non-Equity Incentive Plan Compensation		Pension Value	All Other Comp.	Total Comp.
					Annual Incentive Plans	Long-Term Incentive Plans			
John Morrison President & CEO	2012	\$527,875	\$340,479	\$340,479	Not yet known				
	2011	\$512,500	\$330,563	\$330,563	\$512,500	0	\$46,075 <sup>(1)</sup>	\$102,400 <sup>(2)</sup>	\$1,834,601
	2010	\$512,500	\$330,563	\$330,563	\$512,500	0	\$46,125 <sup>(1)</sup>	\$86,960 <sup>(2)</sup>	\$1,819,211
	2009	\$251,250 <sup>(3)</sup>	\$500,000 <sup>(4)</sup>	\$500,000 <sup>(4)</sup>	\$287,500 <sup>(4)</sup>	N/A <sup>(7)</sup>	\$22,603 <sup>(1)</sup>	\$26,838 <sup>(5)</sup>	\$1,588,191
Louis M. Forbes Executive VP & CFO	2012	\$334,000	\$83,500	\$83,500	Not yet known				
	2011	\$325,000	\$81,250	\$81,250	\$250,715	0	\$29,452 <sup>(6)</sup>	\$67,245 <sup>(2)</sup>	\$834,912
	2010	\$325,000	\$81,250	\$81,250	\$197,145	0	\$29,250 <sup>(6)</sup>	\$70,003 <sup>(2)</sup>	\$783,898
	2009	\$298,333	\$71,251	\$195,955	\$285,000	N/A <sup>(7)</sup>	\$26,850 <sup>(6)</sup>	\$64,189 <sup>(2)</sup>	\$941,578
Patrick Sullivan Senior VP, Portfolio Management	2011	\$198,750	\$128,500 <sup>(8)</sup>	\$28,500	\$91,139	0	\$9,938	\$23,220 <sup>(9)</sup>	\$480,047
	2010	\$180,000	\$25,500	\$25,500	\$78,813	0	\$8,730	\$22,020 <sup>(9)</sup>	\$340,563
	2009 <sup>(10)</sup>	\$155,800	0	0	\$45,471	0	\$7,790	\$15,219 <sup>(9)</sup>	\$224,280
Ron Perlmutter VP, Investments	2011	\$200,000	\$30,000	\$30,000	\$150,090	0	\$10,000	\$40,534 <sup>(9)</sup>	\$460,624
	2010	\$200,000	\$30,000	\$30,000	\$79,170	0	\$9,981	\$39,225 <sup>(9)</sup>	\$388,376
	2009 <sup>(10)</sup>	\$181,300	0	0	\$90,000	N/A <sup>(7)</sup>	\$9,250	\$35,656 <sup>(9)</sup>	\$316,206
Anne Morash VP, Development	2011	\$200,000	\$30,000	\$30,000	\$85,890	0	\$10,000	\$22,020 <sup>(9)</sup>	\$377,910
	2010 <sup>(11)</sup>	\$150,000	0	0	\$78,470	0	\$7,500	\$16,515 <sup>(9)</sup>	\$252,485
	2009 <sup>(12)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

- (1) Includes pension contributions and SERP (supplemental retirement executive plan). In 2009, The Asset Manager contributed \$3,403 on a prorated basis to reflect the amount of time (20%) that Mr. Morrison spent on Primaris matters between January 1 and July 31, 2009. Primaris contributed \$19,200 for the period in which Mr. Morrison acted as full time President and CEO between August 1 and December 31, 2009.
- (2) Allowance for automobile, parking, and related costs, fitness and health club costs, as well as participation in an insurance plan not generally available to all employees.
- (3) Mr. Morrison commenced employment with Primaris on August 1, 2009. The total base salary includes \$213,541 paid to him by Primaris in the capacity as full-time President and CEO for the actual period worked between August 1 and December 31, 2009. For the period between January 1 and July 31, 2009, base salary for Mr. Morrison was prorated at 20% to reflect the amount of time that he spent on Primaris related matters in his role with the Asset Manager. The amount for this period which was determined by and paid by the Asset Manager is \$37,917.
- (4) In lieu of STIP and LTIP forfeited in 2009 with his previous employer upon termination of Mr. Morrison's employment, the Board of Trustees considered and agreed upon certain "make whole" payments. Therefore, in August 2009 Mr. Morrison was awarded \$1,287,500 comprised as follows: a cash payment of \$287,500 and equal awards of Options and RUs in February 2010 totalling \$1,000,000 in value. On February 26, 2010, 213,216 Options were granted; a subsequent grant of 3,878 Options was made on March 19 to correct an error in the calculation of the number of Options in the February 26 grant. These Options together were valued at \$500,000 and vested immediately. The exercise price for the 213,216 Options is \$17.25; the exercise price for the 3,878 Options is \$17.17. Also on February 26, 2010, 28,993 RUs valued at \$500,000 were granted; these vested immediately and were converted to Units.
- (5) Allowance for automobile, perquisites and participation in an insurance plan not generally available to all employees. For 2009, the car allowance, perquisite allowance, executive benefits of \$2,152 that were determined by and paid by the Asset Manager were prorated to reflect the amount of time (20%) that Mr. Morrison spent on Primaris matters between January 1, 2009 and July 31, 2009. The balance \$24,686 reflects the perquisites paid for by Primaris and received by Mr. Morrison for the period in which Mr. Morrison acted as full time President and CEO between August 1 and December 31, 2009.
- (6) Includes pension contributions and SERP.
- (7) Incentive Plan bonuses for this NEO were based on performance goals that were determined by the Asset Manager and were unrelated to Primaris business objectives. This data has not been disclosed to Primaris.
- (8) In addition to his annual LTIP award, Mr. Sullivan was granted Restricted Units valued at \$100,000 at the time of his promotion to Senior Vice President in October 2011. See section on 'Use of Discretion' for details on page 27.
- (9) Allowance for automobile, parking, and related costs, fitness and health club costs.
- (10) Total compensation data for this NEO has been prorated in this year to reflect the amount of compensation attributed to time spent on Primaris business. Compensation was paid by the Asset Manager.
- (11) All compensation for Ms. Morash in 2010 was prorated to nine months to reflect her April 1, 2010 start date with Primaris.
- (12) Ms. Morash did not become employed with Primaris until April 2010.

