

Condensed Consolidated and Combined Carve-Out Financial Statements

PRIMARIS REAL ESTATE INVESTMENT TRUST

As at and for the three and nine months ended September 30, 2022

Dated: November 2, 2022

PRIMARIS REAL ESTATE INVESTMENT TRUST

Financial Results

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PRIMARIS REAL ESTATE INVESTMENT TRUST

Unaudited Interim Condensed Consolidated Statements of Financial Position

(in thousands of Canadian dollars)	Note	As at September 30, 2022	As at December 31, 2021
Assets			
Investment properties	3	\$ 3,149,838	\$ 3,204,188
Rent receivables and other assets	5	31,460	38,018
Cash and cash equivalents		14	5,636
Total assets		\$ 3,181,312	\$ 3,247,842
Liabilities and Equity			
Liabilities			
Senior unsecured debentures	6	\$ 348,164	\$ —
Mortgages payable	6	344,679	579,434
Credit facilities	7	245,000	143,000
Note payable	8	—	200,210
Exchangeable units	10	—	54,978
Trade payables and other liabilities	9	87,145	78,894
Total liabilities		1,024,988	1,056,516
Equity			
Unitholders' equity		2,156,324	2,191,326
Total liabilities and equity		\$ 3,181,312	\$ 3,247,842

Contingencies and commitments (Note 20)

Subsequent events (Notes 11 and 23)

See accompanying notes to the unaudited interim condensed consolidated and combined carve-out financial statements.

On behalf of the Board of Trustees:

Louis Forbes

Louis Forbes

Trustee

Alex Avery

Alex Avery

Trustee

PRIMARIS REAL ESTATE INVESTMENT TRUST

Unaudited Interim Condensed Consolidated and Combined Carve-Out Statements of
Income (Loss) and Comprehensive Income (Loss)

(in thousands of Canadian dollars)	Note	Three months ended September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
Net property income					
Rental revenue	14	\$ 94,151	\$ 62,218	\$ 280,260	\$ 181,774
Property operating costs	14	(39,944)	(25,166)	(123,531)	(76,759)
		54,207	37,052	156,729	105,015
Other income and expenses					
Interest and other income	15	890	623	2,655	2,049
Net interest and other financing charges	16	(8,619)	(4,732)	(22,882)	(14,514)
General and administrative	17	(6,236)	(2,873)	(19,361)	(8,871)
Amortization of other assets		(374)	(65)	(767)	(195)
Adjustments to fair value of exchangeable units		—	—	—	(4,532)
Adjustments to fair value of unit-based compensation	12	(31)	—	1,717	—
Adjustments to fair value of investment properties	3	(60,335)	179,122	(104,401)	263,778
		(74,705)	172,075	(143,039)	237,715
Net income (loss) and comprehensive income (loss)		\$ (20,498)	\$ 209,127	\$ 13,690	\$ 342,730
Net income (loss) and comprehensive income (loss) attributable to:					
Trust Unitholders		\$ (20,498)	\$ —	\$ 13,690	\$ —
Owner's net investment		—	209,127	—	342,730
		\$ (20,498)	\$ 209,127	\$ 13,690	\$ 342,730

See accompanying notes to the unaudited interim condensed consolidated and combined carve-out financial statements.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Unaudited Interim Condensed Consolidated Statement of Changes in Unitholders' Equity and Combined Carve-Out Statement of Changes in Owner's Net Assets

(in thousands of Canadian dollars)	Note	2022
Unitholders' Equity		
Balance, December 31, 2021		\$ 2,191,326
Net income (loss) attributable to Unitholders		13,690
Distributions		(60,326)
Units cancelled under normal course issuer bid	11	(36,830)
Obligation for purchase of Units under automatic share purchase plan	11	(6,673)
Settlement of vested restricted trust units	11	159
Conversion of exchangeable units	11	54,978
Balance, September 30, 2022		\$ 2,156,324

(in thousands of Canadian dollars)	Note	2021
Owner's Net Investment		
Balance, December 31, 2020		\$ 1,001,700
Net income (loss) attributable to Owner		342,730
Distribution		500
Balance, September 30, 2021		\$ 1,344,930

See accompanying notes to the unaudited interim condensed consolidated and combined carve-out financial statements.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Unaudited Interim Condensed Consolidated and Combined Carve-Out Statements of Cash Flows

(in thousands of Canadian dollars)	Note	Three months ended September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
Cash provided by (used in):					
Operating activities:					
Net income (loss)		\$ (20,498)	\$ 209,127	\$ 13,690	\$ 342,730
Net interest and other financing charges	16	8,619	4,732	22,882	14,514
Interest paid		(13,522)	(3,300)	(24,781)	(15,317)
Items not affecting cash	22	60,838	(180,716)	102,552	(261,315)
Change in non-cash operating items		15,463	(17,085)	2,016	(232,966)
		50,900	12,758	116,359	(152,354)
Financing activities:					
Senior unsecured debentures:					
Borrowings, net of financing costs	6	—	—	347,876	—
Mortgages payable:					
Borrowings, net of deferred financing costs	6	10	(309)	(55)	230,248
Principal repayments	6	(129,491)	(13,986)	(234,842)	(255,322)
Credit Facilities					
Net advances (repayments)	7	143,471	12,000	102,000	199,000
Financing costs		(2,719)	(160)	(2,719)	(160)
Note payable	8	—	—	(200,210)	—
Units cancelled under normal course issuer bid	11	(16,769)	—	(36,830)	—
Distributions paid		(19,960)	(274)	(53,729)	(274)
		(25,458)	(2,729)	(78,509)	173,492
Investing activities:					
Investment properties:					
Redevelopment activities	3	(18,169)	(11,094)	(32,337)	(20,299)
Building improvements	3	(438)	—	(660)	—
Recoverable and non-recoverable costs	3	(2,370)	(2,904)	(5,562)	(7,118)
Tenant allowances and leasing costs	3	(4,451)	(1,329)	(10,394)	(6,211)
Proceeds on disposition	3	—	—	5,481	—
		(25,428)	(15,327)	(43,472)	(33,628)
Increase (decrease) in cash and cash equivalents		14	(5,298)	(5,622)	(12,490)
Cash and cash equivalents, beginning of period		—	7,816	5,636	15,008
Cash and cash equivalents, end of period		\$ 14	\$ 2,518	\$ 14	\$ 2,518

See accompanying notes to the unaudited interim condensed consolidated and combined carve-out financial statements.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated and Combined Carve-out Financial Statements
(in thousands of Canadian dollars)

Primaris Real Estate Investment Trust and its consolidated subsidiaries (collectively "Primaris" or the "Trust") own, develop, and operate a national portfolio of enclosed shopping centres located primarily in secondary Canadian markets. Primaris is an unincorporated, open-ended mutual fund trust governed by the laws of the Province of Ontario and established pursuant to a declaration of trust dated November 12, 2021, as amended and restated on December 15, 2021 (the "Declaration of Trust"). The Trust's principal, registered, and head office is located at 26 Wellington Street East, Suite 400, Toronto, Ontario, M5E 1S2.

