



# Investor Presentation

November 2012

**Primaris**   
Retail Real Estate  
Investment Trust



# Presentation Overview

- **Strategic Objectives**
- **Operational Highlights**
- **Financial Highlights**
- **Governance and Management**
- **Outlook**





# Strategic Objectives

- Generate reliable and growing cash distributions
- Maximize unit value
- Expand asset base

## Primaris' Defined Property Strategy:

- Own and manage regional, enclosed shopping centres that are dominant in their primary trade area



# Canada's Dynamic Retail Market



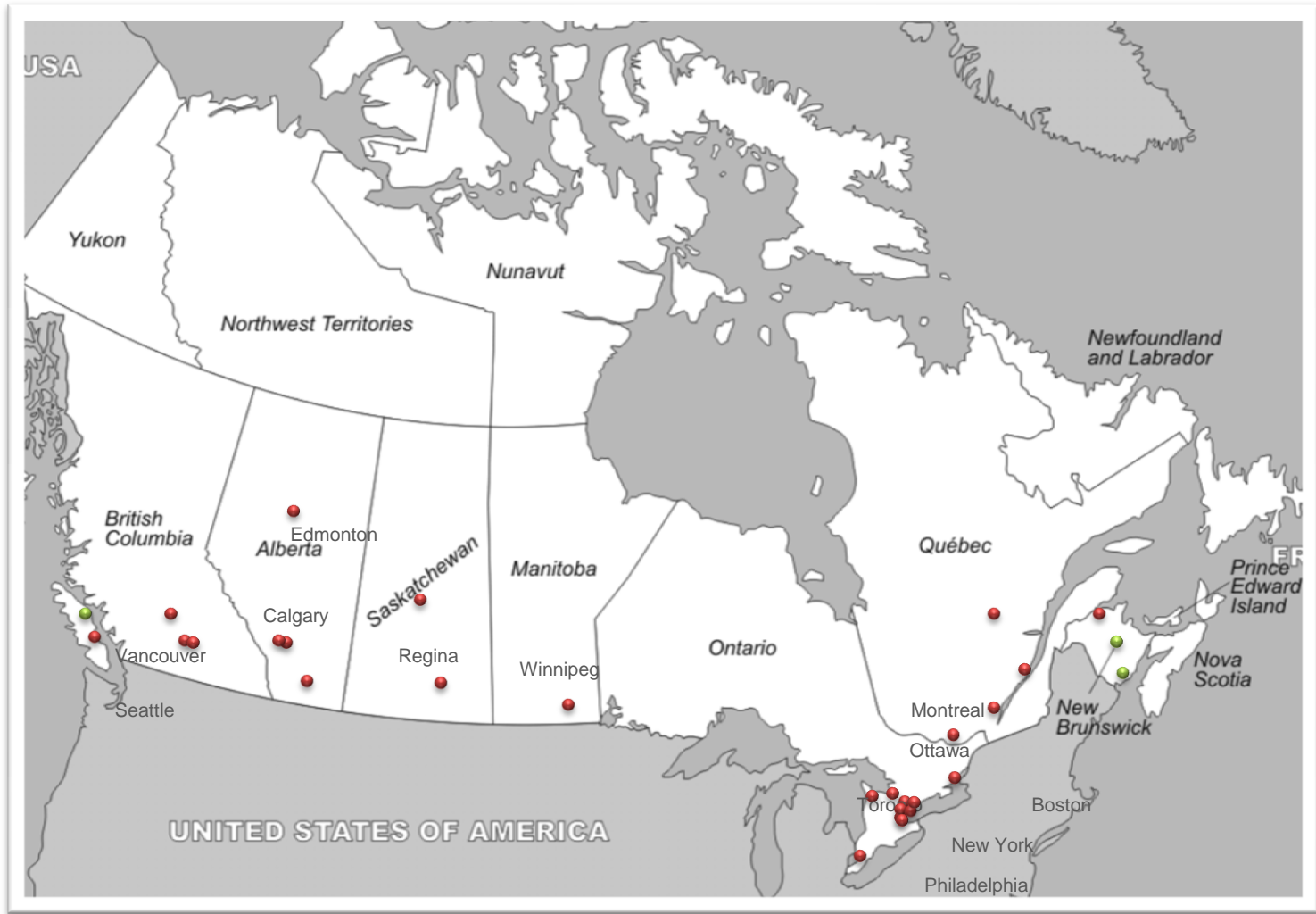
Type of Centre	Size	Number of Centres
Super-Regional	>900,000	38
Regional	450,000 – 900,000	117
Community	100,000 – 450,000	1042
Power Centre		487
Neighbourhood	<100,000	2350