All holders of Unit based awards (Restricted Units) are entitled to receive a cash equivalent of the value of distributions on the Restricted Units held throughout the vesting period. The distribution rate is currently \$0.1016 per Unit per month which is the same rate of distributions received by all Unitholders.

The total cost of compensation of the NEOs is 1.0% of total revenue.

**Summary of 2011 STIP Awards**

Name	STIP Weighting		STIP Maximum (of base salary)	2011 STIP award
	Corporate Component	Personal Component		
John Morrison	60%	40%	100%	\$512,500
Louis Forbes	60%	40%	100%	\$250,715
Patrick Sullivan	50%	50%	80%	\$91,139
Ron Perlmutter	50%	50%	80%	\$150,090
Anne Morash	50%	50%	80%	\$85,890

**Direct Compensation and Proportion of Pay at Risk**

Name	Base salary	STIP	LTIP	Total direct compensation	Pay "at risk"	Pay "at risk" as a % of total compensation
John Morrison	\$512,500	\$512,500	\$661,125	\$1,686,125	\$1,173,625	70%
Louis Forbes	\$325,000	\$250,715	\$162,500	\$738,215	\$413,215	56%
Patrick Sullivan	\$198,750	\$91,139	\$157,000	\$446,889	\$248,139	56%
Ron Perlmutter	\$200,000	\$150,090	\$60,000	\$410,090	\$210,090	51%
Anne Morash	\$200,000	\$85,890	\$60,000	\$345,890	\$145,890	42%

**Equity Incentive Plan**

**Units Subject to the Equity Incentive Plan**

The Equity Incentive Plan (the "Plan") authorized the issuance of up to 7% of Primaris' issued and outstanding Units (at time of adoption in 2008), pursuant to the terms of the Plan. A fixed aggregate of 4,345,973 Units was reserved for issuance under the Plan. Up to 1% of the original reserve, the equivalent of 0.53% of the available reserve of 2,714,747 Units may be available for issuance to Trustees of Primaris, pursuant to the Plan.

No Instalment Receipts have been granted.

As at March 30, 2012, management and Trustees have been granted 1,466,511 Options and 176,102 Restricted Units. Of these, the six Trustees who receive Trustee compensation have been granted 29,154 Restricted Units. A total of 104,335 Options and 32,253 Restricted Units have been exercised, while 9,582 Options and 1,805 Restricted Units have been forfeited by grantees.

The maximum award size for any participant is 5% of Primaris' issued and outstanding Units (not including Exchangeable Units).

As at March 1, 2012, the available reserve was 2,714,747 Units, which was equivalent to 3.33% of Primaris' 81,410,352 issued and outstanding Units (not including 2,122,261 Exchangeable Units).

The following table summarizes certain information as at March 30, 2012 regarding compensation plans of Primaris under which equity securities of Primaris are authorized for issuance:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans at March 30, 2012
Equity compensation plans approved by securityholders	1,494,638	\$18.70	2,714,747
Equity compensation plans not approved by securityholders	Nil	n/a	Nil
<b>Total</b>	<b>1,494,638</b>	<b>\$18.70</b>	<b>2,714,747</b>

In the event of any recapitalization, reorganization, arrangement, amalgamation, split or combination, distribution or other similar event or transaction, substitutions or adjustments will be made by the Board in its discretion: (i) to the aggregate number, class and/or issuer of the securities reserved for issuance under the Plan; (ii) to the number, class and/or issuer of securities subject to outstanding Awards; and (iii) to the exercise price of outstanding Options, in each case in a manner that reflects equitably the effects of such event or transaction.

The appropriate adjustments in the number of Units under an Award and the other terms and conditions, may be made by the Board in its discretion and in order to give effect to the adjustments in the number of Units of the Trust resulting from the implementation and operation of the Unitholder Rights Plan Agreement.

**Eligible Participants**

The Equity Incentive Plan is available to Trustees, Officers and employees of Primaris.

