

MANAGEMENT'S DISCUSSION AND ANALYSIS OF PRIMARIS REAL ESTATE INVESTMENT TRUST

For the three and nine months ended September 30, 2023

Dated: November 2, 2023

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

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Management's Discussion and Analysis

This Management Discussion and Analysis ("MD&A") of the results of operations and financial position of Primaris Real Estate Investment Trust ("Primaris" or the "Trust") for the three and nine months ended September 30, 2023 and 2022, should be read in conjunction with the Trust's unaudited interim condensed consolidated financial statements and the accompanying notes for the three and nine months ended September 30, 2023 and 2022, as prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board, and the Trust's audited financial statements and accompanying notes for the years ended December 31, 2022 and 2021 (together the "Financial Statements"). Additional information is available on the SEDAR website at www.sedarplus.ca and on the Primaris website at www.primarisreit.com.

Primaris owns, manages, leases and develops retail properties in Canada. These properties are typically retail centres in major cities or major retail centres that are the leading centre in their primary trade areas. The properties are predominantly enclosed shopping centres.

1. BASIS OF PRESENTATION

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".

All dollar amounts in this MD&A are in thousands of Canadian dollars, except where otherwise stated. Historical results, including trends which might appear, should not be taken as indicative of future operations or results. The presentation of certain figures in this MD&A has been reclassified to align with the presentation in the Financial Statements. The information contained in this MD&A includes material information up to November 2, 2023.

Use of Non-GAAP Measures

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), however, in this MD&A, a number of measures are presented which do not have a standardized meaning prescribed under generally accepted accounting principles ("GAAP") in accordance with IFRS. These non-GAAP measures include non-GAAP financial measures and non-GAAP ratios, each as defined in National Instrument 52-112, *Non-GAAP and Other Financial Measures Disclosure* ("NI 52-112"). Non-GAAP measures in this MD&A are denoted by the suffix "***".

Management believes these non-GAAP measures are useful to assessing the Trust's performance period over period and its ability to meet its financial obligations. However, none of the non-GAAP measures should be construed as an alternative to financial measures calculated in accordance with GAAP. Furthermore, these non-GAAP measures may not be comparable to similar measures presented by other real estate entities and should not be construed as an alternative to financial measures determined in accordance with IFRS.

In Section 12, "Non-GAAP Measures", each of the non-GAAP measures and ratios used in this MD&A are defined and management's reasons as to why it believes the measures are useful to investors are described. Section 12 also provides a cross reference to the location of the applicable quantitative reconciliation for each non-GAAP measure to the most directly comparable GAAP financial measure in the Financial Statements.

Use of Operating Metrics

Primaris uses certain operating metrics to monitor and measure the operational performance of its portfolio. Operating metrics in this MD&A include, among others, investment property count, gross leasable area ("GLA"), in-place occupancy, committed occupancy, weighted average net rent per occupied square foot ("sq. ft."), all stores sales volume, same stores

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sales volume, and same stores sales productivity and normalized average operating capital costs per square foot. Certain of these operating metrics, including weighted average net rent per occupied square foot and normalized average operating capital costs per square foot, may constitute supplementary financial measures as defined in NI 52-112. These supplementary measures are not derived from directly comparable measures contained in the Financial Statements but may be used by management and disclosed on a periodic basis to depict the historical or future expected financial performance, financial position or cash flow of the Trust. For an explanation of the composition of weighted average net rent per occupied square foot and normalized average operating capital costs per square foot see Section 8, "Operational Performance" - "Weighted Average Net Rent" and "Operating Capital Expenditures", respectively.

Other

Primaris holds 7 properties in co-ownerships (see Section 7.2, "Co-ownership Arrangements") and this MD&A includes only the Trust's proportionate ownership of the GLA of those co-owned properties (which amounts to Primaris having a total portfolio of 11.5 million square feet at Primaris' ownership interest as compared to 13.3 million square feet at a 100% ownership interest for all properties as at September 30, 2023).

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.

2. FORWARD-LOOKING STATEMENTS AND FUTURE-ORIENTED FINANCIAL INFORMATION

Certain information in this MD&A contains forward-looking information within the meaning of applicable securities laws (also known as forward-looking statements) including, among others, statements made or implied relating to Primaris' future plans, including Primaris' ESG initiatives and objectives, significant development projects, Primaris' expectation with respect to the activities of its development properties, the timing of construction, the timing of occupancy, the timing of lease-up, and the expected total cost of development properties, future intensification opportunities including the timing of approvals for re-zoning and site plan applications, the continued recovery of occupancy and rents, the impact of the COVID-19 pandemic on Primaris and its tenants, management's expectations regarding the growth of the markets in which its shopping centres are located, management's belief that bricks and mortar stores are and will continue to be essential to the omni-channel strategy of retailers, management's belief that the improving enclosed mall and retail environment will lead to rising rents for financially strong retailers and that there will be significant opportunities for growth and for attractive acquisitions, management's belief that Primaris can maintain financial stability and strength in a rising interest rate environment, Primaris' expected credit losses, expectations regarding tenant retention and closures, the expected rental revenues from leases with replacement tenants, including any offset of a reduction in gross revenues relating to store closures, the significant revenue opportunity represented by percentage rent participation, the state of the retail market, expected operating capital expenditures, discount rates, terminal capitalization rates and cash flow models used to estimate fair values, management's expectations regarding the Trust's leverage and portfolio quality, management's expectations regarding future distributions, management's belief that Primaris has sufficient funds and liquidity for future commitments, management's expectation to be able to meet all of its ongoing obligations, expected benefits from activities under the normal course issuer bid, expected benefits or future results and performance relating to an acquisition (including the acquisition of Conestoga Mall), and management's belief that Primaris satisfies certain prescribed conditions relating to the nature of its assets and revenue under the *Income Tax Act (Canada)* (the "Tax Act"). Forward-looking statements generally can be identified by words such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans", "project", "budget" or "continue" or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect Primaris' current beliefs and are based on information currently available to management.

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Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. These statements are not guarantees of future performance and are based on estimates and assumptions that are inherently subject to risks and uncertainties. Primaris cautions that although it is believed that the assumptions are reasonable in the circumstances, actual results, performance or achievements of Primaris may differ materially from the forward-looking statements contained in this MD&A.

Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking statements include that the general economy is currently volatile; interest rates have risen and may continue to rise further in the near term as a result of persistent inflation; and debt markets will continue to provide access to capital at a reasonable cost, notwithstanding the recent interest rate hikes. Additional risks and uncertainties include, among other things, risks related to: owning and operating real property; real property valuations; geographic concentration of properties; credit risk and tenant concentration; reliance on anchor tenants and tenant bankruptcies; lease rollover risk; competition for real property investments; asset class concentration risk; construction risks; supply chain risks; development risks; capital expenditures risk; co-ownership interest in properties; financial markets and liquidity risk; cyber security risk; environmental and climate change risk; litigation risk; general uninsured losses; dependence on key personnel, talent management and succession planning; potential acquisition, investment and disposition opportunities and joint venture arrangements; potential undisclosed liabilities associated with acquisitions; Trust Unit price risk; availability of cash for distributions; ability to access capital markets; dilution; unitholder liability; redemption right risk; tax risk, and additional tax risk applicable to unitholders (the "Unitholders"). A detailed discussion of major risks applicable to the Primaris business are included in the Trust's Annual Information Form for the year ended December 31, 2022 (the "AIF") and in the Trust's management's discussion and analysis for the three months and year ended December 31, 2022 (the "2022 MD&A"), which are available online at www.sedarplus.ca.

Primaris cautions that these lists of factors, risks and uncertainties are not exhaustive. Other risks and uncertainties not presently known to Primaris could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what Primaris believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements.

Certain forward-looking information included in this MD&A may also be considered "future-oriented financial information" or "financial outlook" for purposes of applicable securities laws (collectively, "FOFI"). FOFI about the Trust's prospective results of operations including, without limitation, anticipated funds from operations** per unit, anticipated net operating income** growth, impact on rental revenue of contractual rent-steps, anticipated general and administrative expense levels, and anticipated capital spending, is subject to the same assumptions, risk factors, limitations, and qualifications as set forth above and in the AIF and 2022 MD&A. The Trust and management believe that such FOFI have been prepared on a reasonable basis, reflecting management's best estimates and judgments. However, because this information is subjective and subject to numerous risks, it should not be relied on as necessarily indicative of future results. FOFI contained in this MD&A was made as of the date of this MD&A and was provided for the purpose of providing further information about the Trust's prospective results of operations. Readers are cautioned that the FOFI contained herein should not be used for purposes other than for which it is disclosed herein.