On December 31, 2021, Primaris became a stand-alone entity following the successful completion of a spin-out transaction implemented by way of a plan of arrangement (the "Arrangement") pursuant to which 27 investment properties (the "Primaris Properties") formerly held by H&R Real Estate Investment Trust (the "Former Parent") were spun-out to Primaris. Immediately after the completion of the Arrangement, Primaris acquired an additional 8 investment properties (the "HOOPP Properties") from Healthcare of Ontario Pension Plan ("HOOPP"). Primaris' Series A trust units (the "Trust Units" or "Units") are listed on the Toronto Stock Exchange (the "TSX") and are traded under the symbol "PMZ.UN".

1. Statement of Compliance and Basis of Preparation

(a) Statement of compliance

The unaudited interim condensed consolidated and combined carve-out financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standard ("IAS") 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB"). These unaudited interim condensed consolidated and combined carve-out financial statements should be read in conjunction with the Trust's audited consolidated and combined carve-out financial statements and accompanying notes for the year ended December 31, 2021. The unaudited interim condensed consolidated and combined carve-out financial statements have been prepared applying the same accounting policies, assessments of estimates and judgements, and methods of computation as compared with the audited consolidated and combined carve-out financial statements and accompanying notes for the year ended December 31, 2021.

These unaudited interim condensed consolidated and combined carve-out financial statements were authorized by the Primaris Board of Trustees (the "Board") on November 2, 2022.

(b) Basis of preparation

Under the Arrangement, unitholders of Former Parent received one Trust Unit for every four Former Parent units held immediately prior to closing of the Arrangement. These unaudited interim combined carve-out financial statements have been prepared on a continuity-of-interests basis, based on the transfer of an existing business to an entity under common control, whereby the predecessor entity's historical accounting basis for the assets acquired and liabilities assumed continues to be used as the accounting basis in the successor's financial statements.

Accordingly, these unaudited interim combined carve-out financial statements include the results of operations, change in owner's net investment, and cash flows based on the historical accounting records of the predecessor entity for the three and nine months ended September 30, 2021. The unaudited interim condensed combined carve-out statements include the operating results of the Primaris Properties, located throughout Canada, and the costs related with managing the properties which include interest expense on debt, and general and administrative expenses. The unaudited interim combined carve-out statements exclude the HOOPP Properties, properties sold prior to December 31, 2020, and other adjustments unrelated to the ownership and operations of the Primaris Properties.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated and Combined Carve-out Financial Statements continued
(in thousands of Canadian dollars)

The unaudited interim condensed consolidated and combined carve-out financial statements are prepared on a going concern basis using the historical cost method except for investment properties (Note 3), certain units of limited partnerships that are exchangeable for publicly traded REIT units at the option of the holder (Note 10), and liabilities for unit-based compensation plans (Note 12), that have all been measured at fair value.

The unaudited interim condensed consolidated and combined carve-out financial statements are presented in Canadian dollars, the Trust's functional currency.

The Trust presents its unaudited interim condensed consolidated statements of financial position based on the liquidity method, whereby all assets and liabilities are presented in ascending order of liquidity, while the notes to the unaudited interim condensed consolidated and combined carve-out financial statements distinguish between current and non-current assets and liabilities. Primaris considers this presentation to be reliable and more relevant to the Trust's business.

In measuring performance, or allocating resources, management does not distinguish or group its operations into any sub-segments. As such, the Trust's operating results are presented as a single reportable segment which comprises the ownership, management and development of its investment properties located across Canada.

Presentation of certain figures in the unaudited interim condensed combined carve-out statements has been reclassified.

(c) COVID-19 pandemic

The preparation of Primaris' unaudited interim condensed consolidated and combined carve-out financial statements requires management to consider the impacts of the COVID-19 pandemic on estimates and assumptions that affect the carrying values of its assets and liabilities. It is not possible to forecast with any certainty the duration and full scope of the economic impact of the pandemic on the Trust's business and operations, or on global capital and equity markets. The estimates and assumptions that the Trust considers critical and/or that could be impacted by the pandemic include those underlying the valuation of investment properties, the estimation of expected credit losses on its accounts receivable, and the determination of the values of financial instruments for disclosure purposes.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated and Combined Carve-out Financial Statements continued
(in thousands of Canadian dollars)

2. Arrangement and Acquisition of HOOPP Properties

(a) Arrangement

Under the Arrangement, unitholders of Former Parent received one Trust Unit of Primaris for every four Former Parent units held immediately prior to closing of the Arrangement. The “qualifying disposition” (as defined in the Tax Act) under the Arrangement included the Primaris Properties, located throughout Canada, and the working capital and mortgages payable related to those operations which were held within certain subsidiaries of Former Parent. No value was attributed to the existing management platform. The values transacted under the Arrangement on December 31, 2021 were as follows:

Fair value of qualifying disposition from Former Parent	\$	1,662,232
72,109,761 Trust Units	\$	1,607,254
3,336,016 exchangeable units		54,978
Total consideration	\$	1,662,232

On January 4, 2022, all the exchangeable units were exchanged for Trust Units.

Primaris incurred costs relating to the 2021 year end and the Arrangement of \$4,711.