### Outstanding Unit Based Awards and Option Based Awards at December 31, 2011

Name	Option-based awards				Unit-based awards		
	Number of securities underlying unexercised Options	Option exercise price	Option Expiration Date	Value of Unexercised in-the-money Options at Dec 31, 2011 <sup>(1)</sup>	Number of Units that have not vested	Market or payout value of unvested Unit based awards at Dec 31, 2011 <sup>(1)</sup>	Market or payout value of vested Unit based awards not paid out or distributed at Dec 31, 2011 <sup>(1)</sup>
John Morrison	153,048	\$16.81	Dec. 31, 2016	\$581,582	19,660	\$405,193	-
	3,878	\$17.17	Feb. 25, 2017	\$13,340	N/A	N/A	N/A
	203,216	\$17.25	Feb. 25, 2017	\$682,806	-	-	-
	139,478	\$20.32	Dec. 31, 2017	\$40,449	16,268	\$335,283	-
Louis M. Forbes	56,088	\$10.70	Dec. 31, 2015	\$555,832	6,659	\$137,242	-
	90,000	\$14.06	Aug. 13, 2016	\$589,500	N/A	N/A	N/A
	37,618	\$16.81	Dec. 31, 2016	\$142,948	4,382	\$99,588	-
	34,283	\$20.32	Dec. 31, 2017	\$9,942	3,999	\$82,419	-
Patrick Sullivan	11,806	\$16.81	Dec. 31, 2016	\$44,863	1,517	\$31,265	-
	12,025	\$20.32	Dec. 31, 2017	\$3,487	1,403	\$28,916	-
	N/A	N/A	N/A	N/A	4,986	\$102,761	-
Ron Perlmutter	13,890	\$16.81	Dec. 31, 2016	\$52,782	1,784	\$36,768	-
	12,658	\$20.32	Dec. 31, 2017	\$3,671	1,476	\$30,420	-
Anne Morash	12,658	\$20.32	Dec. 31, 2017	\$3,671	1,476	\$30,420	-

(1) The 5-day VWAP at December 31, 2011 was \$20.66.

### Incentive Plan awards - Value vested or earned during the year

Awards granted under the Incentive Plan may consist of Unit Options, Restricted Units and Instalment Units. Each Award is subject to the terms and conditions set out in the Equity Incentive Plan and to those other terms and conditions specified by the Board of Trustees of Primaris and memorialized in a written award agreement.

Name	Option Based Awards – Options Vested during the year	Option Based Awards – value Vested during the year	Unit-based awards – value vested during the year	Non-Equity Incentive Plan compensation – Value earned during the year
John Morrison	73,132	\$155,508	\$0	\$512,500
Louis M. Forbes	68,372	\$459,584	\$0	\$250,715
Patrick Sullivan	5,957	\$12,090	\$0	\$91,139
Ron Perlmutter	6,637	\$14,115	\$0	\$150,090
Anne Morash	3,164	\$918	\$0	\$85,890

In 2011, Mr. Forbes exercised 35,500 Options which resulted in a gain of \$345,090. No other NEOs exercised Options.

### Defined Contribution Pension Plan Table

Name	Accumulated Value at start of the year	Compensatory	Accumulated Value at year end
John Morrison	\$54,734	\$46,075 <sup>(1)</sup>	\$116,168
Louis M. Forbes	\$57,193	\$29,452 <sup>(1)</sup>	\$87,367
Patrick Sullivan	\$89,734	\$9,938	\$113,130
Ron Perlmutter	\$101,935	\$10,000	\$113,830
Anne Morash	\$11,269	\$10,000	\$24,069

(1) Compensatory contributions for Messrs. Morrison and Forbes include SERP Contributions. SERP contributions are those in excess of \$22,000. See the section on 'Pension Plan' for an explanation, as well as the 'Summary Compensation Table'.

Details about the defined contribution pension plan are available under the heading 'Defined Contribution Plan'.

### Minimum Unitholding Standard – Management

Primaris has a Minimum Unitholding Standard (the "Standard") for participants in the LTIP as follows:

Officers	# of times base salary
Chief Executive Officer	3
Executive Vice President	2
Senior Vice President	1.5
Vice President	0.75
Below Vice President	0.5

LTIP participants have until the later of March 31, 2014 (which is the date of implementation of the Standard), and four years from their hire or promotion date to meet expectations under the Standard. Unitholdings include holdings under control or direction of the LTIP participant.

The values of NEO Unitholdings at March 30, 2012 are as follows:

NEO Name and Principal Position	Minimum Unitholding Standard for 2012	Units	Restricted Units	Total Units and RUs <sup>(1)</sup>	Value of Units and RUs <sup>(2)</sup>
<b>John Morrison</b> President & CEO	3 X base salary or \$1,583,625	55,685	51,735	107,420	\$1,959,133
<b>Louis M. Forbes</b> Executive Vice President & CFO	2 X base salary or \$668,000	31,000	19,367	47,367	\$756,051
<b>Patrick Sullivan</b> Senior Vice President, Portfolio Management	1.5 X base salary or \$300,000	0	9,995	9,995	\$199,000
<b>Ron Perlmutter</b> Vice President, Investments	0.75 X base salary or \$155,250	3,250	4,702	7,952	\$143,245
<b>Anne Morash</b> Vice President, Development	0.75 X base salary or \$155,250	100	2,918	3,018	\$62,665

(1) These totals do not include DRIP Units accumulated between January 1 and March 30, 2012 for those NEOs who participate in the program.