Readers are also urged to examine the Trust's materials filed with the Canadian securities regulatory authorities from time to time as they may contain discussions on risks and uncertainties which could cause the actual results and performance of Primaris to differ materially from the forward-looking statements and FOFI contained in this MD&A. All forward-looking statements and FOFI in this MD&A are qualified by these cautionary statements. These forward-looking statements and FOFI are made as of November 2, 2023, and Primaris, except as required by applicable securities laws, assumes no obligation to update or revise them to reflect new information or the occurrence of future events or circumstances.

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3. BUSINESS OVERVIEW AND STRATEGY

Business Overview

Primaris is Canada's only enclosed shopping centre focused REIT, with ownership interests primarily in leading enclosed shopping centres in growing markets. The portfolio totals 36 properties and 11.5 million square feet. Economies of scale are achieved through its fully internal, vertically integrated, full-service national management platform. Primaris' scale, portfolio composition, and capital structure are designed to enable Primaris to grow and thrive in the new retail landscape.

Strategy

1. Retailer affordability through operational management

Primaris focuses on retailer affordability, offering attractive and economic store locations, through a disciplined approach to cost management, achieving economies of scale from the management platform, and collaborative relationship building with tenant partners. The resulting lower cost operating structure, versus the capital-intensive requirements of super-regional malls, significantly improves retailer profitability, and therefore, tenants' willingness to commit to the shopping centres.

Retailers continuously assess the number of stores they need in any given trade area to enhance profitability while maintaining strong brand awareness. They right-size and adapt their business models to better serve the evolving needs of today's shoppers. By maintaining a disciplined cost operating structure, Primaris provides attractive and affordable shopping centres for retailers.

2. Scale and consolidation opportunity

Management believes there is a significant opportunity for Primaris to leverage its scale and consolidate the enclosed shopping centre space, a market that currently has limited institutional competition for assets. Primaris is uniquely positioned as Canada's only REIT focused on owning and managing enclosed shopping centres, with an established, fully internal and scalable management platform, and low leverage capital structure to support growth. The REIT plans to leverage its scale and management capability to deliver strong financial and operating performance from its existing portfolio and take advantage of acquisition opportunities as some of Canada's largest owners of enclosed shopping centres elect to sell some of these properties to reposition their portfolios to increase exposure to other property types. These assets are typically well-maintained and offer opportunities for Primaris to surface additional value through operating efficiencies, new leasing opportunities, and margin expansion. Since December 31, 2021, Primaris has acquired over \$1 billion of large format shopping centres.

3. Disciplined capital allocation

Primaris has a strong balance sheet with a conservative capital structure and a low dividend payout ratio allowing it to maintain and upgrade its properties as needed and to take advantage of strategic acquisitions. The strength of Primaris' capital structure provides an attractive profile for public market investors and positions it as an ideal partner for institutional real estate owners. Primaris will continue to adhere to a disciplined capital allocation strategy, striving to minimize its cost of capital while maximizing value for its Unitholders.

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Primaris established certain targets for managing the Trust's financial condition and maintaining a conservative capital structure. The table below depicts the Trust's performance relative to those established targets.

As at or for the nine months ended September 30, (unaudited)	2023	Targets
Debt to Total Assets** ¹	35.0%	25% - 35%
Average Net Debt** to Adjusted EBITDA** ^{1,2}	5.3x	4.0x - 6.0x
Funds from Operations Payout Ratio**	52.1 %	45% - 50%
Secured debt to Total Debt**	24.1 %	<40%

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures".

¹ The debt ratios are non-GAAP ratios calculated on the basis described in the indentures for the Series A, Series B and Series C debentures (the "Trust Indentures"). See Section 10.4, "Capital Structure".

² For the rolling four-quarters ended September 30, 2023.

4. CURRENT BUSINESS ENVIRONMENT AND OUTLOOK

Economic Environment - Interest Rates and Inflation

On October 25, 2023, the Bank of Canada announced a hold on its policy interest rate at 5.0% and a continuation of quantitative tightening, citing growing evidence that past interest rate increases are dampening economic activity and relieving price pressures, and adding that a range of indicators suggest that supply and demand in the economy are now approaching balance. The Bank of Canada still views the progress towards price stability as slow and believes inflationary risks have increased, given geopolitical concerns. As such, the Bank of Canada remains prepared to raise the policy rate further if needed.

The policy interest rate increases were intended to slow the pace of consumer demand growth as part of reducing the rate of inflation. Primaris' portfolio has a significant weighting to value, staples and necessity-based retailers and services that Canadians will continue to require to meet their everyday needs. The tenant mix includes investment grade retailers such as Canadian Tire, Walmart and Loblaws, which are Primaris' three largest tenants contributing approximately 13% to the Trust's annualized minimum rent.

The rising benchmark interest rate has resulted in higher prime rates at commercial banks and higher financing costs, which may put downward pressure on commercial property values and on the fair value of the Trust's investment properties. Rising interest rates increase the Trust's cost of borrowing by raising the interest rate payable on its borrowings under the unsecured credit facilities and the cost of refinancing existing indebtedness as it matures.

In the first quarter of 2023, management took steps to reduce the Trust's risk with respect to availability of liquidity and rising interest rates. Primaris issued \$250.0 million aggregate principal amount of senior unsecured debentures with a 5-year term and an interest rate of 5.934% per annum, and entered into an eight-year \$85.0 million interest only mortgage secured by Stone Road Mall in Guelph, Ontario, at an annual interest rate of 5.516%. Primaris has also hedged \$200.0 million of its unsecured credit facilities swapping the underlying variable rate for a fixed rate of 3.685% per annum until October 18, 2027.

With approximately \$268 million undrawn on its unsecured syndicated revolving term facility, \$3.0 billion of unencumbered assets, or \$2.1 billion of unencumbered assets in excess of unsecured debt, a FFO Payout Ratio** of 52.1%, and a Debt to Total Assets** ratio of 35.0%, Primaris' conservative capital structure provides on-going financial stability and financial strength. On March 15, 2023, Primaris received an issuer rating upgrade from DBRS Morningstar to BBB (high), from BBB, maintaining a Stable trend. This issuer rating upgrade resulted in a 0.25% reduction in Primaris' interest rates under its unsecured credit facilities as the applicable interest rate margins under its credit facilities are based on the external credit rating of the Trust. Primaris has no debt maturing in 2023 and only two mortgages maturing in 2024.

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Economic Environment - Population Growth and Barriers to Entry

Management believes the current environment for enclosed mall ownership in Canada is very favourable.

Population growth is expected to continue in Canada, with record-high immigration of over 450,000 immigrants targeted per year through 2025. With the rising cost of living in Canada's largest cities, medium-sized high-growth markets, where Primaris owns leading malls, are experiencing historically, high population growth rates.

Despite the population growth, the supply of quality retail space in Canada is limited and contracting. New construction has been constrained due to the high costs of construction and the challenge to find large land parcels in densely populated communities. The majority of the vacancies that resulted from failed department store anchors, such as Target and Sears, have largely been absorbed or demolished. In addition, a number of existing malls are being downsized or completely repurposed in favour of residential developments, resulting in less retail GLA per capita.

Over the past decade, traditional department store anchors have either closed or have had their leases restructured, which has removed development constraints, increasing the land value where Primaris malls are located. Many of Primaris' properties are at the center of their communities, located close to major transportation nodes and public transit, with broad zoning permitting a wide range of uses beyond retail, enabling potential future value creation.

The Evolution of and Outlook for Canadian Enclosed Shopping Centres

Over the last two decades, the enclosed shopping centre space has been very dynamic. Beginning in 2005, there was significant income growth and investment interest in the enclosed shopping centre space supported by retailers increasing store counts, high occupancy, and rising rents. During this period, asset pricing was high. As 2015 approached, retail property began a significant transition. Target Canada declared bankruptcy and left the Canadian marketplace, with Sears following suit in 2018. Department store closures coincided with the onset of e-commerce headwinds, reducing retailer space demand, driving capitalization rates higher, and investment property values lower.

The COVID-19 pandemic had a further profound negative impact on the Canadian enclosed shopping centre industry, with mandated closures in several jurisdictions, and capacity constraints in others. While the economic impacts and disruption of societal norms caused by the pandemic are beyond debate, management believes there were two significant ways in which the pandemic improved the outlook for the enclosed shopping centre industry.

Firstly, while retailer bankruptcies and store closures were costly for landlords, the resulting overall financial health of the remaining tenant base was substantially improved.