(b) Acquisition of HOOPP Properties

On December 31, 2021, immediately after the completion of the Arrangement, Primaris acquired the HOOPP Properties. The fair value of consideration has been allocated, to the identifiable assets acquired and liabilities assumed at their fair values at the date of acquisition, as follows:

Investment properties (including acquisition costs of \$1,908) ⁱ	\$	802,746
Net working capital		(17,123)
Net assets acquired	\$	785,623

Consideration provided for the acquisition and related acquisition costs was as follows:

26,142,129 Trust Units	\$	600,628
Note payable, non-interest-bearing ⁱⁱ		200,210
Cash consideration ⁱⁱⁱ		(15,215)
Net consideration	\$	785,623

- i. Primaris also incurred land transfer tax costs of \$7,475 which were paid in January 2022.
- ii. The note payable was settled on January 5, 2022, through a draw on Primaris' credit facility.
- iii. The cash consideration was received in January 2022 and applied to Primaris' credit facility.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated and Combined Carve-out Financial Statements continued
(in thousands of Canadian dollars)

3. Investment Properties

	Note	Nine months ended September 30, 2022	Year ended December 31, 2021
Balance, beginning of period		\$ 3,204,188	\$ 2,103,675
Acquisitions		—	810,221
Building improvements		660	—
Operating capital:			
Recoverable and non-recoverable costs		5,562	11,617
Tenant allowances and leasing costs		10,394	9,603
Development capital:			
Redevelopment		32,337	24,870
Capitalized interest	16	2,744	2,528
Amortization of straight-line rent and tenant incentives		3,835	3,133
Proceeds from disposition		(5,481)	—
Adjustment to fair value of investment properties		(104,401)	238,541
Balance, end of period		\$ 3,149,838	\$ 3,204,188
Income-producing properties		\$ 2,965,838	\$ 3,023,188
Land held for development		184,000	181,000
		\$ 3,149,838	\$ 3,204,188

At September 30, 2022, seven investment properties with fair values totaling \$504,544 were pledged as security for mortgages payable (December 31, 2021 – nine and \$1,324,166, respectively).

Disposition

In January 2022, Primaris sold 2 acres of land for net proceeds of \$5,481.

Valuation methodology

Investment properties are measured at fair value using valuations prepared by the Trust's internal valuations team. The internal valuations team utilizes appraisal methodologies consistent with the practices employed by third party appraisers. The team consists of individuals who are knowledgeable and have specialized industry experience in real estate valuations and report directly to a senior member of the Trust's management. The valuation processes and results are reviewed by management at least once every quarter. The valuations exclude any portfolio premium or value attributed to the management platform and reflect the highest and best use for each of the Trust's investment properties.

On a quarterly basis, the valuations team reviews and updates, as deemed necessary, the valuation models to reflect current market data. Updates may be made to significant assumptions related to terminal capitalization rates, discount rates, and future cash flow assumptions such as market rents as well as current leasing and/or development activity, renewal probability, downtime on lease expiry, vacancy allowances, and expected maintenance costs.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated and Combined Carve-out Financial Statements continued
(in thousands of Canadian dollars)

As part of management's internal valuation program, the Trust considers external valuations performed by independent national real estate valuation firms for a cross-section of properties that represent different geographical locations and asset classes across the Trust's portfolio. The internal valuations team also verifies all major inputs used by the external valuers in preparing the valuation report and holds discussions with the external valuers on the reasonableness of their assumptions. Where warranted, adjustments will be made to internal valuations to reflect the assumptions contained in external valuations. Primaris will record the internal value in its consolidated financial statements.

Below is the aggregate fair value of properties externally appraised for the quarters ending:

As at	2022		2021	
	Number of Properties	Value of Properties	Number of Properties	Value of Properties
March 31	3	\$ 517,000	—	\$ —
June 30	5	836,650	—	—
September 30	3	341,289	27	2,403,350
December 31	—	—	8	800,838
Year-to-date total	11	\$ 1,694,939	35	\$ 3,204,188

(a) Income-producing properties

Income-producing properties are valued using the discounted cash flow method. Under this methodology, discount rates are applied to the forecasted cash flows that the property can reasonably be expected to produce over its remaining economic life. This method involves the projection of future cash flows for the specific asset. The future cash flows, along with an estimate of the terminal value at the end of the projection period, are then discounted to establish the present value of the income stream associated with the asset.

Primaris will engage independent third-party appraisers to validate valuations on a portion of the Trust's portfolio on a regular, on-going basis to anchor the Trust's valuation process.

(b) Land held for development

Land held for development is valued either by direct comparison to land sales or, when possible, based on commercial and residential sale prices from comparable multi-residential developments net of total project costs and developer's profits.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated and Combined Carve-out Financial Statements continued
(in thousands of Canadian dollars)

The following table highlights the weighted average of the significant assumptions used in determining the fair value of Primaris' income producing properties:

As at	September 30, 2022	December 31, 2021
Discount rate	8.04%	7.63%
Terminal capitalization rate	6.98%	6.57%

The Trust's income producing properties are classified as level 3 under the fair value hierarchy, as the inputs in the valuations of these investment properties are not based on observable market data. Valuations are most sensitive to change in discount rates and terminal capitalization rates. The following table summarizes the rate sensitivity:

Rate sensitivity increase (decreases)	Weighted Average		Fair value of income producing properties (\$ millions)	Fair value variance (\$ millions)	Change (%)
	Discount rate (%)	Terminal Capitalization rate (%)			
(0.75)%	7.29	6.23	3,346.5	380.7	12.8
(0.50)%	7.54	6.48	3,209.7	243.9	8.2
(0.25)%	7.79	6.73	3,083.2	117.4	4.0
September 30, 2022	8.04	6.98	2,965.8	—	—
0.25%	8.29	7.23	2,856.7	(109.1)	(3.7)
0.50%	8.54	7.48	2,754.9	(210.9)	(7.1)
0.75%	8.79	7.73	2,659.8	(306.0)	(10.3)

4. Joint Operations

Primaris has co-ownership interests in several properties, as listed below, that are subject to joint control and Primaris recognizes its proportionate share of the direct rights to the assets, liabilities, revenues and expenses of these properties in the consolidated and combined carve-out financial statements.

Property	Location	Ownership interest as at	
		September 30, 2022	December 31, 2021
McAllister Place	Saint John, NB	50%	50%
Regent Mall	Fredericton, NB	50%	50%
Place Du Royaume	Chicoutimi, QC	50%	50%
Place D'Orleans Shopping Centre	Ottawa, ON	50%	50%
Cataraqui Town Centre	Kingston, ON	50%	50%
Grant Park	Winnipeg, MB	50%	50%
Kildonan Place	Winnipeg, MB	50%	50%

Primaris is the managing partner of these co-ownership interests and recognizes fee income from the services it performs (Note 15).