(2) Units owned prior to (and Restricted Units awarded on) Jan 1, 2010 are valued at the Dec 31, 2009 five day VWAP of \$16.06. Units acquired since Jan 1, 2010 are valued at cost.

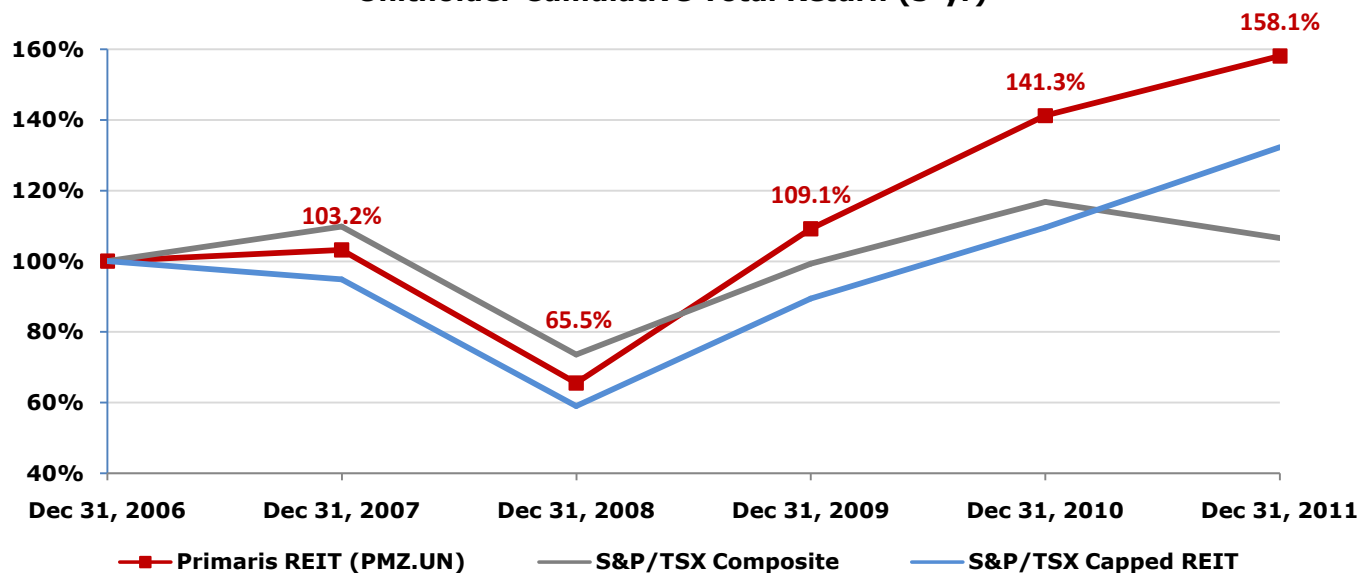
Members of management are prohibited under Primaris’ Insider Information and Insider Trading Policy from hedging activity with Primaris securities.

**PERFORMANCE GRAPH**

The Units of Primaris began trading on the TSX on July 17, 2003. The following charts compare the Unitholder Cumulative Total Return on Primaris’ Units to the TSX Composite Index and to the TSX Capped REIT Index, each assuming reinvestment of distributions or dividends.

Primaris’ Total Return (appreciation of capital and reinvestment of distributions) is shown below:

**Unitholder Cumulative Total Return (5-yr)**



Unitholder Total Return (5-year)	Dec 31, 2006	Dec 31, 2007	Dec 31, 2008	Dec 31, 2009	Dec 31, 2010	Dec 31, 2011
<b>Primaris REIT (PMZ.UN)</b>	100.0%	103.2%	65.5%	109.1%	141.3%	158.1%
<b>S&amp;P/TSX Composite</b>	100.0%	109.8%	73.5%	99.3%	116.8%	106.6%
<b>S&amp;P/TSX Capped REIT</b>	100.0%	94.8%	59.0%	89.4%	109.5%	132.3%

Source: Bloomberg. Assumes purchase of Units at close of business on December 31, 2006.

Primaris REIT Unitholders have achieved superior returns over the five year period, as shown in the above performance graph. The trend shows Primaris generally matching or outperforming the average between the S&P/TSX Composite and Capped REIT Indices consistently over the past five years.

The compensation of the NEOs is not directly tied to the cumulative total return to Unitholders over a 5-year period for two reasons:

1. Primaris was managed by an external manager until 2010. Until that time, there was no correlation between NEO total income and cumulative total return.
2. Cumulative total return has not been a specific performance objective for NEOs.

Since 2009, part of the total compensation for all NEOs has been paid in Restricted Units and Options, and this provides direct alignment of management and Unitholder interests. Awards made to them in 2009, 2010 and 2011 will vest over four year periods, extending this alignment into the future. In addition, Primaris has established minimum unitholding expectations to further encourage long term alignment of management and Unitholder interests. There are policies that specifically prohibit the trading in derivatives of Primaris securities to enforce this ongoing alignment.