Secondly, although the pandemic sharply accelerated e-commerce adoption and market penetration, the collective learned experience of the retailing industry concluded that bricks and mortar retail stores anchor a successful omni-channel retail platform. Consumer-centric, omni-channel retailing reveals a complementary relationship between bricks and mortar and e-commerce retailing, supported by clear data showing effective offerings in each channel support stronger total sales.

Primaris' shopping centres are typically the largest retail property in their respective trade areas, providing tenants with a prime retail distribution hub for in-store pickup and/ or delivery.

Management believes that the Canadian shopping centre space is healthy, with significant opportunity for growth as occupancy levels continue to recover and rents increase. Management views the current retail environment to be populated by retailers that are financially stronger than in the past, with significant adaptability and strong omni-channel platforms, and less dependent on anchor tenants. Management also anticipates further growth through acquisitions, as institutional shopping centre owners may be considering rebalancing their portfolios by selling assets that fit Primaris' profile.

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The Canadian Advantage

Management believes that the Canadian retail property landscape is structurally different from that of the United States, resulting in a more stable investing and operating environment for enclosed malls in Canada.

- Canada's population distribution is significantly more concentrated relative to that of the U.S. and Canada has approximately one-third less retail square footage per capita, resulting in higher sales productivity that supports higher rents and higher values;
- The Government of Canada has set record high immigration targets for 2023, 2024 and 2025, which should contribute to the demand for goods and services of the Trust's tenant base;
- Canada's lending environment is predominantly a recourse debt market, resulting in more balance sheet lending and less securitization, all of which create a more stable and reliable lending environment;
- No like-kind exchange mechanism exists in Canadian tax legislation to defer capital gains recognition, substantially reducing speculative development activity and transaction volumes;
- The landscape in Canada features fewer established retailers in each retail category, resulting in less competition and higher retailer profit margins;
- Canada's broad social safety net creates a larger consumer concentration in the lower and middle income categories, resulting in a very stable, value-oriented consumer profile;
- Canada's tenant base has a higher concentration of essential services and offerings; and
- Management believes that Canada has substantially completed its department store closure process.

2023 and 2024 Financial Outlook

Management discloses financial outlook statements for the purpose of providing further information about the Trust's prospective results of operations. These statements are based on factors and assumptions, such as historical trends, current conditions and expected developments. The Trust and management believe that such financial outlook statements have been prepared on a reasonable basis, reflecting management's best estimates and judgements. However, because these financial outlook statements are subjective and subject to numerous risks, they should not be relied on as necessarily indicative of future results.

Disciplined capital allocation is a key pillar to Primaris' strategy. To this end, Primaris established targets for managing the Trust's financial condition (see Section 3, "Business Overview and Strategy". In addition to its established targets, in the MD&A for the three months and year ended December 31, 2022, Primaris published guidance for the full year of 2023 and in the MD&A for the three and six months ended June 30, 2023, Primaris updated certain of the 2023 guidance and provided additional guidance with respect to Cash NOI**. This previously published guidance has been reproduced again below and updated for management's current expectations based on the most recent information available to management, including the actual results to date and the acquisition of Conestoga Mall. Readers are cautioned that there is a significant risk that actual results for the year ending December 31, 2023 will vary from the financial outlook statements provided in this MD&A and that such variations may be material. See Section 2, "Forward-Looking Statements and Future-Oriented Financial Information" for further cautions on material factors, assumptions, risks and uncertainties that could impact the financial outlook statements.

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(unaudited)	2023 Guidance		Additional Notes	MD&A Section Reference
	Previously Published	Updated or Added		
Occupancy	Increase of 0.8% to 1.0%	No change in guidance		Section 8, "Operational Performance"
Contractual rent steps in rental revenue	Approximately \$2.1 million, or 1.0% of 2022 base rent	No change in guidance		Section 9.1, "Components of Net Income (Loss)"
Straight-line rent in rental revenue	\$1.8 to \$2.2 million	\$2.7 to \$3.0 million		Section 9.1, "Components of Net Income (Loss)"
Cash NOI**	\$220 to \$224 million	\$222 to \$224 million	Cash NOI** for the year ended December 31, 2022 - \$206.1 million	Section 9.1, "Components of Net Income (Loss)"
Same Properties Cash NOI** Growth	4.0% to 5.5%	No change in guidance	Same Properties total 34, excludes Northland Village (under redevelopment) and Conestoga Mall	Section 9.1, "Components of Net Income (Loss)"
General and administrative expenses	Approximately \$30 million	No change in guidance		Section 9.1, "Components of Net Income (Loss)"
Impairment of Right of Use Asset	No guidance provided	\$2.2 million impairment of right of use asset	Portion that impacts cash flow is only \$0.4 million and \$1.8 million non-cash	Section 9.1, "Components of Net Income (Loss)"
Operating capital expenditures	\$27.7 to \$31.7 million or \$2.55 to \$2.90 per square foot	Anticipated to be in the top end of the range	Minimal 2023 impact from the Conestoga Mall acquisition anticipated	Section 8, "Operational Performance"
Redevelopment capital expenditures	\$50 to \$60 million	\$60 to \$70 million	Progress on Northland redevelopment project accelerated further	Section 7.4, "Redevelopment and Development"
FFO** per unit	No guidance provided	\$1.56 to \$1.58 per unit fully diluted	Net of the negative impact of the office sublease of approximately \$0.022 per unit	Section 9.2, "FFO** and AFFO***"

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures".

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Primaris has provided guidance for the full year of 2024 as follows:

(unaudited)	2024 Guidance	Additional Notes	MD&A Section Reference
Occupancy	Increase of 0.8% to 1.0%		Section 8, "Operational Performance"
Contractual rent steps in rental revenue	\$3.0 to \$3.2 million	1.25% to 1.50% of 2023 base rent	Section 9.1, "Components of Net Income (Loss)"
Straight-line rent in rental revenue	\$3.3 to \$3.6 million		Section 9.1, "Components of Net Income (Loss)"
Same Properties Cash NOI** Growth	3.0% to 4.0%	Same Properties total 34, excludes Northland Village (under redevelopment) and Conestoga Mall	Section 9.1, "Components of Net Income (Loss)"
General and administrative expenses	\$30 to \$32 million	Includes approximately \$0.7 million occupancy cost savings from sublease of excess head office space	Section 9.1, "Components of Net Income (Loss)"
Operating capital expenditures	Recoverable Capital \$16 to \$18 million Leasing Capital \$28 to \$30 million		Section 8, "Operational Performance"
Redevelopment capital expenditures	\$30 to \$40 million	Northland Village and Devonshire Mall	Section 7.4, "Redevelopment and Development"
FFO** per unit	\$1.60 to \$1.63 per unit fully diluted		Section 9.2, "FFO** and AFFO**"

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures".

Readers are cautioned that there is a significant risk that actual results for the year ending December 31, 2024 will vary from the financial outlook statements provided in this MD&A and that such variations may be material. See Section 2, "Forward-Looking Statements and Future-Oriented Financial Information" for further cautions on material factors, assumptions, risks and uncertainties that could impact the financial outlook statements.

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5. ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

In 2022, Primaris developed a Board-led three-year ESG strategic plan that aligns to the Trust's mission, vision and strategy, and supports long-term value creation. The 2023-2025 ESG strategic plan (the "ESG Plan") identifies Primaris' key ESG priorities, goals, actions, and performance measures. The ESG Plan is a 'living document' that will evolve over time as Primaris progresses and adapts to the changing needs of operating and investing environments.

The ESG Plan aligns to current investor focused ESG standards and frameworks:

- Sustainability Accounting Standards Board ("SASB") Real Estate Standard (IF-RE);
- recommendations of the Task Force on Climate-Related Financial Disclosures ("TCFD"); and
- GRESB, the global ESG benchmark for real assets.

Primaris' objective is to conform all elements of the ESG Plan within industry standard within three years, with a longer-term ambition of selectively developing a leading edge position in a number of areas. A detailed three-year implementation roadmap has been created alongside the ESG Plan to achieve the objectives.

ESG Governance Structure and Systems

The success of the ESG Plan relies on commitment and oversight from the Board of Trustees. The Trustees are responsible for the oversight of the ESG Plan and initiatives developed by management. The Board of Trustees' Compensation, Governance and Nominating Committee (the "CG&N Committee") oversees and monitors Primaris' performance against the ESG Plan.

