



## **H&R REIT Is Pleased to Announce Completion of the Primaris Transaction**

**Toronto, ON – April 4, 2013** – H&R Real Estate Investment Trust (“H&R” or “H&R REIT”) (TSX: HR.UN) and Primaris Retail Real Estate Investment Trust (“Primaris”) (TSX: PMZ.UN) today announced that H&R has completed its previously announced acquisition of Primaris. As part of the transaction, a KingSett Capital-led consortium, which consists of certain KingSett Capital managed funds, Ontario Pension Board and RioCan REIT, acquired 17 Primaris properties pursuant to separate purchase agreements between Primaris and the consortium members. H&R then acquired Primaris and its remaining 27 properties.

### **Transaction Details**

Unitholders who elected cash for their Primaris units are entitled to \$28 cash per Primaris unit for approximately 55% of their Primaris units and 1.166 H&R stapled units per Primaris unit for the balance. All other former Primaris unitholders are entitled to 1.166 H&R stapled units for each Primaris unit. H&R delivered an aggregate of approximately 62.1 million stapled units pursuant to the transaction<sup>1</sup>.

As a result of the transaction, H&R has acquired a \$3.1 billion portfolio of 27 shopping centres. A complete list of the acquired properties is appended to this release. H&R expects to complete its previously announced sale of South Cambridge Centre in Cambridge, Ontario to RioCan for \$35 million on April 5, 2013.

In connection with the transaction, holders of approximately 2.1 million exchangeable units of certain subsidiaries of Primaris now hold an equal number of exchangeable units of certain subsidiaries of H&R each of which are exchangeable for 1.166 H&R stapled units. Similarly, the 6.75% (remaining aggregate principal amount outstanding \$1,220,000), 6.30% (remaining aggregate principal amount outstanding \$7,726,000), and 5.40% (remaining aggregate principal amount outstanding \$74,963,000) convertible debentures issued by Primaris (TSX: PMZ.DB, PMZ.DB.B, PMZ.DB.C) have been assumed by H&R and are now convertible into H&R stapled units at previously announced conversion ratios (new ticker symbols TSX: HR.DB.F, HR.DB.G, HR.DB.H respectively). H&R intends to promptly deliver to CIBC Mellon Trust Company, as trustee for its 6.75% and 6.30% convertible debentures, notice of its intent to redeem all such remaining outstanding debentures in accordance with their terms. It is anticipated that such redemption will be completed approximately 45 days following the delivery to the trustee of the notice of intention to redeem.

In addition to the convertible debentures which have been assumed by H&R, H&R has assumed an aggregate of \$1.4 billion principal amount of mortgages on the acquired properties and has guaranteed the operating line of PRR Trust, now a subsidiary of H&R REIT, the outstanding principal of which is expected to be approximately \$105 million after all closing costs have been paid.

The transaction was structured so former holders of Primaris units who are resident in Canada and who held their Primaris units as capital property received their H&R stapled units on a substantially tax-deferred rollover (the receipt of H&R Finance Trust units, the fair market value of which is 3.788% of the aggregate fair market value of the total unit consideration received by Primaris unitholders, is taxable).

### **Executive Appointments**

H&R REIT is pleased to announce the appointments of Patrick Sullivan as Chief Operating Officer of Primaris and Lesley Gibson as Executive Vice President, Finance of Primaris, which continues operations as a wholly-owned subsidiary of H&R.

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<sup>1</sup> Does not include 433,174 units held by a subsidiary of H&R in partial satisfaction of exchange obligations related to the H&R exchangeable units.



Prior to this appointment, Mr. Sullivan served as Primaris' Senior Vice President, Portfolio Management since 2011, where he had overall responsibility for operations and leasing of Primaris' portfolio of properties; previously he was Vice President of Portfolio Management for western Canada. Prior to joining Primaris, Mr. Sullivan served as Director of Leasing with Oxford Properties Group where he was responsible for its portfolio of shopping centres in western Canada.

Mr. Sullivan holds a Bachelor of Commerce degree from the University of British Columbia.

Lesley Gibson has been the Vice President of Finance with Primaris since its IPO in 2003. In this position, she oversaw corporate finance, accounting and public reporting responsibilities for Primaris. Before joining Primaris, Ms. Gibson worked at Borealis Capital Corporation as Director, Client Reporting and at KPMG LLP as a Senior Manager in the Real Estate Group.

Ms. Gibson earned a Bachelor of Arts (Economics) at the University of Western Ontario and holds a Chartered Accountant designation.

### **About H&R**

H&R REIT is an open-ended real estate investment trust, which owns a North American portfolio of 41 office, 112 industrial and 164<sup>2</sup> retail properties comprising over 53.4 million square feet and two development projects, with a fair value of approximately \$13.1 billion. The foundation of H&R's REIT success since inception in 1996 has been a disciplined strategy that leads to consistent and profitable growth. H&R REIT leases its properties long term to creditworthy tenants and strives to match those leases with primarily long-term, fixed-rate financing.