There is no intended relationship between total compensation of NEOs and Unitholder cumulative total return.

### Unitholder/Investor Communications and Feedback

Primaris has in place procedures to effectively communicate with its stakeholders, including its Unitholders, employees and the general public. The fundamental objective of these procedures is to ensure an open, accessible and timely exchange of information with Unitholders, employees and other stakeholders concerning the business, affairs and performance of Primaris. This includes quarterly conference calls with industry analysts and media representatives in conjunction with the release of the Company's financial results, as well as regular presentations to or meetings with industry analysts and with institutional Unitholders. Through Primaris' website, Unitholders and other stakeholders may access Primaris' most recent conference call recording and its most recent presentation made to the investment community. In addition, Primaris has in place procedures to ensure that inquiries or other communications from Unitholders are answered by an appropriate person at Primaris.

The Chair of the Board of Trustees may be contacted by writing to Mr. Cardy c/o Primaris Retail REIT at 1 Adelaide Street East, Suite 900, Toronto, Ontario, Canada, M5C 2V9.

### FORMER MANAGEMENT CONTRACTS

Until December 31, 2009, Primaris was managed by an Asset Manager and a Property Manager. The term of both of these contracts expired on December 31, 2009. Primaris is now managed by its own management team. For the details of the expired Asset Management and Property Management Agreements, refer to the Annual Information Form for Primaris dated March 10, 2010 which is available at [www.sedar.com](http://www.sedar.com).

### INDEBTEDNESS OF TRUSTEES, OFFICERS & EMPLOYEES

None of the Trustees, officers or employees of Primaris, or any associate or affiliate of any of the Trustees, officers or employees of Primaris were indebted to Primaris at any time in 2011.

### TRUSTEES AND OFFICERS LIABILITY INSURANCE

Primaris carries Trustees' and Officers' liability insurance. Under this insurance coverage, Primaris is reimbursed for payments made under indemnity provisions on behalf of its Trustees and Officers, subject to a deductible for each loss. Individual Trustees and Officers are also reimbursed for losses arising during the performance of their duties for which they are not indemnified by Primaris, subject to a deductible which is paid by Primaris. Excluded from coverage are illegal acts, acts which result in personal profit and certain other acts. The Declaration of Trust provides for the indemnification in certain circumstances, of Trustees and Officers from and against liability and costs in respect of any action or suit against them in respect of the execution of their duties of office. In the year ending December 31, 2011, Primaris paid \$65,450 in insurance premiums for Trustees and Officers for liability coverage with a limit of up to \$20 million in total.

Coverage	Limit	Premium 2011-2012	Premium 2010-2011	change
Primary Directors & Officers	\$15,000,000	\$53,354	\$74,900	(\$21,546)
Excess Directors & Officers	\$5,000,000	\$12,396	\$17,500	(\$5,104)
<b>Total</b>	<b>\$20,000,000</b>	<b>\$65,450</b>	<b>\$92,400</b>	<b>(\$26,950)</b>

## ACCESS TO INFORMATION

Current financial information about Primaris is provided in Primaris' audited consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations for the most recently completed financial year. This information and additional information relating to Primaris can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com) and on Primaris' website at [www.primarisreit.com](http://www.primarisreit.com).

Copies of Primaris' annual audited consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations for the most recently completed financial year may be obtained upon request from the Executive Vice President and Chief Financial Officer of Primaris Retail REIT, Dundee Place, 1 Adelaide Street East, Suite 900, Toronto, ON, M5C 2V9. Copies of the mandates for the Board and committees of the Board may also be obtained upon request from the Executive Vice President and Chief Financial Officer.

## APPROVAL

The contents and distribution of this Management Information Circular to each Unitholder entitled to receive notice of the Annual and Special Meeting and to the Auditors of Primaris have been approved by the Trustees of Primaris on March 30, 2012.



Roland A. Cardy, Chair of the Board of Trustees  
PRIMARIS RETAIL REAL ESTATE INVESTMENT TRUST  
Toronto, Ontario, Canada

## SCHEDULE A

Definition of “total asset value”: the carrying value of the assets of Primaris Retail REIT and its consolidated subsidiaries as calculated in accordance with IFRS.

### EXCERPTS FROM THE DECLARATION OF TRUST

#### ARTICLE VI INVESTMENT GUIDELINES AND OPERATING POLICIES

##### Section 6.1 Investment Guidelines

The assets of the REIT may be invested only with the approval of the Trustees and only in accordance with the following guidelines:

- (a) the REIT may only invest, directly or indirectly, in:
  - (i) interests (including fee ownership and leasehold interest) in income-producing real property located primarily in Canada;
  - (ii) corporations, trusts, partnerships or other persons which solely have interests (including the ownership of leasehold interests) in income producing real property located primarily in Canada (or activities relating or ancillary thereto); and
  - (iii) such other activities as are consistent with the other investment guidelines of the REIT.
- (b) notwithstanding anything in Section 6.1(a) to Section 6.1(k) hereof, and in Section 6.2 hereof, the REIT shall not make any investment, take any action or omit to take any action that would result in Units not being units of a “mutual fund trust” within the meaning of the Tax Act, that would result in Units being disqualified for investment by Plans, that would result in the REIT being liable under the Tax Act to pay a tax as a result of holdings by the REIT of “foreign property” as defined in the Tax Act, that would result in Units being foreign property for the purpose of the Tax Act for any Plan (other than registered education savings plans) or other persons subject to tax under Part XI of the Tax Act or that would result in the REIT paying a tax under the registered investment provisions of the Tax Act for exceeding certain investment limits;
- (c) the REIT will not invest in any interest in a single real property if, after giving effect to the proposed investment, the cost of investment to the REIT ~~(net of the amount of debt incurred or assumed in connection with such investment)~~ will exceed 20% of the ~~Adjusted Unitholders’ Equity~~ Total Asset Value at the time the investment is made;
- (d) the REIT may, directly or indirectly, invest in a joint venture arrangement for the purposes of owning interests or investments otherwise permitted to be held by the REIT; provided that such joint venture arrangement contains terms and conditions which, in the opinion of the Trustees, are commercially reasonable, including without limitation such terms and conditions which, in the opinion of the Trustees, are commercially reasonable, including without limitation such terms and conditions relating to restrictions on transfer and the acquisition and sale of the REIT’s and any joint venturer’s interest in the joint venture arrangement, provisions to provide liquidity to the REIT, such as buy-sell mechanisms, limit the liability of the REIT to third parties, and provide for the participation of the REIT in the management of the joint venture arrangement. For purposes of this provision, a joint venture arrangement is an arrangement between the REIT and one or more other persons (“joint ventures”) pursuant to which the REIT, directly or indirectly, conducts an undertaking for one or more of the purposes set out above and in respect of which the REIT may hold its interest jointly or in common or in another manner with others either directly or through the ownership of securities of a corporation or other entity (a “joint venture entity”), including without limitation a general partnership, limited partnership or limited liability company;
- (e) except for temporary investments held in cash, deposits with a Canadian chartered bank or trust company registered under the laws of Canada or of a province of Canada, short-term government debt securities, or receivables under instalment receipt agreements or money market instruments of, or guaranteed by, a Schedule 1 Canadian bank maturing prior to one year from the date of issue or except as permitted pursuant to Sections 6.1(a), (d), (g), (i) and (j) and Section 6.2(a), the REIT may not hold securities other than (i) securities of any issuer referred to in Section 6.1(a), (ii) securities of a joint venture entity or (iii) securities of an entity wholly-owned by the REIT formed and operated solely for the purpose of holding a particular real property or real properties and provided further that, notwithstanding anything contained in the Declaration of Trust to the contrary (except Section 6.1(b)), the REIT may acquire securities of other real estate investment trusts;

- (f) the REIT shall not invest in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property;
- (g) the REIT will not invest, directly or indirectly:
  - (i) in operating businesses unless such investment is an indirect investment and is incidental to a transaction:
    - (A) where revenue will be derived, directly or indirectly, principally from real property; or
    - (B) which principally involves the ownership, maintenance, improvement, leasing or management, directly or indirectly, of real property (in each case as determined by the Trustees); or
  - (ii) in predominantly special purpose properties, such as hotels, nursing homes or resort properties;
- (h) the REIT may invest in raw land for development and ownership or for other development projects for the purpose of (i) renovating or expanding existing properties or facilities on adjacent properties, or (ii) developing new properties which will, upon completion, be income producing provided that the aggregate value of the investments of the Trust in raw land, after giving effect to the proposed investment, will not exceed 5% of the ~~Gross Book Value~~Total Asset Value;
- (i) the REIT may invest in mortgages and mortgage bonds (including a participating or convertible mortgage) and similar instruments where:
  - (i) the mortgage or mortgage bond is issued by a Subsidiary; or
    - (A) the real property which is security therefor is income-producing real property which otherwise meets the other investment guidelines of the REIT adopted from time to time in accordance with this Declaration of Trust and the guidelines set out herein;
    - (B) the amount of the mortgage loan is not in excess of 75% of the market value of the property securing the mortgage and the mortgage has at least 1.2X debt service coverage;
    - (C) the mortgage is a first mortgage registered on title to the real property which is security therefor; and
    - (D) the aggregate book value of the investments of the REIT in mortgages, after giving effect to the proposed investment, will not exceed 2010% of ~~Adjusted Unitholders' Equity~~Total Asset Value;
- (j) notwithstanding any of the provisions hereof (except Section 6.1(b)), the REIT may invest in any mortgage providing, directly or indirectly, financing in connection with a transaction in which the REIT is the vendor or with the intention of using such mortgage as part of a method for subsequently acquiring an interest in or control of a property or a portfolio of properties; provided that the aggregate value of the investments of the REIT in mortgages, after giving effect to the proposed investment, will not exceed 2010% of the ~~Adjusted Unitholders' Equity~~Total Asset Value and that such property or portfolio of properties are properties which the REIT would otherwise be eligible to invest its assets under this Declaration of Trust; and
- (k) the REIT may invest an amount (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any indebtedness assumed or incurred by the REIT) up to 158% of the ~~Adjusted Unitholders' Equity~~Total Asset Value of the REIT in investments which do not comply with one or more of Section 6.1(a), (d), (e), (i) and (j) or Section 6.2(c) and (e) .