The CG&N Committee is responsible for overseeing management's identification and assessment of social and sustainability matters, including, but not limited to, monitoring the Trust's progress on integrating environmental, social and governance factors into business strategy and decision making, and adopting ESG policies. The CG&N Committee also reviews and approves periodic ESG reports and monitors ongoing compliance with the reported initiatives.

Two members of the Board attend management's regularly scheduled ESG committee meetings to gain insight into implementation of ESG initiatives under the ESG Plan and assess the potential for the advancement of the ESG strategy, policies and practices. The Chair of the Compensation, Governance and Nominating Committee leads the ESG committee which is comprised of senior leaders across the organization. The Board's ability to provide effective oversight is supported by the governance structure and processes.

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Key aspects of the Trust's ESG governance structure and processes include:

Board Composition

- * All Trustees joined the Institute of Corporate Directors, which provided ESG training
- * ESG experience included in the Trustee skills matrix
- * Board-level diversity policy

Board Structure and Practices

- * Lead Trustee for ESG program identified
- * ESG oversight included in the CG&N Committee Charter
- * ESG risk review included in Audit Committee Charter
- * Establishment of ESG policies (on-going)
- * ESG committee established including Trustee representation

Management Accountabilities

- * Chief Financial Officer is the senior executive accountable for ESG program oversight
- * Regular reporting to Board of Trustees

Board Oversight of ESG-Related Risk Management

- * ESG materiality assessment updated every three years

Board Oversight of ESG Reporting and Disclosure

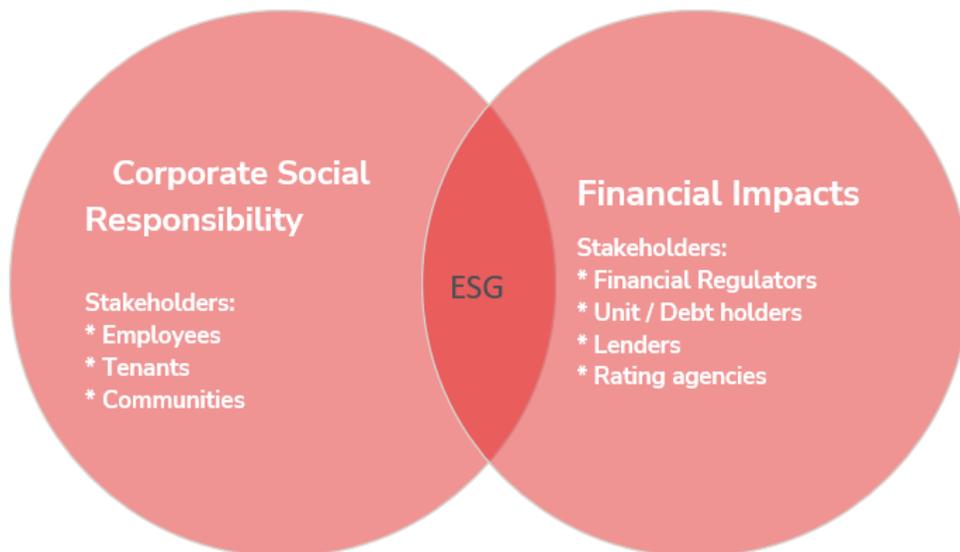
- * ESG disclosure included in Management's Discussion and Analysis

Integration of ESG into Corporate Strategy

- * ESG disclosure included in Management's Discussion and Analysis

ESG Journey

Throughout its 20-year history, Primaris has held itself socially accountable to its stakeholders and the public. By practicing corporate social responsibility ("CSR"), Primaris was conscious of the social, environmental and economic impacts of its operations and made concerted efforts to operate in ways that enhanced rather than degraded society and the environment.

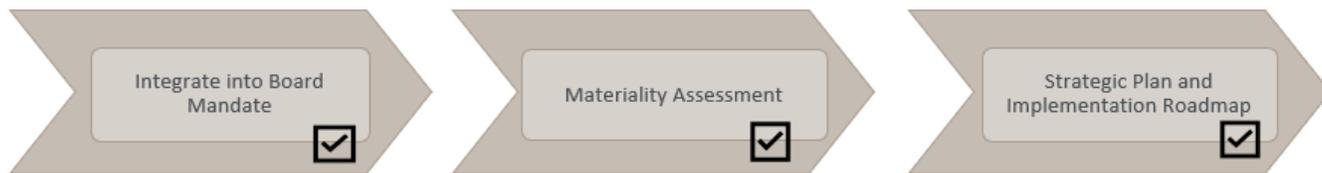


While both CSR and ESG initiatives play a role in Primaris' public accountability, ESG incorporates quantifiable, recognized standards and frameworks. Through transparency and measurable action, the ESG Plan is intended to safeguard the Trust's financial success and reputation.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Primaris approached the development of its ESG Plan by first creating a strong governance foundation.



Key 2023 Milestones in ESG Journey

On June 30, 2023, Primaris completed its inaugural GRESB Real Estate Assessment submission. The results of Primaris' GRESB submission were publicly available in October 2023. The submission was the culmination of months of data collection and analysis. The data collected for the GRESB submission will formulate the baseline environmental and social data sets from which management will be able to develop targets for the core environmental and social factors. The results of the GRESB benchmarking exercise will also highlight key areas of focus to advance the ESG Plan.

In July 2023, Primaris completed its inaugural CDP Climate Change questionnaire.

In October 2023, Primaris received its inaugural GRESB results and received 2 green stars, within the peer group range.

In October 2023, Primaris entered into a contract for an information system to collect and manage environmental and social data. The implementation plan to rollout the software is being finalized.

In September 2023, Primaris completed an employee engagement survey achieving an 87% participation rate and a 79% employee engagement score, earning certification as "Great Place to Work". The engagement score improved from 76% in 2017.

Materiality Assessment and Material ESG Factors

The ESG Plan was developed based on the results of an ESG materiality assessment, which identified and prioritized the ESG-related risks and opportunities based on their potential impact to financial performance or the long-term value of Primaris, and their importance to stakeholders. Below are Primaris' material ESG factors for each of its three ESG pillars.

Environment	Social	Governance
Reduce our environmental footprint and use resources efficiently	Be a landlord and employer of choice, and provide community gathering places	Integrate ESG into our strong governance and disclosure practices
Energy management	Tenant relations	Business ethics and transparency
GHG ¹ emissions and climate change	Human capital management	Diversity, equity and inclusion
Water and waste management	Community relations	Supply chain
Tenant sustainability impacts		
Green buildings		

¹greenhouse gas ("GHG").

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Environment: Primaris' material environmental factors relate to the operation and condition of its shopping centres. Primaris invests in its properties in order to maintain and drive asset value, reduce its environmental footprint, and improve operating efficiencies to drive tenant affordability. The key environmental objectives are:

Energy Management

- * Integrate energy considerations into property investment analysis and operational strategy
- * Reduce energy consumption
- * Increase energy efficiency
- * Increase renewable energy use

Water and Waste Management

- * Reduce water use and increase efficiency
- Reduce total waste, including construction waste materials, generated and increase diversion rates

GHG Emissions and Climate Change

- * Determine capital expenditure requirements for management of climate-related transition and physical risks
- * Reduce total GHG emissions and emissions intensity
- * Develop GHG emissions reduction targets

Green Buildings

- * Integrate green building considerations into property investment analysis and operational strategy
- * Increase number of green building certificates

Tenant Sustainability Impacts

- * Increase tenant sub-metering

Social: Primaris' culture is defined through its "REITA" values - Respect, Empowerment, Integrity, Teamwork and Accountability. These values are the foundation of Primaris' relationships and interactions with employees, tenants and the shopping centres' communities. Primaris seeks to be an employer and landlord of choice, and a trusted partner to its retail tenants with shopping centres that are community gathering places. The key social objectives are:

Tenant Relations

- * Enhance existing tenant communication platforms and develop additional avenues of communication to reach all tenants
- * Continuous improvement of tenant relations

Community Relations

- * Support local economies through employment
- * Support and participate in local community causes

Human Capital Management

- * Continuous improvement of employee engagement and satisfaction survey scores
- Maintain high standards of employee health, safety and well-being
- * Enhance employee training, including ESG-specific training
- * Support diversity, equity and inclusion at all levels
- * Promote supportive culture through REITA values

Governance: Corporate governance practices are evolving as regulators and investors seek better clarity and consistency. The following governance objectives have been identified as being material to the real estate sector and to Primaris:

Business Ethics and Transparency

- * Policies and processes for management of risks related to ethical business conduct
- * Policies and practices relating to collection, usage and retention of personal information
- * Systems and programs to identify and mitigate data security risks

Diversity, Equity and Inclusion

- * Diversity Policy is reviewed annually and communicated to all employees

Supply Chain

- * Elements of ESG integrated into the tendering process

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Next Steps



For the balance of 2023, Primaris is focused on:

- Completing the development and implementation of the enterprise risk management system, ensuring integration of ESG risks;
- Developing targets for core environmental and social factors;
- Implementing systems to collect and manage environmental and social data;
- Establishing ESG monitoring and reporting requirements for the Board; and
- Preparing an inaugural ESG report.