Source: CSCA, Rogers Directory of Shopping Centres





# PMZ Portfolio







# New Brunswick acquisition

- **Regent Mall, Fredericton, New Brunswick and McAllister Place, Saint John, New Brunswick for \$317.6 million dollars expected to close on November 30, 2012.**
- **Regent Mall is a single-level enclosed regional shopping centre containing a net rentable area of approximately 488,000 square feet.**
- **McAllister Place is a single-level enclosed regional shopping centre containing a net rentable area of approximately 489,000 square feet. Target expansion could add 10,000 square feet.**
- **We expect year one NOI return to be 5.9%.**





# McAllister Place, Saint John, New Brunswick



# Regent Mall, Fredericton, New Brunswick







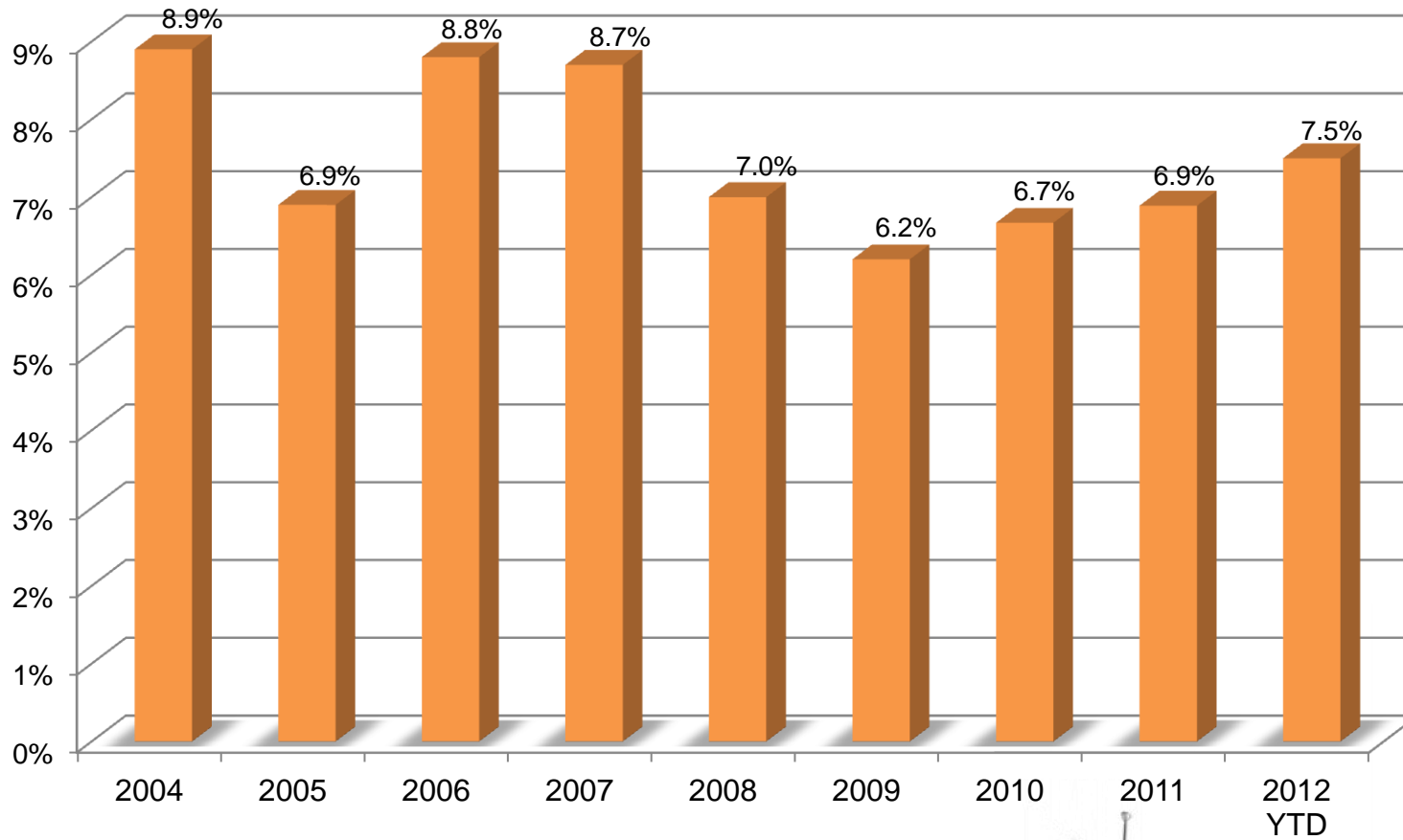
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# Average Rent Increase on Lease Renewals