For the purpose of the foregoing guidelines, the assets, liabilities and transactions of a corporation or other entity wholly or partially owned by the REIT will be deemed to be those of the REIT on a proportionate consolidation basis. In addition, any references in the foregoing to investment in real property will be deemed to include an investment in a joint venture arrangement.

## **Section 6.2 Operating Policies**

The operations and affairs of the REIT shall be conducted in accordance with the following policies:

- (a) the REIT shall not purchase, sell, market or trade in currency or interest rate futures contracts otherwise than for hedging purposes where, for the purposes hereof, the term "hedging" shall have the meaning ascribed thereto by National Instrument 81-102 adopted by the Canadian Securities Administrators, as amended from time to time;
- (b) (i) any written instrument creating an obligation which is or includes the granting by the REIT of a mortgage, and (ii) to the extent management of the REIT determines to be practicable, any written instrument which is, in the judgment of management of the REIT, a material obligation shall contain a provision or be subject to an acknowledgement to the effect that the obligation being created is not personally binding upon, and that resort shall not be had to, nor shall recourse or satisfaction be sought from, the private property of any of the



Trustees, Unitholders, annuitants under a plan of which a Unitholder acts as a trustee or carrier, or officers, employees or agents of the REIT, but that only property of the REIT or a specific portion thereof shall be bound; the REIT, however, is not required, but shall use all reasonable efforts, to comply with this requirement in respect of obligations assumed by the REIT upon the acquisition of real property;

- (c) the REIT will not lease or sublease to any person any real property, premises or space where that person and its affiliates would, after the contemplated lease or sublease, be leasing or subleasing real property, premises or space having a fair market value net of encumbrances in excess of ~~20~~10% of ~~Adjusted Unitholders' Equity~~Total Asset Value;
- (d) the limitation contained in Section 6.2(c) will not apply to the renewal of a lease or sublease and will not apply where the lessee or sublessee is, or where the lease or sublease is guaranteed by: (i) the Government of Canada, the Government of the United States, any province or territory of Canada, any state of the United States, any municipality or city in Canada or the United States, or any agency or crown corporation thereof; (ii) any corporation, of which any of the bonds, debentures or other evidences of indebtedness of, or guaranteed by an issuer, or any of the other securities of an issuer which have received and continue to hold, an investment grade rating from a recognized credit rating agency, in each case at the time the lease or sublease is entered into, or at the time other satisfactory leasing or pre-leasing arrangements (as determined by the Trustees in their discretion) were entered into; or (iii) a Canadian chartered bank or a trust company or insurance company registered or licensed federally or under the laws of a province of Canada;
- (e) in addition to the provisions of Section 6.1(h), the REIT may engage in construction or development of real property in order to maintain its real properties in good repair or to enhance the income-producing potential of properties in which the REIT has an interest;
- (f) title to each real property shall be held by and registered in the name of the REIT, the Trustees or in the name of a corporation or other entity owned, directly or indirectly, by the REIT or jointly-owned, directly or indirectly, by the REIT, with joint venturers or a corporation which is a nominee of the REIT which holds registered title to such real property pursuant to a nominee agreement with the REIT;
- (g) the REIT will not incur any new indebtedness (otherwise than by the assumption of existing indebtedness) or renew or refinance any indebtedness under a mortgage on any of the real property of the REIT where (i) in the case of an individual property, the amount borrowed exceeds 75% of the market value of such individual property or (ii) in the case of more than one property or a pool or portfolio of properties, the amount borrowed exceeds 75% of the market value of such properties on an aggregate basis;
- (h) the REIT will not incur or assume any indebtedness if, after giving effect to the incurring of the indebtedness, the total indebtedness of the REIT would be more than 60% of the ~~Gross Book Value~~Total Asset Value. For the purposes of this paragraph, the term "indebtedness" means any obligation of the REIT for borrowed money (excluding any premium in respect of indebtedness assumed by the REIT for which the REIT has the benefit of an interest rate subsidy, but only to the extent an amount receivable has been excluded in the calculation of ~~Gross Book Value~~Total Asset Value with respect to such interest rate subsidy), provided that (A) an obligation will constitute indebtedness only to the extent that it would appear as a liability on the consolidated ~~balance sheet~~statement of financial position of the REIT in accordance with GAAP, (B) indebtedness excludes ~~trade accounts payable~~the fair value of Exchangeable Units, distributions payable to Unitholders, ~~trade accounts payable~~, and accrued liabilities arising in the ordinary course of business; and (C) ~~only the face value of convertible debentures will not constitute indebtedness provided the REIT has the option to satisfy principal through the issuance of Units~~be included in "indebtedness";
- (i) at no time will the REIT incur indebtedness aggregating more than 15% of its ~~Gross Book Value~~Total Asset Value (excluding trade account payables, accrued liabilities arising in the ordinary course of business, debt with an original maturity of one year or more falling due in the next 12 months or variable rate debt for which the REIT has entered into interest rate swap agreements to fix the interest rate for a one year period or more and distributions payable to Unitholders) at floating interest rates or having maturities of less than one year;
- (j) the REIT will not directly or indirectly guarantee any indebtedness or liabilities of any kind of a third party, except indebtedness or liabilities assumed or incurred by an entity in which the REIT holds an interest, directly or indirectly, or by an entity jointly-owned by the REIT with joint venturers and operated solely for the purpose of holding a particular property or properties where such indebtedness, if granted by the REIT directly, would not cause the REIT to otherwise contravene the guidelines set out under Section 6.1. The REIT is not required but shall use its reasonable best efforts to comply with this requirement (i) in respect of obligations assumed by the REIT pursuant to the acquisition of real property or (ii) if doing so is necessary or desirable in order to further the initiatives of the REIT permitted under this Declaration of Trust;
- (k) no acquisition may be made nor any development undertaken unless and until the officers of the REIT have prepared and presented to the Investment Committee or the Trustees a written report containing their recommendation that the REIT make the investment together with a financial analysis of the estimated cost and projected return from the investment and such supplementary information and data (including, without