ESG is an essential component in Primaris' overall strategy from both risk mitigation and opportunity optimization standpoints.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

6. SUMMARY OF SELECTED FINANCIAL AND OPERATIONAL INFORMATION

As at or for the three months ended September 30, (in thousands of Canadian dollars unless otherwise indicated)(unaudited)	2023	2022	Change
Number of investment properties	36	35	1
Gross leasable area (in millions of square feet)	11.5	10.9	0.6
In-place occupancy	91.0 %	90.7%	0.3%
Committed occupancy	92.8 %	91.7%	1.1%
Weighted average net rent per occupied square foot ¹	\$ 24.85	\$ 24.18	\$ 0.67
Total assets	\$ 3,507,605	\$ 3,181,312	\$ 326,293
Total liabilities	\$ 1,410,619	\$ 1,024,988	\$ 385,631
Total rental revenue	\$ 104,826	\$ 94,151	\$ 10,675
Cash flow from (used in) operating activities	\$ 53,316	\$ 50,900	\$ 2,416
Cash Net Operating Income** ("Cash NOI")	\$ 58,263	\$ 53,103	\$ 5,160
Same Properties Cash NOI** growth	3.1 %	—	—
Net income (loss)	\$ 20,230	\$ (20,498)	\$ 40,728
Net income (loss) per unit	\$ 0.202	\$ (0.207)	\$ 0.409
Funds from Operations** ("FFO") per unit ² - average diluted	\$ 0.421	\$ 0.411	\$ 0.010
FFO Payout Ratio**	49.4 %	48.6 %	0.8 %
Adjusted Funds from Operations** ("AFFO") per unit ² - average diluted	\$ 0.296	\$ 0.319	\$ (0.023)
AFFO Payout Ratio**	70.3 %	62.7 %	7.6 %
Distributions per unit ²	\$ 0.208	\$ 0.200	\$ 0.008
Weighted average units outstanding ² - diluted (in thousands)	101,050	100,183	867
Net Asset Value** per unit outstanding	\$ 21.76	\$ 21.86	\$ (0.10)
Debt to Total Assets** ³	35.0%	29.6%	5.4%
Average Net Debt** to Adjusted EBITDA** ^{3,4}	5.3x	5.0x	0.3x
Interest Coverage** ^{3,4}	3.8x	5.7x	(1.9x)
Liquidity	\$ 279,281	\$ 364,014	\$ (84,733)
Unencumbered assets	\$ 2,998,687	\$ 2,645,293	\$ 353,394
Unencumbered assets to unsecured debt	3.2x	4.4x	(1.2x)
Secured debt to Total Debt**	24.1 %	36.7%	(12.6)%
Fixed rate debt as a percent of Total Debt**	89.2 %	73.9%	15.3%
Weighted average term to debt maturity - Total Debt** (in years)	3.6	2.6	1.0
Weighted average interest rate - Total Debt**	4.96 %	4.07 %	0.89 %

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures".

¹ Supplementary financial measure, see Section 1, "Basis of Presentation" - "Use of Operating Metrics".

² Weighted average units outstanding and distributions per unit assumes the exchange of Preferred LP Units for Trust Units. See Section 10.6, "Unit Equity and Distributions".

³ The debt ratios are non-GAAP ratios calculated on the basis described in the Trust Indentures. See Section 10.4, "Capital Structure".

⁴ Adjusted EBITDA** and interest expense were calculated for the rolling four-quarters ended September 30, 2023 and Average Net Debt** was calculated as the average of Net Debt** at the beginning of the period and each quarter end during the rolling four-quarters included in the calculation of Adjusted EBITDA**. Financial results from 2021, prior to Primaris' spin-out and the acquisition of the HOOPP Properties, have minimal comparative value. Accordingly, for the period ended September 30, 2022, Adjusted EBITDA** was calculated on an annualized basis and the Average Net Debt** was calculated as the simple average of Net Debt** at the beginning and end of the period. Annualized Adjusted EBITDA** excludes the impact of fourth quarter seasonality. The presentation of the September 30, 2022 values, was updated from previously reported which was based on the three, not nine, months ended September 30, 2022. See Section 10.4, "Capital Structure".

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Quarterly Highlights

During the three months ended September 30, 2023, Primaris:

- Achieved 3.1% Same Properties Cash NOI** growth;
- Ended the quarter with in-place occupancy of 91.0%, compared to 91.1% as at December 31, 2022 and 90.7% as at September 30, 2022;
- Achieved a \$24.85 weighted average net rent per occupied square foot, compared to \$24.23 at December 31, 2022;
- Renewed 83 leases in the quarter totaling 0.3 million square feet with a weighted average spread on renewing rents of 4.2%;
- Ended the quarter with a Debt to Total Assets** ratio of 35.0% and a ratio of secured debt to Total Debt** of 24.1%;
- Ended the quarter with a NAV** per unit outstanding of \$21.76;
- Reported FFO** per unit (average diluted) of \$0.421 (increase of \$0.010 over third quarter of 2022) and a 49.4% FFO Payout Ratio**;
- Purchased for cancellation 1,180,500 Trust Units under its NCIB program at an average price per unit of approximately \$13.50, representing a discount to NAV** per unit of approximately 38.0%; and
- Completed the acquisition of Conestoga Mall in Waterloo, Ontario, adding 587,088 square feet of GLA, for aggregate consideration comprised of \$165.0 million of cash, the issuance of \$25.0 million of Trust Units at an issue price of \$21.49 per unit, and the issuance of \$80.0 million of 6.0% exchangeable preferred limited partnership units (the "Preferred LP Units"), which shall be exchangeable into Trust Units in certain circumstances at an exchange price equal to \$21.49 per unit, subject to customary adjustments.

Subsequent to September 30, 2023, Primaris:

- Purchased additional 750,000 Trust Units under the automatic share purchase plan ("ASPP") for consideration of \$9.9 million as of November 2, 2023, for total NCIB activity since inception of 7,334,800 Units repurchased at an average price of \$13.86, or a discount to NAV** per unit of approximately 36.3%; and
- On November 2, 2023, the Board of Trustees approved management's recommendation to increase the distribution rate from \$0.82 to \$0.84 per unit per annum, or 2.4%, in 2024.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

7. INVESTMENT PROPERTIES

Primaris owns, manages, leases, and develops retail properties in Canada. On September 30, 2023, the portfolio consisted of 36 properties, which are geographically diversified across Canada to reduce concentration risk and to enhance the long-term reliability of its revenue stream.

The shopping centre portion of the portfolio comprises 23 assets nationwide (including 22 enclosed malls) and is situated on approximately 900 acres of land. The properties are located close to major transportation nodes and public transit, with broad zoning permitting a wide range of uses beyond retail, enabling potential future value creation. The shopping centres generated approximately 90% of the portfolio's Cash NOI** for the nine months ended September 30, 2023.

Primaris' 10 largest properties represented approximately 51% of the portfolio GLA, and 65% of the portfolio fair value as at or for the nine months ended September 30, 2023.