# Operational Highlights



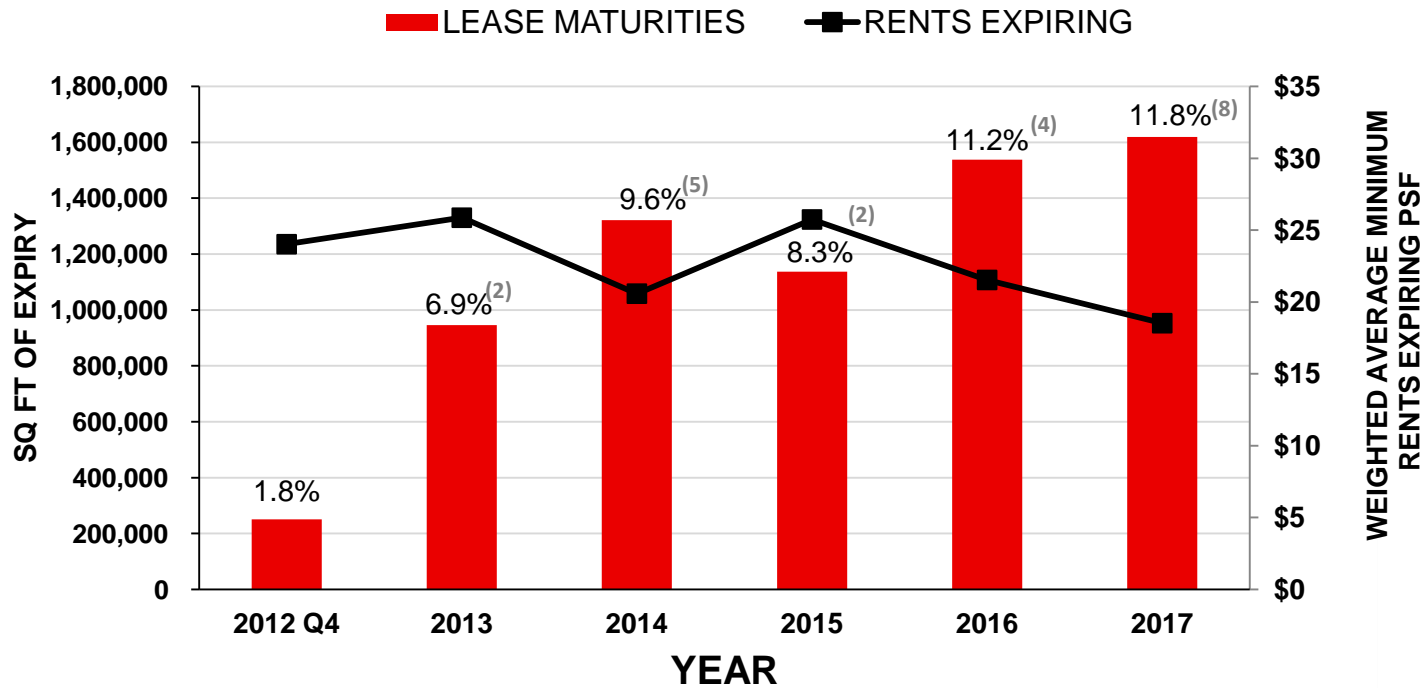
(For the three months ending September 30, 2012)

- Primaris same property sales productivity average: **\$470** p.s.f.
- Primaris sales productivity Y-O-Y: **2.0%**
- Primaris Q3 same property NOI Growth Y-O-Y: **5.8%**
- Primaris leasing activity:
  - 126 leases; 523,003 square feet; 62.9% of leasing activity was renewals
- Weighted average:
  - Increase over previous rent paid for renewals: 8.7% (10.6% excluding major tenants)
- Occupancy rate 97.5% at September 30, 2012





# Portfolio Lease Maturities



(#) indicates the number of Anchor Stores

Lease maturities are no greater than 11.8% of the portfolio in any year between 2012 Q4 and 2017.



# Ten Largest Tenants



As of September 30, 2012, plus Regent and McAllister, plus removing expiring Zellers

Tenant Groups	Percentage of Total Annual Gross Rent	Area (Sq. ft.)	Weighted Average Lease Term to Maturity (Years)
1 Canadian Tire	3.8%	940,431	5.0
2 Hudson's Bay Company	3.3%	1,624,208	6.4
3 Sears	2.7%	1,424,926	6.6
4 Reitmans	2.6%	196,271	4.2
5 Target	2.4%	1,150,381	8.2
6 YM (Suzy Shier, Stitches, Bluenotes)	2.4%	246,867	3.0
7 Shoppers Drug Mart	2.0%	182,673	5.3
8 Bell Canada	1.9%	102,863	4.5
9 Comark (Cleo, Bootlegger, Ricki's)	1.7%	122,525	4.2
10 Best Buy	1.5%	222,976	4.6
	24.3%		

**Note:** The tenant groups shown above represent different corporate covenants that fall within a given tenant group.





# Grand Opening dates for Targets stores



2013	Mall	Location
April	Burlington Mall	Burlington, ON
May	St. Albert Centre	St. Albert, Edmonton, AB
July	Cataraqui Centre	Kingston, ON
July	Driftwood Mall	Courtenay, BC
September	Fleur-de-Lys Shopping Centre	Québec City, QC
September	Place d'Orleans	Ottawa, ON
September	Place Vertu	Montreal, QC
November	Grant Park Shopping Centre	Winnipeg, MB
November	Sunridge Mall	Calgary, AB
November	McAllister Place	Saint John, NB