H&R Finance Trust is an unincorporated investment trust, which primarily invests in notes issued by a U.S. corporation, which is a subsidiary of H&R REIT. The current note receivable is U.S. \$211.4 million. In 2008, H&R REIT completed an internal reorganization, which resulted in each issued and outstanding H&R REIT unit trading together with a unit of H&R Finance Trust as a "Stapled Unit" on the Toronto Stock Exchange.

Primaris specializes in owning and operating Canadian enclosed shopping centres that are dominant in their local trade areas. Merchandising for each property is dynamic in order to meet the unique needs of its local customers and the community. Primaris maintains a high occupancy rate at its shopping centres and has retail tenants that offer new and exciting brands. The Primaris units are expected to be delisted from the Toronto Stock Exchange on April 8, 2013.

### **FORWARD LOOKING INFORMATION**

This press release contains forward looking statements that reflect current expectations of each of Primaris and H&R about their future results, performance, prospects and opportunities, including with respect to costs and benefits of the transaction and other statements that are not historical facts. Readers are cautioned not to place undue reliance on forward looking information. Each of Primaris and H&R has tried to identify these forward looking statements by using words such as "may", "will", "should" "expect", "anticipate", "believe", "intend", "plan", "estimate", "potentially" and similar expressions. By its nature, such forward looking information necessarily involves known and unknown risks and uncertainties that may cause actual results, performance, prospects and opportunities in future periods of Primaris or H&R to differ materially from those expressed or implied by such forward looking statements.

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<sup>2</sup> Does not include South Cambridge Centre.



**FOR FURTHER INFORMATION:**

**H&R**

Tom Hofstedter  
President & Chief Executive Officer (416) 635-7520

Larry Froom  
Chief Financial Officer (416) 635-7520

3625 Dufferin Street, Suite 500  
Toronto, Ontario  
M3K 1N4



## New H&R Properties

Property	Location	Tenants (>50,000 sq.ft.)	Build Date/		
			Last Renovation	GLA (sq.ft.)	Occupancy
<b>Enclosed Centres</b>					
Sunridge Mall	Calgary, AB	The Bay, Target	1981 / 2005	814,000	99.40%
Place d'Orleans	Orleans, ON	Target, The Bay, Sport Check, Fed. Govt.	1979 / 1999	759,000	96.10%
Orchard Park Shopping Centre	Kelowna, BC	The Bay, Sears	1971 / 2007	712,000	98.50%
Catarqui Centre	Kingston, ON	Sears, The Bay, Target	1982 / 2006	596,000	98.50%
Place du Royaume	Saguenay, QC	Wal-Mart, Canadian Tire	1973 / 2008	592,000	97.50%
Dufferin Mall	Toronto, ON	Wal-Mart, No Frills	1956 / 2007	563,000	96.20%
Medicine Hat Mall	Medicine Hat, AB	Target, The Bay, Sears, Safeway	1980 / 2008	539,000	100.00%
Stone Road Mall	Guelph, ON	Sears, The Bay, Target	1975 / 2007	513,000	98.80%
Northland Village Mall	Calgary, AB	Wal-Mart	1971 / 2005	503,000	100.00%
McAllister Place	Saint John, NB	Sears, Target	1978 / 2011	489,000	98.30%
Regent Mall	Fredericton, NB	Sears, Wal-Mart	1976 / 2010	488,000	99.80%
Park Place Shopping Centre	Lethbridge, AB	Sears	1988 / 2001	471,000	98.00%
Sherwood Park Mall	Sherwood Park, AB	Target, Safeway	1972 / 2012	461,000	99.00%
Grant Park	Winnipeg, MB	Target, Safeway	1962 / 1996	386,000	96.30%
St Albert Centre	Edmonton, AB	Target, The Bay, Winners	1980 / 1995	316,000	100.00%
Total / Weighted Average				8,202,000	98.4%
<b>Other Properties</b>					
Garden City	Winnipeg, MB	Home Depot	1976 / 2004	161,000	98.70%
Edinburgh Market Place	Guelph, ON	Metro	1996 / 2008	113,000	97.60%
Park Plaza	Medicine Hat, AB	n/a	1981 / 2004	61,000	100.00%
Northland Professional Centre	Calgary, AB	n/a	1978	51,000	100.00%
Sherwood Park Plaza	Sherwood Park, AB	n/a	1988 / 2005	44,000	100.00%
Dunmore Plaza	Medicine Hat, AB	n/a	1989 / 1999	30,000	100.00%
Carry Drive Plaza	Medicine Hat, AB	n/a	1989 / 2004	30,000	98.00%
Trans-Canada Plaza	Medicine Hat, AB	n/a	2005	20,000	100.00%
Northland Shoppes	Calgary, AB	n/a	1974 / 1999	14,000	100.00%
Scotia Plaza	Medicine Hat, AB	n/a	1996	11,000	100.00%
Development Land	Sherwood Park, AB	n/a	0	0	0
Total / Weighted Average				535,000	99.0%
<b>Total/Weighted Average</b>				<b>8,737,000</b>	<b>98.4%</b>