As at or for the nine months ended September 30, 2023

(\$ millions and thousands of square feet, unless otherwise indicated) (unaudited)		Cash NOI**	In-place Occupancy	GLA	Site Coverage (%)
Orchard Park Shopping Centre	Kelowna, BC	\$ 15.8	98.1 %	651	37 %
Devonshire Mall	Windsor, ON	12.7	73.6 %	854	31 %
Dufferin Mall	Toronto, ON	12.7	97.2 %	575	74 %
Conestoga Mall - results prorated to 9 months	Waterloo, ON	12.1	95.9 %	587	36 %
Sunridge Mall	Calgary, AB	12.0	92.8 %	804	37 %
Stone Road Mall	Guelph, ON	8.9	95.5 %	506	42 %
Highstreet Shopping Centre (open air)	Abbotsford, BC	8.7	89.8 %	544	73 %
Park Place Mall	Lethbridge, AB	7.5	76.1 %	473	33 %
New Sudbury Centre	Sudbury, ON	7.3	95.2 %	488	39 %
Sherwood Park Mall	Sherwood Park, AB	6.4	92.0 %	387	29 %
Top 10 properties		\$ 104.1	90.1 %	5,869	37 %

As at September 30, 2023 (\$ millions and thousands of square feet, unless otherwise indicated) (unaudited)		Total Portfolio			Shopping Centres ¹				Other Properties ²	
Fair Value	Count	GLA	In-place Occupancy	Fair Value	Count	GLA	In-place Occupancy	GLA	In-place Occupancy	
Ontario	\$ 1,623.3	11	4,993	90.3 %	\$ 1,577.8	9	4,615	89.6 %	378	100.0 %
Alberta	971.7	17	3,983	89.8 %	762.9	7	3,230	89.6 %	753	90.4 %
British Columbia	512.9	2	1,195	94.3 %	512.9	2	1,195	94.3 %	—	— %
Manitoba	145.1	3	564	93.4 %	113.0	2	403	94.0 %	161	91.8 %
New Brunswick	109.2	2	442	95.9 %	109.2	2	442	95.9 %	—	— %
Quebec	64.6	1	305	92.8 %	64.6	1	305	92.8 %	—	— %
Portfolio³	\$ 3,426.9	36	11,482	91.0 %	\$ 3,140.4	23	10,190	90.7 %	1,292	93.4 %

¹ Shopping centres include 22 enclosed malls and 1 open air centre, Highstreet Shopping Centre in Abbotsford, BC.

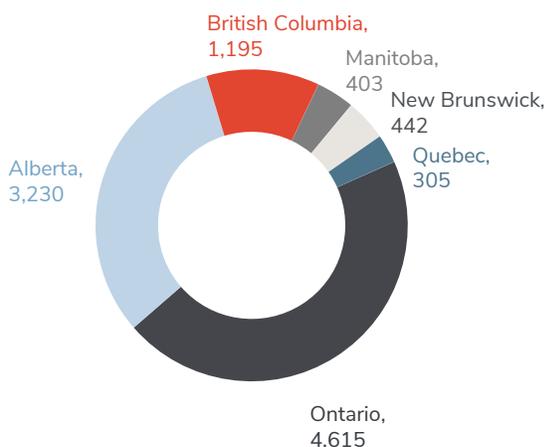
² Other properties include 9 plazas, 3 office buildings and 1 industrial building.

³ Including investment properties classified as assets held for sale of \$92.3 million.

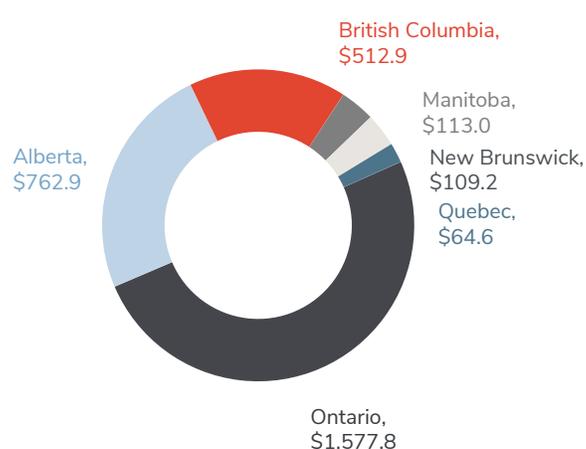
PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Shopping Centre GLA by Province ('000 sq. ft.)



Shopping Centre Value by Province (\$ millions)



Investment Properties Classified as Held for Sale

Management is continuously reviewing the Trust's portfolio of investment properties to identify potential non-core asset dispositions to provide capital to recycle into acquisitions of high quality enclosed malls. As at September 30, 2023, management classified three parcels of excess land and six income producing properties (five open air centres and an industrial property), with a fair value of \$92.3 million, as held for sale (December 31, 2022 - nil). These land parcels and income producing properties are considered non-core assets.

7.1 Valuation

The fair value of Primaris' investment property portfolio as at September 30, 2023 and December 31, 2022 was as follows:

As at (\$ millions) (unaudited)	September 30, 2023	December 31, 2022
Income producing properties	\$ 3,242.9	\$ 2,934.6
Land held for development	184.0	184.0
Investment properties	\$ 3,426.9	\$ 3,118.6
Investment properties	\$ 3,334.6	\$ 3,118.6
Investment properties classified as assets held for sale	92.3	—
Investment properties	\$ 3,426.9	\$ 3,118.6

The value attributed to land held for development relates to Dufferin Mall. Primaris has received severance and full entitlement for the Dufferin Grove project from the City of Toronto.

Income producing properties are measured at fair value, primarily determined using the discounted cash flow method. Under this methodology, discount rates are applied to projected annual operating cash flows, generally over a minimum of 10 years, including a terminal value based on a capitalization rate applied to the estimated NOI** in the terminal year. The fair value of income producing properties reflects, among other things, rental income from current leases, and assumptions about rental income from future leases in light of current market conditions. The portfolio is valued internally.

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

Management's Discussion and Analysis

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 following table discloses the investment properties which were externally appraised in 2023, detailing the fair value as at the end of the quarter in which the property was externally appraised and management's updates to those values, if any, as at September 30, 2023.

As at (\$ millions) (unaudited)	Number of Properties	Value of Properties	
		As at Quarter End Appraised	As at September 30, 2023
March 31, 2023	3	\$ 140.9	\$ 145.2
June 30, 2023	5	\$ 157.1	160.2
September 30, 2023	3	\$ 326.8	326.8
December 31, 2023	—	\$ —	—
Year-to-date total	11		\$ 632.2
Percentage of total portfolio	30.6%		18.4 %

During the year ended December 31, 2022, 21 properties were externally appraised.

Valuations are most sensitive to changes in discount and terminal capitalization rates. Primaris' valuation inputs are supported by market data and reports from independent nationally recognized valuations firms. Below is a summary of the key rates used in the valuation process for Primaris' income producing properties for the quarters ended:

(unaudited) As at	Going-in Year-one Capitalization Rate		Discount Rate		Terminal Capitalization Rate	
	Weighted Average	Range	Weighted Average	Range	Weighted Average	Range
September 30, 2023	6.95%	5.54% - 8.94%	8.25%	6.75% - 10.25%	7.22%	5.75% - 9.00%
June 30, 2023	6.92%	5.47% - 8.79%	8.24%	6.75% - 10.25%	7.20%	5.75% - 9.00%
March 31, 2023	6.87%	4.75% - 9.59%	8.22%	6.75% - 10.00%	7.19%	5.75% - 9.00%
December 31, 2022	6.91%	3.65% - 9.49%	8.22%	6.75% - 10.00%	7.19%	5.75% - 9.00%
September 30, 2022	6.77%	4.09% - 11.29%	8.04%	6.50% - 10.00%	6.98%	5.50% - 9.00%
June 30, 2022	6.52%	5.09% - 9.52%	7.84%	6.50% - 9.50%	6.57%	5.25% - 8.75%
March 31, 2022	6.33%	5.13% - 8.75%	7.63%	5.25% - 8.75%	6.57%	5.25% - 9.50%
December 31, 2021	6.10%	4.89% - 8.01%	7.63%	5.25% - 8.75%	6.57%	5.25% - 9.50%

Excluding Conestoga Mall, the going-in year-one capitalization rate would have been 7.00%.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Primaris recorded unfavourable adjustments to the fair value of investment properties of \$23.0 million and \$30.9 million for the three and nine months ended September 30, 2023, respectively. The drivers of the fair value adjustments are described below.

(\$ millions) (unaudited)			
For the periods ended September 30, 2023			
		Three months	Nine months
Discount and terminal capitalization rates	\$	(23.3)	\$ (28.9)
Cash flow inputs		(0.4)	(3.9)
Amortization of straight-line rent and tenant incentives		0.7	1.9
Adjustment to fair value of investment properties	\$	(23.0)	\$ (30.9)

Cash flow inputs were negatively impacted by amendments to redevelopment project costs, partially offset by gains from leasing activity.

7.2 Co-ownership Arrangements

Primaris has co-ownership interests in several properties, as listed below, that are subject to joint control and are accounted for as joint operations. This MD&A includes Primaris' proportionate share of the GLA, fair value of investment properties, debt, and NOI** of these properties. Primaris performs the management services on behalf of the co-owners of these properties for which it earns fee income (see Section 9.1, "Components of Net Income (Loss)").