# Primaris – Zellers locations

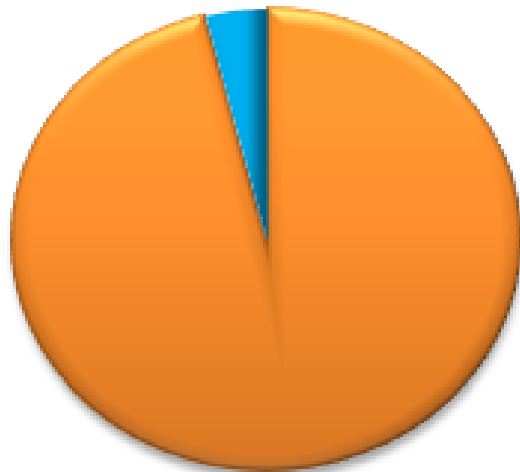
LOCATION	AREA	LEVELS
<b>Conversions</b>		
Burlington Mall	121,523 sf	1
Cataraqui Centre	115,307 sf	2
Grant Park	116,573 sf*	1
Place d'Orleans	116,598 sf	1
Place Fleur de Lys	115,000 sf	1
Place Vertu	123,975 sf	2
St. Albert Centre	94,618 sf*	1
Sunridge Mall	143,750 sf*	2
Driftwood Mall	83,047 sf*	1
McAllister Place	93,499 sf*	1
<b>Non-Conversions</b>		
Alliston Mills	93,024 sf	1
Heritage Place	67,138 sf	1
Sugarloaf Mall	94,481 sf	1
Tecumseh Mall	114,267 sf	1



# Asset Type Diversification

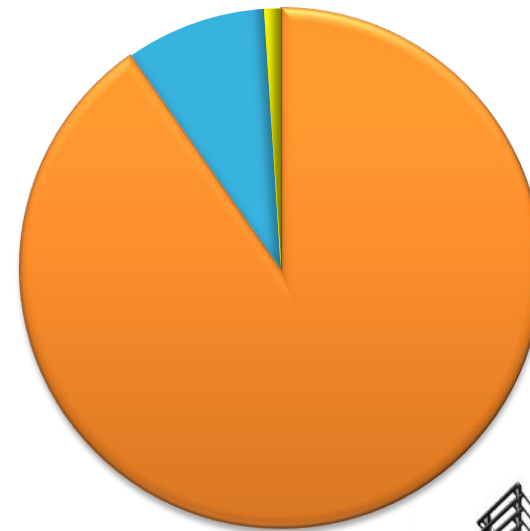


**Asset Type Diversification of Portfolio**  
(Based on Square Footage: As at July 2003)



- ENCLOSED SHOPPING CENTRES
- UNENCLOSED RETAIL

**Asset Type Diversification of Portfolio**  
(Based on Square Footage: As at September 30, 2012 including McAllister Place and Regent Mall)