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated and Combined Carve-out Financial Statements continued
(in thousands of Canadian dollars)

5. Rent Receivables and Other Assets

As at	Note	September 30, 2022	December 31, 2021
Rent receivables		\$ 8,985	\$ 10,195
Allowance for expected credit loss		(4,724)	(7,797)
Rent receivable, net		4,261	2,398
Other tenant receivables		9,476	4,764
Acquisition proceeds ⁱ	2	—	15,215
Right-of-use asset ⁱⁱ		7,653	8,059
Prepaid expense and other sundry assets		10,070	7,582
		\$ 31,460	\$ 38,018
Classified as:			
Non-current		\$ 10,961	\$ 7,518
Current		20,499	30,500
		\$ 31,460	\$ 38,018

- i. In January 2022, Primaris received funds with respect to the statement of adjustments relating to the acquisition of the HOOPP Properties.
- ii. Prior to the completion of the Arrangement, the lease for the Primaris head office was recorded as an operating lease as Former Parent is the lessor. On December 31, 2021, Primaris recognized a right-of-use asset of \$8,059 and a lease liability of \$8,590 (Note 9), with the difference recorded through Unitholders' equity. The right-of-use asset was recognized at its fair value as at December 31, 2021. The asset is amortized to net income over its remaining useful life commencing in January 2022.

Primaris determines its allowance for expected credit losses on a tenant-by-tenant basis considering lease terms, credit risk, industry conditions, the status of the tenant's account, and the impact of COVID-19 on the tenant's ability to pay any trade receivables outstanding. Movements in the allowance for expected credit losses are detailed below:

	Note	Nine months ended September 30, 2022	Year ended December 31, 2021
Balance, beginning of period		\$ 7,797	\$ 12,945
Bad debt expense (recovery)	14	885	1,133
Accounts receivable write-off ⁱ		(3,958)	(6,281)
Balance, end of period		\$ 4,724	\$ 7,797

- i. Included in accounts receivable written-off are amounts adjusted to rental revenue as the result of rental abatement agreements.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated and Combined Carve-out Financial Statements continued
(in thousands of Canadian dollars)

6. Long Term Debt

As at	September 30, 2022	December 31, 2021
Senior unsecured debentures	\$ 348,164	\$ —
Mortgages payable	344,679	579,434
	\$ 692,843	\$ 579,434
Classified as:		
Non-current	\$ 558,987	\$ 215,208
Current	133,856	364,226
	\$ 692,843	\$ 579,434

Senior unsecured debentures

Series	Issuance Date	Maturity Date	Interest Rate	As at September 30,
A	March 30, 2022	March 30, 2027	4.727%	\$ 150,000
B	March 30, 2022	March 30, 2025	4.267%	200,000
Total principal outstanding				350,000
Deferred financing costs				(1,836)
				\$ 348,164

On March 30, 2022, Primaris issued \$150,000 and \$200,000 aggregate principal amount of Series A and B senior unsecured debentures due March 30, 2027 and March 30, 2025, respectively. The Series A and Series B unsecured debentures bear interest at a fixed annual rate of 4.727% and 4.267%, respectively, with semi-annual installments of interest due on March 30th and September 30th in each year, commencing on September 30, 2022 until maturity, unless redeemed at an earlier date. The debenture offering was conducted on a private placement basis.

As at September 30, 2022, the senior unsecured debentures had a weighted average interest rate of 4.46% and a weighted average term to maturity of 3.4 years.

Mortgages payable

As at	September 30, 2022	December 31, 2021
Mortgage principal	\$ 345,158	\$ 580,000
Deferred financing costs and mark-to-market adjustments	(479)	(566)
	\$ 344,679	\$ 579,434

As at September 30, 2022, the mortgages were secured by seven investment properties with an aggregate fair value of \$504,544, bear interest at fixed rates with a weighted average effective interest rate of 3.67% and a weighted average term to maturity of 2.6 years.

As at December 31, 2021, the mortgages were secured by nine investment properties with an aggregate fair value of \$1,324,166, bear interest at fixed rates with a weighted average effective interest rate of 3.05% and a weighted average term to maturity of 2.2 years.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated and Combined Carve-out Financial Statements continued
(in thousands of Canadian dollars)

Schedules of repayment and cash flow activities

Future principal mortgage payments for the years ended December 31 are as follows:

	2022 remainder	2023	2024	2025	2026	Thereafter	Total
Senior unsecured debentures	\$ —	\$ —	\$ —	\$ 200,000	\$ —	\$ 150,000	\$ 350,000
Mortgages payable	129,478	6,877	91,177	3,975	4,120	109,531	345,158
	\$ 129,478	\$ 6,877	\$ 91,177	\$ 203,975	\$ 4,120	\$ 259,531	\$ 695,158

The following is a summary of the changes in long term debt, excluding credit facilities:

	Note	Senior unsecured debentures	Mortgages payable	Nine months ended September 30, 2022	Year ended December 31, 2021
Balance, beginning of period		\$ —	\$ 579,434	\$ 579,434	\$ 609,900
Issuances		350,000	—	350,000	284,845
Maturity repayments		—	(221,602)	(221,602)	(292,958)
Principal repayments		—	(13,240)	(13,240)	(21,246)
Deferred financing costs		(2,124)	(55)	(2,179)	(755)
Total cash flow activities		347,876	(234,897)	112,979	(30,114)
Amortization of financing costs	16	288	414	702	544
Amortization of mark-to-market adjustments	16	—	(272)	(272)	(896)
Total non-cash activities		288	142	430	(352)
Balance, end of period		\$ 348,164	\$ 344,679	\$ 692,843	\$ 579,434

7. Credit Facilities

The following is a summary of the changes in the credit facilities:

	Nine months ended September 30, 2022	Year ended December 31, 2021
Balance, beginning of period	\$ 143,000	\$ —
Net advances (repayments)	102,000	143,000
Balance, end of period	\$ 245,000	\$ 143,000

As at September 30, 2022, Primaris had drawn \$120,000 on its \$400,000 unsecured syndicated revolving term facility maturing January 4, 2025. The syndicated revolving credit facility bears interest at variable rates of either: (i) Prime plus 0.45%, or (ii) Canadian Dollar Offered Rate (“CDOR”) plus 1.45%, and contains certain financial covenants.