Property	Location	Ownership interest as at	
		September 30, 2023	December 31, 2022
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%

7.3 Acquisition

On July 12, 2023, Primaris completed the acquisition of Conestoga Mall in Waterloo, Ontario from Ivanhoé Cambridge, a real estate subsidiary of the CDPQ. This transaction directly aligns with Primaris' strategy to execute on value-enhancing acquisition opportunities as some of Canada's largest owners of enclosed shopping centres reposition their real estate portfolios. Recognizing Primaris' strong financial position, portfolio quality and management capabilities, Ivanhoé Cambridge accepted partial consideration in the form of Trust Units, which enabled Primaris to acquire a high quality asset and maintain its conservative capital structure.

Conestoga Mall is amongst the top 15 most productive malls in Canada. Conestoga Mall is 95.9% occupied and is home to many of Canada's leading retailers including Apple, Browns Shoes, Aritzia, Sephora and Lululemon. For the rolling 12-months ended August 31, 2023, Conestoga Mall's all stores sales volume was \$176,791 and the same store sales productivity per square foot was \$970.

The value of Conestoga Mall on July 12, 2023, when the transaction closed, was recorded under IFRS based on the fair value of the consideration. The fair value of Conestoga Mall as at September 30, 2023 was based on an independent third-party appraisal using a discount rate of 7.75% and a terminal capitalization rate of 6.75%.

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Management's Discussion and Analysis

7.4 Redevelopment and Development

Capital expenditures, excluding capitalized interest, were \$55.7 million in the nine months ended September 30, 2023 for redevelopment projects, including projects to re-demise space vacated by former anchor tenants and for the project to de-mall Northland Village. As shown in the table below, Primaris has completed the previously disclosed projects to re-demise space vacated by former anchor tenants.

Property	Construction Start	Completion	Tenants	Rent Commencement
Quinte Mall	Completed	Q3 2023	Winners	Q1 2023
Medicine Hat Mall	Completed	Q3 2023	FreshCo	Q3 2023

In the third quarter, the final site work was completed at Quinte Mall, in Belleville, Ontario where 60,000 square feet of the former Sears space was demolished in favour of future intensification opportunities and a 30,000 square foot Winners store which opened earlier in the year. At Medicine Hat Mall, in Medicine Hat, Alberta, construction was completed on a 35,000 square foot Freshco grocery store which is now open.

Two former Sears spaces remain to be addressed: Park Place Mall in Lethbridge, Alberta, where management is reviewing various options; and Devonshire Mall in Windsor, Ontario where the vacated Sears space plus the adjoining lands comprise approximately 18 acres. Given the significant opportunity at Devonshire Mall, Primaris is designing plans for the entire area which will likely include the demolition of the former Sears space.

Primaris also has ongoing construction projects to deliver bank pads at Lansdowne Place, in Peterborough, Ontario, at Marlborough Mall, in Calgary, Alberta and at Kildonan Place, in Winnipeg, Manitoba.

As shown in the table below, redevelopment projects have been completed at six properties adding more than 170,000 square feet of GLA and \$1.5 million of incremental base rent for the nine months ended September 30, 2023.

Property	Tenants	GLA	Rent Commencement
Orchard Park Mall	Planet Fitness, Structube	31,800	Q2/Q3 2022
Lansdowne Place	Sport Chek	24,800	Q4 2022
Kildonan Place	Cineplex	35,000	Q4 2022
Cataraqui Town Centre	LL Bean	15,100	Q4 2022
Quinte Mall	Winners	30,000	Q1 2023
Medicine Hat Mall	Freshco	35,000	Q3 2023

Northland Village, situated on 32 acres in northwest Calgary, Alberta, is being redeveloped into a 390,000 square foot mixed-use development of retail and office space. Walmart, Best Buy and Winners will remain as anchors of the retail development. Approximately 2 acres were sold in 2022 to a third-party residential developer that has commenced construction on 219 rental residential units. In the summer of 2022, the interior portion of Northland Village was demolished, Walmart completed a renovation to their store, and Primaris commenced construction of a fully pre-leased outparcel building. The project will be completed over multiple phases with an estimated completion date of Q4 2025. Projected redevelopment costs for the project are estimated in the range of \$90 to \$95 million and it is anticipated that the project will have a return of approximately 6.5% to 7.0%. With project-to-date spending as at September 30, 2023 of approximately \$70 million, the remaining redevelopment costs primarily relate to the cost of building new pads over the next few years as new leases are signed. Approximately \$3.5 million of interest has been capitalized to the project in the nine months ended September 30, 2023 and management estimates an additional \$1.2 million to be capitalized to

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Management's Discussion and Analysis

the project in the fourth quarter of 2023. Capitalized interest is expected to decrease in 2024 as portions of the project are completed.

Upon completion, the property GLA is expected to total approximately 390,000 square feet. Approximately 370,000 square feet is completed or under development, leaving approximately 20,000 square feet of future development of additional pads. The chart below details the expected rent commencement dates for the Northland Village tenants as construction is completed.

Tenants	GLA in square feet	Rent Commencement
Walmart, Best Buy (open throughout redevelopment)	168,000	N/A
Winners	29,650	Q3 2023
Edo Japan, Cha House	2,250	Q4 2023
Dollarama, Cobs Bread, LensCrafters, Adrenalin Source, Vega's Burger, Northland Village Dental	39,650	Q1 2024
Paramount Animal Hospital, Jerusalem Shawarma	19,650	Q2 2024
Chipotle, Lifemark	15,350	Q3 2024
Goodlife Fitness, TBA (2,300 square feet)	36,800	Q4 2024
Specialty grocery, Vine Arts, Ridley's Cycle, TBD (19,400 square feet)	53,800	Q1 2025

Management revised its guidance for anticipated spending for its redevelopment projects during the 2023 fiscal year to be in the range of \$60 million to \$70 million.

Dufferin Mall is located on Dufferin Street just south of Bloor Street West in a high-density urban neighbourhood in central Toronto, Ontario. Within 250 meters of the Dufferin subway station, Dufferin Mall is a 575,000 square foot enclosed shopping centre, situated on 21 acres, and anchored by Walmart, No Frills, Marshalls, Winners, City of Toronto, Toys "R" Us, Urban Planet and H&M. Primaris has received severance and city approvals to redevelop approximately 4 acres of underutilized land, primarily parking lot, into a mixed-use centre that builds on the success of Dufferin Mall by adding more than 1,100 residential units, a public park and the additional new retail uses - "Dufferin Grove". Management is considering alternative plans to monetize the value of the land such as through a sale or joint venture.

Management's current estimates and assumptions, as discussed throughout this section of this MD&A, are subject to change. Such change may be material to the Trust. Although the estimated expenditures are based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these projections and expenditures may, therefore, materially differ from management's current estimates. In addition, there is no assurance that all of these projects will be undertaken, and if they are, there is no assurances as to the costs or completion timelines.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

8. OPERATIONAL PERFORMANCE

Primaris' leasing activities are focused on driving value by actively managing the tenant and merchandising mix at its investment properties. The future performance of income-producing properties is a function of a number of factors. The principal factors include occupancy rates, trends in rental rates achieved on leasing or renewing space currently leased, retail sales performance, and the contractual increases in rent over the life of the leases.

Occupancy

	Leasable Area (in thousands of square feet)	Occupied Area (in thousands of square feet)	In-place Occupancy
December 31, 2022	10,858	9,890	91.1 %
Tenant departures:			
Net rent tenants		(120)	
Gross rent tenants		(221)	
Percent rent in lieu tenants		(82)	
		(423)	
Tenant possessions:			
Net rent tenants		107	
Gross rent tenants		245	
Percent rent in lieu tenants		29	
		381	
Development activity	36	36	
Acquisition activity	587	563	
Other activity including remeasurements	1	1	
September 30, 2023	11,482	10,448	91.0 %
Tenant renewals:			
Square footage renewed (in thousands)		1,437	
Renewal rate		85.1 %	

As at September 30, 2023, the portfolio had an in-place occupancy rate of 91.0%, and a committed occupancy rate of 92.8% (90.7% and 92.6%, respectively excluding the impact of the Conestoga Mall acquisition). The committed occupancy rate includes executed lease agreements where the tenants have not yet taken possession of the space. Average in-place occupancy is calculated using the occupied square feet and total GLA for each month in the measurement period. Average in-place occupancy rates for the three and nine months ended September 30, 2023 were 90.4% and 90.3%, respectively.