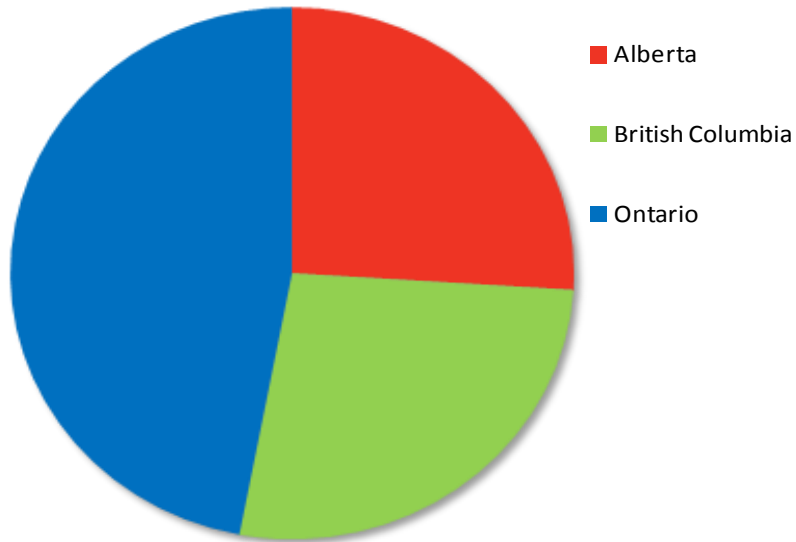
- ENCLOSED SHOPPING CENTRES
- UNENCLOSED RETAIL
- OTHER



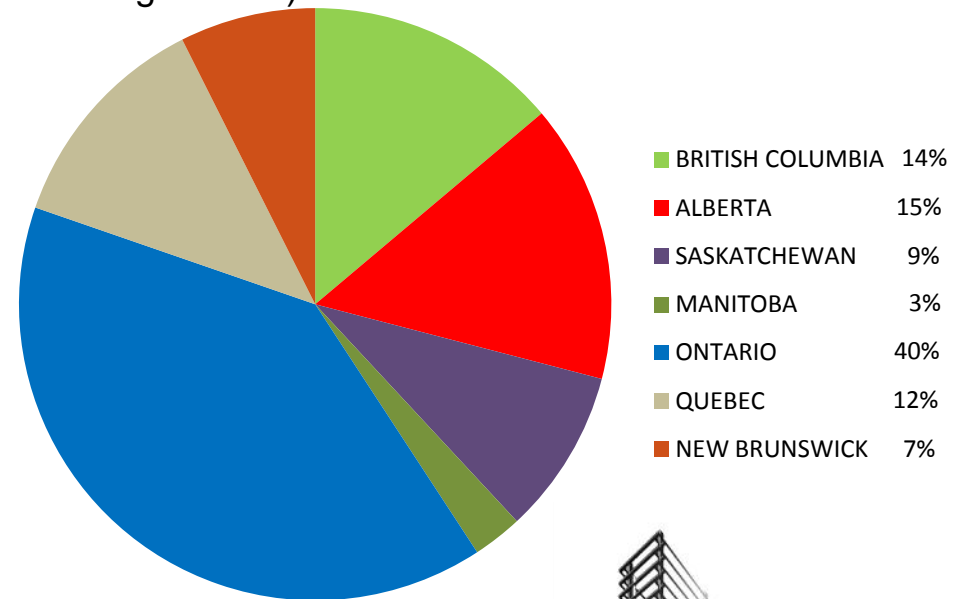
# Geographic Diversification



**Geographic Diversification of Portfolio**  
(Based on Minimum Rent: As at July 2003)



**Geographic Diversification of Portfolio**  
(As at September 30, 2012 including McAllister Place and Regent Mall)



# Shopping venues most often visited



ICSC Survey: 2009 Shopping Habits Report







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# Net Income and Distributions

	Q3 – 2012	Q3 - 2011
Revenue	\$ 102.3 mm	\$ 96.6 mm
Net Income	139.2 mm	29.3 mm
Cash Distributions	28.1 mm	25.2 mm
Cash Distributions per unit	0.305	0.305



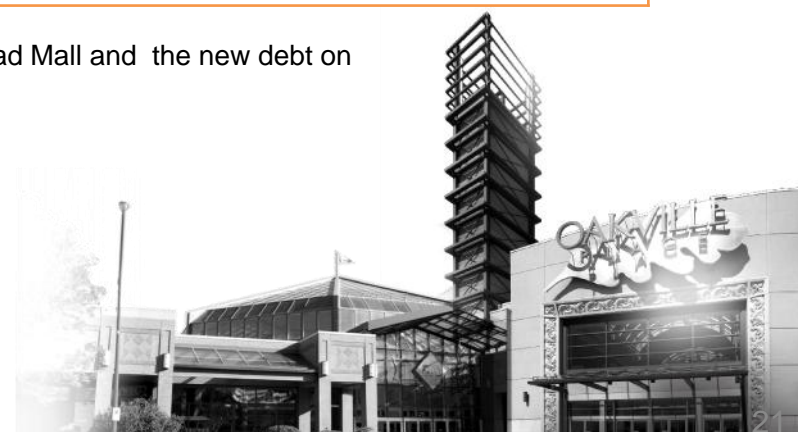
# Total Capitalization



(As at September 30, 2012)

	September 30	Pro Forma*
Secured Debt	\$ 1,382 mm	\$ 1,592 mm
Bank Indebtedness	1 mm	0 mm
Convertible Debenture	116 mm	116 mm
Equity	2,178 mm	2,436 mm
Total Market Capitalization	3,677 mm	4,144 mm
<b>Number of Units</b> (including exchangeable units)	<b>95,021,808</b>	<b>99, 926,558</b>

\*gives effect to the equity offering, refinancing of Stone Road Mall and the new debt on Regent Mall and McAllister Place.