As at September 30, 2022, Primaris had \$125,000 drawn on its \$200,000 unsecured syndicated non-revolving delayed draw term facility maturing February 5, 2026. The syndicated non-revolving credit facility bears interest at variable rates of BA plus 1.50%, and contains certain financial covenants.

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Notes to the Unaudited Interim Condensed Consolidated and Combined Carve-out Financial Statements continued
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As at December 31, 2021, Primaris had a \$150,000 revolving secured line of credit provided by a national Canadian lender with \$143,000 drawn. This credit facility was repaid and cancelled on January 4, 2022 utilizing a draw on the syndicated credit facility.

Primaris also has a \$10,000 revolving demand facility to finance temporary overdraft positions bearing interest at Prime plus 0.50%. The amount drawn at September 30, 2022 was nil (December 31, 2021 – nil).

Costs incurred to contract the facilities are recorded in other assets and amortized to net income over the life of the facility. Amortization of costs for the nine months ended September 30, 2022 was \$541 (2021 - nil).

8. Note Payable

As partial consideration for the acquisition of the HOOPP Properties, on December 31, 2021, Primaris issued a non-interest-bearing note to HOOPP for 25% of the purchase price, or \$200,210 (Note 2). This note was repaid through a draw on Primaris' syndicated credit facility on January 5, 2022.

9. Trade Payables and Other Liabilities

As at	Note	September 30, 2022	December 31, 2021
Trade payables and accrued liabilities		\$ 47,234	\$ 56,883
Accrued distribution payable		6,597	—
Accrued interest expense		1,124	1,452
Unit-based compensation plans ⁱ	12	5,235	2,443
Obligation for purchase of Units under automatic share purchase plan	11	6,673	—
Lease liabilities ⁱⁱ		8,320	8,590
Deferred revenue		7,946	6,140
Tenant deposits		4,016	3,386
		\$ 87,145	\$ 78,894
Classified as:			
Non-current		\$ 13,154	\$ 12,132
Current		73,991	66,762
		\$ 87,145	\$ 78,894

- i. Prior to the completion of the Arrangement, the liability for unit-based compensation programs was recorded by Former Parent. The Arrangement converted, on an equivalent fair value basis, outstanding awards granted under Former Parent's unit-based compensation plans to new unit-based compensation plans under Primaris for individuals who became employees of Primaris. The liability assumed was recorded at its fair value on December 31, 2021 with the difference recorded through Unitholders' equity.
- ii. Prior to the completion of the Arrangement, the lease for the Primaris head office was recorded as an operating lease as Former Parent is the lessor. On December 31, 2021, Primaris recognized a right-of-use asset of \$8,059 (Note 5) and a lease liability of \$8,590, with the difference recorded through Unitholders' equity.

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10. Exchangeable Units

Legacy exchangeable units

Certain subsidiary legal entities of Former Parent had a class of limited partnership units which were exchangeable for trust units of the Former Parent (the "Legacy Exchangeable Units"). As Former Parent is an open-ended trust, these Legacy Exchangeable Units were puttable instruments and therefore under IFRS classified as liabilities and measured at the fair value of the Former Parent units which, on December 31, 2020, was \$13.29. Holders of Legacy Exchangeable Units were entitled to receive the economic equivalence of distributions on a per unit amount equal to a per unit amount provided to holders of Former Parent's units.

Plan of Arrangement exchangeable units

Under the Arrangement, Former Parent subscribed for exchangeable units of a Primaris subsidiary limited partnership equal to the aggregate number of Trust Units which would have been required to be delivered to the holder of a Former Parent exchangeable unit on the exchange of such units for Former Parent units and Trust Units. These exchangeable units are non-transferable, but are exchangeable into Trust Units at the option of the holder. Prior to such exchange, exchangeable units will, in all material respects, be economically equivalent to Trust Units. On January 4, 2022, all the exchangeable units were exchanged for Trust Units.

	Note	Nine months ended September 30, 2022		Year ended December 31, 2021	
		Units	Value	Units	Value
Legacy exchangeable units					
Balance, beginning of period		—	\$ —	1,447,994	\$ 19,244
Exchanged for units of Former Parent		—	—	(1,447,994)	(23,776)
Adjustment to fair value		—	—	—	4,532
Balance, end of period		—	\$ —	—	\$ —
Exchangeable units:					
Balance, beginning of period		3,336,016	\$ 54,978	—	\$ —
Issued under the Arrangement	2	—	—	3,336,016	54,978
Exchanged for Trust Units		(3,336,016)	(54,978)	—	—
Balance, end of period		—	\$ —	3,336,016	\$ 54,978

11. Unitholders' Equity

Trust Units (authorized - unlimited)

Each Trust Unit represents an equal, undivided beneficial interest in the Trust and any distributions from the Trust and represents a single vote at any meeting of Unitholders. With certain restrictions, a unitholder has the right to require Primaris to redeem its Units on demand. Upon receipt of a redemption notice by Primaris, all rights to and under the Units are tendered for redemption and shall be surrendered and the holder thereof shall be entitled to receive a price per unit as determined by a market formula and shall be paid in accordance with the conditions provided for in the Declaration of Trust.

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Notes to the Unaudited Interim Condensed Consolidated and Combined Carve-out Financial Statements continued
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Trust Units outstanding

	Note	Nine months ended		Year ended	
		September 30, 2022		December 31, 2021	
		Units	Value	Units	Value
Balance, beginning of period		98,251,890	\$ 2,204,908	—	\$ —
Issuance to Trust Units under the Arrangement	2	—	—	72,109,761	1,607,254
Issuance to Trust Units for HOOPP asset acquisition	2	—	—	26,142,129	600,628
Reclassification of unit-based compensation liability under the Arrangement		—	—	—	(2,443)
Reclassification of right-of-use asset and lease liability		—	—	—	(531)
Conversion of exchangeable units	10	3,336,016	54,978	—	—
Purchase of units under normal course issuer bid		(2,672,900)	(36,830)	—	—
Obligation for purchase of units under automatic share purchase plan		—	(6,673)	—	—
Settlement of restricted trust units		10,511	159	—	—
Balance, end of period		98,925,517	\$ 2,216,542	98,251,890	\$ 2,204,908

Trust Units issued under the Arrangement

Prior to December 31, 2021, the Primaris Properties and their operations were held within certain subsidiaries of Former Parent. Under the Arrangement, Unitholders of Former Parent received one Trust Unit for every four Former Parent units held immediately prior to closing of the Arrangement.