limitation, underlying assumptions, proposed financial arrangements, leasing and economic and market data) as is reasonably necessary to the investment decision;

- (l) the REIT shall obtain and maintain at all times insurance coverage in respect of potential liabilities of the REIT and the accidental loss of value of the assets of the REIT from risks, in amounts, with such insurers, and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties; and
- (m) the REIT shall obtain a building condition report and a Phase I environmental audit of each real property to be acquired by it and, if the Phase I environmental audit report recommends a Phase II environmental audit be obtained, the REIT shall obtain a Phase II environmental audit, in each case by an independent and experienced environmental consultant; as a condition to any acquisition, such audit must be satisfactory to the Trustees.

For the purpose of the foregoing policies, the assets, liabilities and transactions of a corporation or other entity wholly or partially owned by the REIT will be deemed to be those of the REIT on a proportionate consolidated basis. In addition, any references in the foregoing investment restrictions and operating policies to investment in real property will be deemed to include an investment in a joint venture.

### **Section 6.3 Amendments to Investment Guidelines and Operating Policies**

The investment guidelines set out under Section 6.1 and the operating policies contained in Section 6.2(b), (e), (g), (h), (i), (k) and (m) may be amended only by Special Resolution. The remaining operating policies may be amended with the approval of a majority of the votes cast by Voting Unitholders at a meeting called for such purpose.

### **Section 6.4 Registered Investment**

The Trustees shall cause the REIT to do all such things and take all such action as may be necessary to obtain, as soon as practicable following the Closing Date, status for the REIT as a "registered investment" under the Tax Act, and shall do all such things and take such action as may be necessary from time to time to ensure that the REIT shall retain such status. The Trustees shall take all steps necessary to ensure that the REIT does not make or hold any investment that would result in the REIT being liable for tax under Part XI or Part X.2 of the Tax Act.

### **Section 6.5 Application of Investment Guidelines and Operating Policies**

With respect to the investment guidelines and operating policies contained in Section 6.1 and Section 6.2, where any maximum or minimum percentage limitation is specified in any of the guidelines and policies therein contained, such guidelines and policies shall be applied on the basis of the relevant amounts calculated immediately after the making of such investment or the taking of such action. Any subsequent change relative to any percentage limitation which results from a subsequent change in the ~~Gross Book Value~~ Total Asset Value ~~or Adjusted Unitholders' Equity~~ will not require divestiture of any investment.

### **Section 6.6 Regulatory Matters**

If at any time a government or regulatory authority having jurisdiction over the REIT or any property of the REIT shall enact any law, regulation or requirement which is in conflict with any investment guideline of the REIT then in force (other than Section 6.1(b)), such guideline in conflict shall, if the Trustees on the advice of legal counsel to the REIT so resolve, be deemed to have been amended to the extent necessary to resolve any such conflict and, notwithstanding anything to the contrary herein contained, any such resolution of the Trustees shall not require the prior approval of Voting Unitholders.

**SCHEDULE B**

SPECIAL RESOLUTION OF THE UNITHOLDERS OF  
PRIMARIS RETAIL REAL ESTATE INVESTMENT TRUST  
INVESTMENT GUIDELINES AND OPERATING POLICIES

WHEREAS the Trustees have approved and implemented certain changes to the Declaration of Trust applicable to the Investment Guidelines and Operating Policies and desire to have such changes ratified by the Unitholders:

BE IT RESOLVED THAT:

1. The amendments to the Declaration of Trust set out in the Management Information Circular dated March 30, 2012 and the executed of the Sixth Amended and Restated Declaration of Trust by the Trustees are hereby ratified, approved and confirmed.
2. Any two of the Trustees, or any one Trustee and any one officer of the REIT, be and are hereby authorized and empowered to execute or cause to be executed in the name and on behalf of the REIT or to deliver or cause to be delivered all such documents, agreements and instruments, and do or cause to be done all such other acts and things as they shall determine to be necessary or desirable in order to carry out the intent of this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