# Debt Maturities



As at September 30, 2012 (expressed in millions) – pro forma

Year	Debt Maturity (\$)	Annual (\$)	Security
2012	0	8	
2013	116	42	Cornwall, Alliston, Woodgrove
2014	101	42	Aberdeen, Midtown
2015	117	41	Includes \$20 mm convertible debentures
2016	130	38	
Thereafter	951	297	Includes \$75 mm convertible debentures
<b>Total</b>	<b>1,415</b>	<b>469</b>	





# Liquidity

As at September 30, 2012

- **\$900 mm acquisition capacity**
- **\$99 mm operating line (\$1 mm drawn)**
  
- **\$31 mm per year principal payments**
- **No mezzanine loans to be funded**







# Long-Term Debt

- Debt limited to 65% of total asset value
- Current long term debt at 38.9% (40.9%) of total asset value
- Two types of debt:
  - 99.9% of debt is at fixed rates, with a weighted average interest rate of 5.4% (5.1%) and an average term to maturity of 5.1 (6.1) years
  - Less than 7% of debt is fixed rate convertible debentures with interest rates of 6.75%, 6.3% and 5.40%





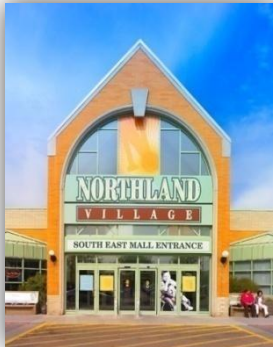
# Portfolio Growth

	July 2003	September 30, 2012
Book Value	\$436 mm	\$3,767 mm
Total GLA	2.76 mm sf	13.7 mm sf
Portfolio Occupancy	96%	97.5%





# Portfolio: West



**Northland Village**  
Calgary, AB



**Aberdeen Mall**  
Kamloops, BC



**Cornwall Centre**  
Regina, SK



**Park Place Mall**  
Lethbridge, AB



**Sunridge Mall**  
Calgary, AB



**Orchard Park Shopping Centre**  
Kelowna, BC



**Midtown Plaza**  
Saskatoon, SK



**Woodgrove Centre**  
Nanaimo, BC





# Portfolio: East



**Fleur de Lys**  
Quebec City, QC



**Stone Road Mall**  
Guelph, ON



**Place d'Orleans**  
Ottawa, ON



**Dufferin Mall**  
Toronto, ON



**Place du Royaume**  
Saguenay, QC



**Burlington Mall**  
Burlington, Ontario



**Oakville Place**  
Oakville, ON



**Cataraqi Town Centre**  
Kingston, ON





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# Board of Directors



**Roland A. Cardy (1,4,5)**  
Trustee,  
Chairman of the Board



**Kerry D. Adams (1,2,4,5)**  
Trustee



**William J. Biggar (1,2,3,4)**  
Trustee



**John Morrison (3)**  
Trustee



**Ian Collier (2,3,4)**  
Trustee



**Ken Field (1,2,4,5)**  
Trustee



**Brent Hollister (3,4,5)**  
Trustee

- 1 – Audit Committee
- 2 – Governance and Nominating Committee
- 3 – Distributions Committee
- 4 – Independent Trustee
- 5 – Compensation Committee







# Senior Management Team



**John R. Morrison**  
President & Chief Executive Officer



**Louis M. Forbes**  
EVP & Chief Financial Officer



**Patrick Sullivan**  
SVP, Portfolio Management



**Devon Jones**  
Vice President, Legal



**Ron Perlmutter**  
Vice President, Investment



**Anne Morash**  
Vice President, Development



**Lesley Gibson**  
Vice President, Finance



**Leslie Buist**  
Assistant Vice President, Finance



**Toran Eggert**  
Vice President,  
Portfolio Management, Eastern Canada







# Unitholders\*

<b>Cohen &amp; Steers Capital Management</b>	<b>7,108,125</b>	<b>(7.3%)</b>
<b>CBRE Clarion Securities, Inc.</b>	<b>6,073,430</b>	<b>(6.2%)</b>
<b>RBC Global Asset Management</b>	<b>4,390,701</b>	<b>(4.4%)</b>
<b>CI Investments Inc.</b>	<b>4,044,742</b>	<b>(4.1%)</b>
<b>Blackrock Fund Advisors</b>	<b>3,744,696</b>	<b>(3.8%)</b>
<b>Sentry Select Capital Corp.</b>	<b>2,185,700</b>	<b>(2.2%)</b>
<b>TD Asset Management Inc.</b>	<b>1,576,300</b>	<b>(1.6%)</b>

\*Bloomberg, November 20, 2012





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# Outlook

- **Primaris to cautiously pursue new acquisitions**
- **Primaris to look inwards for organic growth opportunities**
- **Greatest competition in acquisition remains in under \$20 mm category**
- **NCIB in place**
- **Capital safety, stable income, inflation protection**
- **Shopping centres resilient investments**