Reclassifications under the Arrangement

As the Trust is an open-ended trust with redeemable Trust Units, the unit-based compensation plans are accounted for as cash-settled awards and recognized as a liability under IFRS. The Arrangement converted, on an equivalent fair value basis, outstanding awards granted under Former Parent's unit-based compensation plans to new unit-based compensation plans under Primaris for individuals who became employees of Primaris. The liability assumed was recorded at its fair value on December 31, 2021 with the difference recorded through Unitholders' equity (Note 12).

Prior to the completion of the Arrangement, the lease for the Primaris head office was recorded as an operating lease as Former Parent is the lessor. On December 31, 2021, Primaris recognized a right-of-use asset of \$8,059 (Note 5) and a lease liability of \$8,590 (Note 9), with the difference recorded through Unitholders' equity.

Purchase of units under normal course issuer bid ("NCIB")

Primaris may from time to time purchase Units in accordance with the rules prescribed under applicable stock exchange or regulatory policies. On February 28, 2022, Primaris received approval from the TSX to purchase for cancellation up to a maximum of 7,498,679 of its Units on the open market. The NCIB commenced on March 9, 2022 and remains in effect until the earlier of March 8, 2023 and the date on which Primaris has purchased the maximum number of Units permitted under the NCIB. During the three and nine months ended September 30, 2022, Primaris purchased for cancellation 1,255,400 and 2,672,900 Units for consideration of \$16,769 and \$36,830, respectively.

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Notes to the Unaudited Interim Condensed Consolidated and Combined Carve-out Financial Statements continued
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Purchase of units under automatic share purchase plan ("ASPP")

On March 31, 2022, Primaris established an ASPP in respect of its NCIB permitting the Trust's broker to purchase Units, in accordance with certain prearranged trading parameters, during periods when Primaris would not ordinarily be active in the market because of internal trading blackout periods, insider trading rules or otherwise. As at September 30, 2022, Primaris recognized an obligation of \$6,673 for the commitment to purchase Units under the ASPP.

Distributions

The Board retains full discretion with respect to the timing and quantum of distributions, however the total income distributed will not be less than the amount necessary to ensure the Trust will not be liable to pay income taxes under the Tax Act.

For the nine months ended September 30, 2022, Primaris declared monthly distributions totaling \$0.60 per unit, which reflects an annualized distribution of \$0.80 per unit. Primaris did not declare any distributions for the year ended December 31, 2021.

On November 2, 2022, the Board of Trustees approved management's recommendation to increase the distribution rate from \$0.80 to \$0.82 per unit per annum, or 2.5%, in 2023.

Owner's net investment

Prior to December 31, 2021, the Primaris Properties and their operations were held within certain subsidiaries of Former Parent. Former Parent's investment is presented as owner's net investment in the combined carve-out financial statements. Owner's net investment represents accumulated net earnings of the operations calculated on a combined carve-out basis.

12. Unit-based Compensation

Primaris recorded expenses associated with grants under its unit-based compensation plans as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Trust Unit Options ("Options")	\$ 26	\$ —	\$ (620)	\$ —
Restricted Trust Units ("RTU")	753	—	1,374	—
Performance Trust Units ("PTU")	21	—	36	—
Deferred Trust Units ("DTU")	266	—	23	—
	\$ 1,066	\$ —	\$ 813	\$ —
Recorded in:				
General and administrative expense	\$ 1,035	\$ —	\$ 2,530	\$ —
Adjustment to fair value of unit-based compensation	31	—	(1,717)	—
	\$ 1,066	\$ —	\$ 813	\$ —

As at September 30, 2022, the carrying value of the unit-based compensation liability was \$5,235 (Note 9).

On December 31, 2021, as part of the Arrangement, awards outstanding under the Former Parent's unit-based compensation plans were exchanged, on an equivalent fair value basis, to awards under Primaris' unit-based

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated and Combined Carve-out Financial Statements continued
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compensation plans for individuals who became Primaris employees. The carrying value of the unit-based compensation liability at December 31, 2021 was \$2,443 (Note 9).

Trust Unit Options granted

Primaris may grant Options totaling up to 3,000,000 Units. The Options vest in tranches over a period of three years and all outstanding Options were vested and exercisable on September 30, 2022 (December 31, 2021 - all).

The assumptions used to measure the fair value of the Options, as at September 30, 2022 under the Black-Scholes model (level 2) were as follows:

As at September 30,	2022
Expected average distribution yield	6.26%
Expected average Unit price volatility	20.98% – 32.51%
Average risk-free interest rate	3.63% - 3.95%
Expected average life of options	0.7 – 3.4 years

The following table details the Options outstanding as at September 30, 2022:

Exercise price	Expiry date	Number outstanding and exercisable	Remaining weighted average life (in years)
\$23.28	2023	69,444	0.8
\$23.96	2024	204,235	1.4
\$23.72	2025	117,941	2.3
\$20.52	2026	328,425	3.4
\$22.29 average		720,045	2.4

As at December 31, 2021, 720,045 Options were outstanding and exercisable with a weighted average exercise price of \$22.29 and the remaining weighted average life was 2.7 years.

Restricted Trust Units

RTUs entitle certain employees to receive the value of the RTU award in cash or Units, at the end of the applicable vesting period. RTUs granted prior to December 31, 2021 vest at the end of the third calendar year following the grant and RTUs granted after December 31, 2021 vest one-third on each of the first three annual anniversaries. Additional RTUs are credited in respect of distributions paid on Units for the period when a RTU is outstanding. The fair value of each RTU granted is measured based on the market value of a Trust Unit at the reporting date. Primaris may grant up to a total of 1,250,000 RTUs, PTUs and DTUs.

	Nine months ended September 30, 2022	Year ended December 31, 2021
Number outstanding, beginning of period	182,927	—
Grants assumed as part of the Arrangement	—	182,927
Granted	277,068	—
Reinvested	14,374	—
Settled	(36,251)	—
Number outstanding, end of period	438,118	182,927

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Notes to the Unaudited Interim Condensed Consolidated and Combined Carve-out Financial Statements continued
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During the nine months ended September 30, 2022, the Trust granted 277,068 RTUs under the Incentive Unit Plan with an aggregate fair value of \$4,189 at the time of granting. The weighted average grant date price was \$15.12 per unit, with each grant price based on the average of the daily average of the high and low board lot trading prices of Units on the TSX for the five consecutive trading days immediately preceding the grant date. No RTUs have vested as at September 30, 2022.