# Strategic Objectives: *How Primaris Delivers*

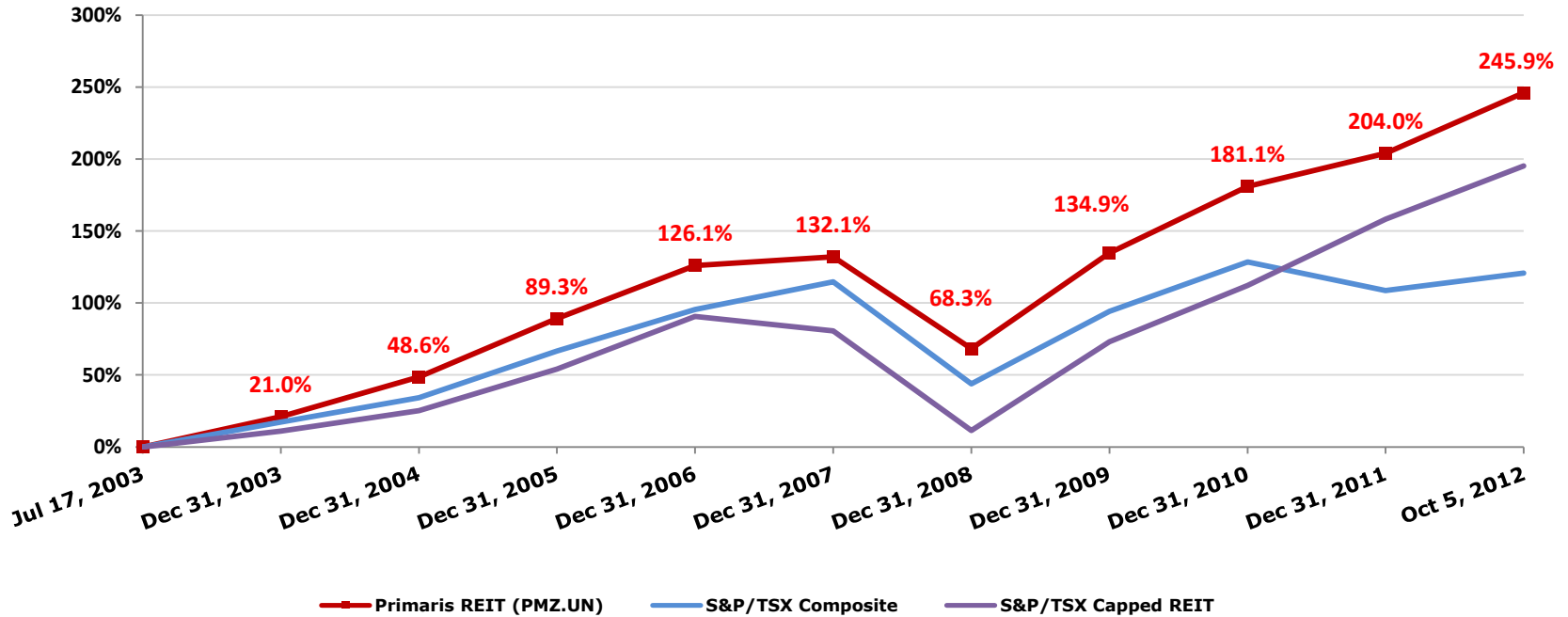
- **Generate stable and growing cash distributions**
  - Distributions have increased 19% since IPO, from \$0.0854 in July 2003 to \$0.1016 in December 2007, \$1.22 per annum
- **Maximize unit value**
  - Unit value increased 123% since IPO to 10/31/12
- **Expand asset base**
  - Portfolio has quintupled in GLA, from six assets totaling 2.8 mm square feet in July 2003 to 35 properties totaling 14.7 mm square feet at November 30, 2012.





# Total Returns

Unitholder Cumulative Total Return (Since Inception)



Return Since Inception	Jul 17, 2003	Dec 31, 2003	Dec 31, 2004	Dec 31, 2005	Dec 31, 2006	Dec 31, 2007	Dec 31, 2008	Dec 31, 2009	Dec 31, 2010	Dec 31, 2011	YTD Oct 5, 2012
Primaris REIT (PMZ.UN)	0.00%	21.0%	48.6%	89.3%	126.1%	132.1%	68.3%	134.9%	181.1%	204.0%	245.9%
S&P/TSX Composite	0.00%	17.29%	34.30%	66.66%	95.50%	114.65%	43.82%	94.30%	128.49%	108.62%	120.72%
S&P/TSX Capped REIT	0.00%	10.92%	25.14%	54.12%	90.69%	80.63%	11.45%	73.08%	112.20%	158.24%	195.17%



# Key Ratios

Period end	2012							2011				2010			
	Sept.	June	March	Dec.	Sept.	June	March	Dec.	Sept.	June	March				
Operating FFO/unit diluted	\$ 0.383	\$ 0.376	\$ 0.382	\$ 0.407	\$ 0.349	\$ 0.341	\$ 0.352	\$ 0.416	\$ 0.340	\$ 0.346	\$ 0.346				
NI/unit diluted	\$ 1.445	\$ 0.438	\$ 0.320	\$ 1.664	\$ 0.902	\$ 0.509	\$ 0.064	\$ 4.479	\$ 0.729	\$ 0.792	\$ 0.094				
Distributions/unit	\$ 0.305	\$ 0.305	\$ 0.305	\$ 0.305	\$ 0.305	\$ 0.305	\$ 0.305	\$ 0.305	\$ 0.305	\$ 0.305	\$ 0.305				
FFO payout ratio	79.6%	81.0%	79.7%	74.9%	91.1%	89.3%	86.5%	73.2%	88.6%	88.0%	88.0%				
Same property NOI (cash) growth rate	5.8%	4.7%	2.8%	0.5%	0.7%	0.7%	1.2%	N/A	N/A	N/A	N/A				
Seasonal revenue in \$'000	\$ 4,087	\$ 4,310	\$ 4,153	\$ 6,821	\$ 3,689	\$ 3,297	\$ 3,008	\$ 5,316	\$ 3,313	\$ 3,158	\$ 2,983				
EBITDA in \$'000	\$ 56,569	\$ 55,501	\$ 55,415	\$ 57,399	\$ 52,752	\$ 45,087	\$ 44,105	\$ 49,286	\$ 42,447	\$ 40,983	\$ 40,773				
Interest Coverage	2.7	2.5	2.4	2.5	2.2	2.2	2.3	2.5	2.3	2.2	2.3				
G&A \$'000	\$ 3,331	\$ 3,773	\$ 2,429	\$ 2,110	\$ 2,080	\$ 2,523	\$ 3,127	\$ 545	\$ 3,584	\$ 2,707	\$ 2,314				
G&A \$'000 without FV on unit-based comp	\$ 2,336	\$ 2,215	\$ 1,965	\$ 2,002	\$ 1,621	\$ 2,435	\$ 2,199	\$ 501	\$ 2,903	\$ 2,568	\$ 2,284				
Total revenue	\$ 102,266	\$ 98,881	\$ 100,438	\$ 104,063	\$ 96,589	\$ 82,752	\$ 81,949	\$ 84,247	\$ 78,564	\$ 74,362	\$ 76,378				
G&A % of revenues	2.3%	2.2%	2.0%	1.9%	1.7%	2.9%	2.7%	0.6%	3.7%	3.5%	3.0%				





# Key Ratios

Period end	2012				2011			2010			
	Sept.	June	March	Dec.	Sept.	June	March	Dec.	Sept.	June	March
Occupancy rate-committed	97.5%	97.4%	96.7%	97.1%	96.5%	95.7%	96.3%	97.1%	97.0%	96.6%	96.7%
Occupancy rate-economic	95.8%	95.9%	95.7%	96.5%	95.4%	94.8%	95.2%	96.7%	96.5%	96.0%	96.1%
Sales sf	\$ 470	\$ 468	\$ 466	\$ 458	\$ 453	\$ 454	\$ 451	\$ 443	\$ 442	\$ 445	\$ 446
Sales trend - same tenant	0.6%	-0.1%	-0.6%	-0.9%	-0.3%	-0.5%	-0.2%	-0.8%	-2.1%	-2.3%	-3.7%
Sales trend - all tenant	2.0%	0.9%	0.4%	0.1%	0.1%	-0.2%	0.1%	-0.6%	-1.7%	-2.6%	-3.9%
rent lift (excl. anchors)	10.6%	5.6%	7.6%	7.8%	5.5%	7.3%	7.2%	9.0%	5.2%	5.9%	5.0%
Debt/Total Asset value	38.9%	43.5%	46.0%	46.5%	48.9%	49.2%	48.7%	47.9%	48.9%	46.7%	50.0%
Net Debt/EV	39.9%	42.4%	47.5%	49.6%	49.9%	49.3%	47.0%	50.2%	50.6%	49.1%	55.1%
Net Debt/EBITDA	6.6	7.1	7.5	7.3	8.0	9.4	7.7	6.9	8.1	7.3	7.9
EV/EBITDA	16.5	16.9	15.8	14.7	16.0	19.1	16.4	13.7	15.9	14.9	14.3
W.Avg. debt term in years	5.1	5.3	5.5	5.8	6.0	6.3	6.3	6.0	6.2	6.1	6.3
W.Avg. Interest rate	5.4%	5.4%	5.4%	5.4%	5.4%	5.5%	5.6%	5.7%	5.7%	5.7%	5.7%
% of Floating rate debt	0.1%	0.0%	1.6%	0.3%	0.4%	0.6%	0.0%	0.7%	1.1%	0.0%	1.3%
PUD % of Total Assets	0.3%	0.1%	0.2%	0.3%	0.1%	0.0%	0.2%	0.1%	0.1%	0.0%	0.0%
Average Lease Term in years	5.50	5.70	5.40	5.43	5.51	5.68	5.61	5.70	5.93	5.78	5.65
# properties	33	33	32	32	32	34	29	29	29	28	28
# square feet in millions	13.3	13.7	13.5	13.5	13.5	13.6	11.1	11.1	11.1	10.5	10.5