Performance Trust Units

PTUs entitle certain employees to receive the value of the PTU award in cash or Units, at the end of the applicable performance period, which is typically three years in length, based on the Trust achieving certain performance conditions. Additional PTUs are credited in respect of distributions paid on Units for the period when a PTU is outstanding. The fair value of each PTU granted is measured based on the market value of a Trust Unit at the reporting date and the probability of the Trust achieving certain performance conditions. No PTUs have vested as at September 30, 2022.

	Nine months ended September 30, 2022	Year ended December 31, 2021
Number outstanding, beginning of period	13,434	—
Grants assumed as part of the Arrangement	—	13,434
Reinvested	528	—
Number outstanding, end of period	13,962	13,434

Deferred Trust Units

DTUs entitle Trustees to receive the value of the DTU award in cash or Units subject to the award term which is no longer than one year in length. Additional DTUs are credited in respect of distributions paid on Units for the period when a DTU is outstanding. The fair value of each DTU granted is measured based on the market value of a Trust Unit at the reporting date. Vested DTUs credited to a participant cannot be redeemed while Trustees are members of the Board.

	Nine months ended September 30, 2022	Year ended December 31, 2021
Number outstanding, beginning of period	—	—
Granted	186,841	—
Reinvested	5,576	—
Number outstanding, end of period	192,417	—

During the nine months ended September 30, 2022, the Trust granted 186,841 DTUs under the Incentive Unit Plan with an aggregate fair value of \$2,825 at the time of granting, of which \$2,250 was granted to satisfy 2021 compensation commitments. The weighted average grant date price was \$15.12 per unit, with each grant price based on the average of the daily average of the high and low board lot trading prices of Units on the TSX for the five consecutive trading days immediately preceding the grant date. As at September 30, 2022, 176,989 DTUs have vested.

13. Income Taxes

The Trust is taxed as a “mutual fund trust” and a real estate investment trust under the Tax Act. The Board intends to distribute all of the Trust’s taxable income to the Unitholders and accordingly, the Trust will not be taxed on its Canadian investment property income. The Trust is subject to taxation on certain taxable subsidiaries.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated and Combined Carve-out Financial Statements continued
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14. Net Property Income

	Note	Three months ended September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
Rental revenue:					
Base rent		\$ 52,481	\$ 35,096	\$ 157,859	\$ 106,068
Percent rent in lieu of base rent		5,035	2,485	10,763	4,749
Property tax and insurance recoveries		14,702	7,094	45,431	25,432
Operating cost recoveries		16,768	12,465	49,345	33,509
Percentage rent		827	233	2,168	537
Straight-line rent	3	1,091	1,659	3,853	2,264
Lease surrender revenue		13	1,115	412	3,275
Specialty leasing revenue		2,979	1,711	8,484	4,622
Parking and other sundry		255	360	1,945	1,318
		94,151	62,218	280,260	181,774
Property operating costs:					
Property tax and insurance expense		(19,578)	(10,075)	(60,606)	(34,163)
Recoverable operating costs		(18,400)	(14,167)	(58,146)	(38,485)
Non-recoverable operating costs ⁱ		(1,541)	(505)	(3,511)	(2,886)
Ground rent		(425)	(419)	(1,268)	(1,225)
		(39,944)	(25,166)	(123,531)	(76,759)
		\$ 54,207	\$ 37,052	\$ 156,729	\$ 105,015

- i. Non-recoverable operating costs included bad debt expense of \$885 for the nine months ended September 30, 2022 (2021 - expense \$632). The presentation of non-recoverable costs for the nine months ended September 30, 2021 was updated to eliminate an internal management fee charge of \$5,468.

15. Interest and Other Income

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Interest income	\$ 21	\$ 5	\$ 42	\$ 12
Property management fees	869	618	2,613	2,037
	\$ 890	\$ 623	\$ 2,655	\$ 2,049

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Notes to the Unaudited Interim Condensed Consolidated and Combined Carve-out Financial Statements continued
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16. Net Interest Expense and Other Financing Charges

	Note	Three months ended September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
Interest on mortgages payable		\$ 3,916	\$ 4,463	\$ 12,549	\$ 15,200
Interest on senior unsecured debentures		3,863	—	7,898	—
Bank interest and charges on credit facilities		1,513	755	4,006	1,163
Finance charge - lease liability		67	—	202	—
Distributions on exchangeable units		—	—	—	500
Amortization of deferred financing costs	6	427	193	1,243	342
Amortization of mark-to-market adjustments	6	(90)	(94)	(272)	(802)
		9,696	5,317	25,626	16,403
Less: Capitalized interest		(1,077)	(585)	(2,744)	(1,889)
		\$ 8,619	\$ 4,732	\$ 22,882	\$ 14,514

17. General and Administrative Expenses

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Salaries, benefits and employee costs	\$ 6,438	\$ 3,299	\$ 18,566	\$ 10,599
Professional fees	608	410	1,989	920
Information technology costs	282	307	1,388	970
Investor relations and other public entity costs ⁱ	486	—	1,722	—
Other ⁱⁱ	643	512	2,363	1,357
	8,457	4,528	26,028	13,846
Less: Recoverable operating cost allocations ⁱⁱⁱ	(2,221)	(1,655)	(6,667)	(4,975)
	\$ 6,236	\$ 2,873	\$ 19,361	\$ 8,871

- i. Primaris incurred public entity costs, which were not incurred in the nine months ended September 30, 2021.
- ii. Property management fees earned from co-owners during the nine months ended September 30, 2021 have been reclassified to other income (Note 15).
- iii. Prior year presentation included a reduction related to non-recoverable internal management fees which have been eliminated on consolidation of the carve-out entity (Note 14).

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18. Financial Instruments

The following table presents the fair value hierarchy of financial assets and liabilities, excluding those classified as amortized cost that are short term in nature such that carrying amounts approximate fair values.

As at	September 30, 2022			December 31, 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Liabilities						
Fair value through profit and loss:						
Exchangeable units	\$ —	\$ —	\$ —	\$ 54,978	\$ —	\$ —
Unit-based compensation	—	5,235	—	—	2,443	—
Amortized cost:						
Senior unsecured debentures	—	350,000	—	—	—	—
Mortgages payable	—	328,037	—	—	582,662	—
Credit facilities	—	245,000	—	—	143,000	—

The carrying value of the Trust's financial assets and liabilities approximated fair value except for long term debt. There were no transfers between levels of the fair value hierarchy during the years.

19. Capital Management

The Trust's capital management framework is designed to maintain a level of capital that complies with the investment and debt restrictions pursuant to the Declaration of Trust and with existing debt covenants, and that enables the Trust to implement its business strategies and build long-term Unitholder value. In order to maintain or adjust its capital structure, Primaris may issue new Units, repay debt, or adjust the amount of distributions paid to Unitholders.

The Declaration of Trust provides for maximum debt levels of up to 65% of Total Assets (as defined in the Declaration of Trust). The Trust is in compliance with this restriction. Additionally, the Declaration of Trust contains provisions limiting the capital that can be expended by the Trust as follows:

- the cost, net of debt incurred or assumed, of any single property acquired by the Trust will not exceed 20% of Total Assets;
- investment in raw land, excluding land under development, will not exceed 20% of Total Assets;
- investment in securities of other entities, unless effecting a merger or acquisition of control, will not exceed 10% of the issuer's securities;
- investment in mortgages will not exceed 20% of Total Assets; and
- fair market value of space leased or subleased to any one tenant, with certain exceptions, will not exceed 20% of Total Assets.

The Trust was in compliance with each of the above noted restrictions as at September 30, 2022.

Primaris is subject to financial covenants in agreements governing its credit facilities. As at September 30, 2022, Primaris is compliant with all of its applicable financial covenants.

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Normal Course Issuer Bid

On February 28, 2022, Primaris received approval from the TSX for a NCIB which enables the Trust to purchase for cancellation up to a maximum of 7,498,679 of its Units on the open market. The NCIB commenced on March 9, 2022 and remains in effect until the earlier of March 8, 2023 and the date on which Primaris has purchased the maximum number of Units permitted under the NCIB.

On March 31, 2022, Primaris established an ASPP in respect of its NCIB permitting the Trust's broker to purchase Units, in accordance with certain prearranged trading parameters, during periods when Primaris would not ordinarily be active in the market because of internal trading blackout periods, insider trading rules, or otherwise.

During the nine months ended September 30, 2022, Primaris purchased for cancellation 2,672,900 Units for consideration of \$36,830. At September 30, 2022, Primaris recorded an obligation in liabilities of \$6,673 for the commitment to purchase Units under the ASPP.

Capitalization

The following chart details the capitalization of Primaris:

As at	September 30, 2022	December 31, 2021
Liabilities:		
Senior unsecured debentures	\$ 350,000	\$ —
Mortgages payable	345,158	580,000
Credit facilities	245,000	143,000
Note Payable	—	200,210
Exchangeable units	—	54,978
Equity:		
Unitholders' equity	2,156,324	2,191,326
	\$ 3,096,482	\$ 3,169,514

20. Contingencies and Commitments

- Primaris is involved in litigation and claims in relation to the investment properties that arise from time to time in the normal course of business. In the opinion of management, any liability that may arise from such contingencies would not have a material adverse effect on the consolidated financial statements.
- In the normal course of operations, Primaris has issued letters of credit in connection with developments, financings, operations and acquisitions. As at September 30, 2022, Primaris had outstanding letters of credit totaling \$987 (December 31, 2021 - \$929).
- Primaris is obligated, under certain contract terms, to construct and develop investment properties. Primaris has entered into contracts for capital projects and is committed to future payments of approximately \$48,871 (December 31, 2021 - \$17,326).
- Primaris provides guarantees on behalf of third parties, including co-owners. As at September 30, 2022, Primaris had issued guarantees relating to co-owners' share of mortgage liabilities amounting to \$109,685 (December 31, 2021 - \$111,120), which expire between 2022 and 2027 (December 31, 2021 - 2022 and 2027).

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Notes to the Unaudited Interim Condensed Consolidated and Combined Carve-out Financial Statements continued
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Future lease payments for office space and land leases for the years ended December 31 are as follows:

2022 remainder	\$	475
2023		2,269
2024		2,198
2025		2,214
2026		2,228
Thereafter		16,588
	\$	25,972

21. Related Party Transactions

Prior to December 31, 2021, the Primaris Properties and their operations were held within certain subsidiaries of Former Parent. After completion of the Arrangement, Former Parent was no longer a related party.

As at December 31, 2021, as a result of the acquisition of the HOOPP Properties, HOOPP was Primaris' largest unitholder holding approximately 26% of the issued and outstanding Trust Units. HOOPP is under no ownership requirements or restrictions with respect to its Trust Units. At the same time, a non-interest-bearing note payable of \$200,210 was issued to HOOPP and subsequently repaid on January 5, 2022. On December 31, 2021, Primaris also entered into a registration rights agreement with HOOPP providing HOOPP with demand registration rights and piggy-back registration rights, provided in each case, that HOOPP owns at least 10% of the Trust Units. At September 30, 2022, HOOPP continued to own in excess of 10% of the Trust Units.

22. Supplemental Cash Flow Information

	Note	Three months ended September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
Amortization of straight-line rent and tenant incentives	3	\$ (1,073)	\$ (1,659)	\$ (3,835)	\$ (2,264)
Unit-based compensation expense recorded in general and administrative expenses	12	1,035	—	2,530	—
Amortization of other assets		374	65	767	195
Amortization of right-of-use asset	5	136	—	406	—
Adjustment to fair value of exchangeable units		—	—	—	4,532
Adjustment to fair value of unit-based compensation	12	31	—	(1,717)	—
Adjustment to fair value of investment properties	3	60,335	(179,122)	104,401	(263,778)
Items not affecting cash		\$ 60,838	\$ (180,716)	\$ 102,552	\$ (261,315)

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Notes to the Unaudited Interim Condensed Consolidated and Combined Carve-out Financial Statements continued
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23. Subsequent Events

Subsequent to September 30, 2022, Primaris hedged the underlying BA rate at 3.77% for \$100.0 million drawn on the unsecured non-revolving credit facility, for a five year term.

On November 1, 2022, Primaris repaid a \$86.3 million maturing mortgage with proceeds primarily from the non-revolving unsecured credit facility.

On November 2, 2022, The Board of Trustees approved management's recommendation to increase in the annual distribution rate by 2.5% in 2023.