Due to seasonality, fourth quarter occupancy is typically higher as retailers benefit from holiday shopping. Portfolio in-place occupancy at September 30, 2023 increased 0.3% from September 30, 2022.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

As at	Count	Committed Occupancy		In-place Occupancy	
		September 30, 2023	September 30, 2023	December 31, 2022	September 30, 2022
Shopping centres ¹	22	92.3%	90.4%	90.9%	90.4%
Acquisition ²	1	95.9%	95.9%	—	—
Other properties ³	13	94.6%	93.4%	92.7%	92.8%
Portfolio occupancy	36	92.8%	91.0%	91.1%	90.7%
Portfolio average in-place occupancy⁴					
Three months ended	35		90.4%	91.0%	90.0%
Year to date	35		90.3%	88.3%	87.3%

¹ Shopping centres include 21 enclosed malls and 1 open air centre, Highstreet Shopping Centre in Abbotsford, BC.

² See Section 7.3, "Acquisition".

³ Other properties include 9 plazas, 3 office buildings and 1 industrial building. Other properties above includes the property under redevelopment.

⁴ Average occupancy rates exclude the recently acquired Conestoga Mall. See Section 7.3, "Acquisition".

Same Properties in-place occupancy was 90.6% at September 30, 2023, an increase of 0.1% from September 30, 2022.

As at	Count	Committed Occupancy		In-place Occupancy	
		September 30, 2023	September 30, 2023	December 31, 2022	September 30, 2022
Shopping centres ¹	22	92.3%	90.4%	90.9%	90.4%
Other properties ²	12	94.2%	92.6%	91.7%	91.9%
Same Properties occupancy	34	92.5%	90.6%	90.9%	90.5%
Acquisition ³	1	95.9%	95.9%	n/a	n/a
Property under redevelopment ⁴	1	96.3%	96.3%	96.3%	96.3%
Portfolio occupancy	36	92.8%	91.0%	91.1%	90.7%

¹ Shopping centres classified as Same Properties include 21 enclosed malls and 1 open air centre, Highstreet Shopping Centre in Abbotsford, BC.

² Other properties classified as Same Properties include 8 plazas, 3 office buildings and 1 industrial building.

³ See Section 7.3, "Acquisition".

⁴ Northland Village, Calgary, Alberta

Weighted Average Net Rent

Weighted average net rent per occupied square foot is a supplementary financial measure, see Section 1, "Basis of Presentation" - "Use of Operating Metrics". Primaris calculates the weighted average net rent per occupied square foot to understand the impact of period-over-period change in occupancy and tenant composition and the realization of contractual rental rate changes embedded in lease agreements. The calculation excludes specialty leasing tenants and rent free periods which are short term in nature. Tenants paying percent rent in lieu of base rent are also excluded from the calculation to avoid estimating rental revenue amounts. The resulting calculation captures approximately 90% of the occupied GLA.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

The following table illustrates the change in weighted average net rent from December 31, 2022 to September 30, 2023.

(per occupied square foot unless otherwise indicated)	Weighted Average Net Rent	Change in Weighted Average Net Rent	Change in Occupied GLA (in thousands of square feet)	Weighted Average Net Rent
As at	September 30, 2023			December 31, 2022
CRU tenants	\$ 43.02	\$ 0.80	303	\$ 42.22
Large format tenants	\$ 14.23	\$ 0.05	266	\$ 14.18
Weighted average net rent¹	\$ 24.85	\$ 0.62	569	\$ 24.23

¹ Supplementary financial measure, see Section 1, "Basis of Presentation" - "Use of Operating Metrics".

Weighted average net rent per occupied square foot was positively impacted in 2023 by the increase in the proportion of CRU tenants in total occupied GLA. This increase includes tenants moving from percent rent in lieu leasing structures to net leases. Excluding the impact of the Conestoga Mall acquisition, weighted average net rent would have been \$24.44 at September 30, 2023.

Leasing Activity

Primaris contracts with different types of tenants including:

- Commercial retail unit ("CRU") tenants that lease units up to 15,000 square feet and include food court and kiosk tenants;
- Large format tenants that lease units in excess of 15,000 square feet; and
- Office tenants that are ancillary to the retail mix of tenants.

During the three months ended September 30, 2023, Primaris completed 155 leasing deals totaling 0.4 million square feet. This leasing activity impacts the committed occupancy rate as, for the most part, the lease agreements have future commencement dates. Rising leasing spreads reflect rising tenant demand for space and the recovery in tenant sales performance.

(unaudited)			Weighted Average Lease term (in years)	Weighted Average Net Rent ¹ (per occupied square foot)	Weighted Average Spread on Renewing Rents	Tenant Allowances and Leasing Costs	
For the three months ended September 30, 2023	Count	GLA (in thousands of square feet)				Count	Costs per square foot
CRU							
New tenants	38	68	7.4	\$ 35.20			
Renewing tenants	78	179	3.6	\$ 39.50	2.3%		
	116	247		\$ 38.30		27	\$ 42
Large format							
New tenants	3	54	8.3	\$ 33.10			
Renewing tenants	5	88	4.4	\$ 20.80	10.3%		
	8	142		\$ 25.40		3	\$ 93
Office							
New tenants	—	—	—	\$ —			
Renewing tenants	—	—	—	\$ —	—%		
	—	—		\$ —		—	\$ —
Short term² and percent rent in lieu	31	60	N/A	N/A			
Total leasing	155	449			4.2%		

¹ Supplementary financial measure, see Section 1, "Basis of Presentation" - "Use of Operating Metrics".

² Leases for a term of less than one year.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

During the nine months ended September 30, 2023, Primaris completed 448 leasing deals totaling 1.5 million square feet.

(unaudited)							
For the nine months ended September 30, 2023	Count	GLA (in thousands of square feet)	Weighted Average Lease term (in years)	Weighted Average Net Rent ¹ (per occupied square foot)	Weighted Average Spread on Renewing Rents	Tenant Allowances and Leasing Costs	
						Count	Costs per square foot
CRU							
New tenants	94	196	7.7	\$ 33.90			
Renewing tenants	230	507	4.1	\$ 38.30	4.9%		
	324	703		\$ 37.10		67	\$ 60
Large format							
New tenants	4	74	8.8	\$ 29.30			
Renewing tenants	17	441	4.7	\$ 13.80	8.4%		
	21	515		\$ 16.00		4	\$ 122
Office							
New tenants	3	7	6.0	\$ 15.90			
Renewing tenants	5	14	4.0	\$ 9.70	1.7%		
	8	21		\$ 11.70		2	\$ 47
Short term² and percent rent in lieu	95	246	N/A	N/A			
Total leasing	448	1,485			5.8%		

¹ Supplementary financial measure, see Section 1, "Basis of Presentation" - "Use of Operating Metrics".

² Leases for a term of less than one year.

Included in the leasing activity for the three and nine months ended September 30, 2023, were 31 and 95, respectively, new leases that were for a lease term of less than one year, or for percentage rent in lieu of base rent. While these lease structures have always been a tool to manage tenant relocations and the timing of development plans, during the pandemic leases structured as percentage rent in lieu of base rent were more prevalent to assist tenants and to maintain occupancy rates. As these leases mature, management anticipates moving tenants back to traditional lease structures.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

At September 30, 2023, percentage rent in lieu of base rent leases were in place for 0.6 million square feet of GLA, or 5.3% of in-place leases with an average remaining lease term of approximately 1.7 years.

Percentage Rent in Lieu of Base Rent Leases		
As at	Number of Leases	Portion of Leases by Count ¹
September 30, 2023²	121	5.3 %
June 30, 2023	128	5.9 %
March 31, 2023	155	7.1 %
December 31, 2022	169	7.7 %
September 30, 2022	177	8.1 %
June 30, 2022	181	8.3 %
March 31, 2022	184	8.5 %

¹ Lease count excludes short term leases.

² Includes 10 leases from the Conestoga Mall acquisition.

Tenant Sales

Tenant sales are important metrics for Primaris and are typically only collected from commercial retail unit tenants operating in enclosed malls (tenants that lease up to 15,000 square feet). Analysis of tenant sales enables proactive management of merchandising, the identification of trends, and potential tenant failures in advance of any formal corporate disclosures.

All stores sales volume, same stores sales volume and same stores sales productivity are supplementary financial measures, see Section 1, "Basis of Presentation" - "Use of Operating Metrics". All stores sales volume is the total of sales during the twelve-month period for all CRU tenants operating during that time period, whether the tenant was in continual operation for the entire twelve-month period or not. Same stores sales volume (used in calculating same stores sales productivity) includes only sales from CRU tenants that were operating continually for a 24-month period. Same stores sales productivity is calculated as same stores sales volume divided by the GLA contributing to the same stores sales volume. Management uses same stores sales productivity to assess the period-over-period performance of the enclosed malls and to monitor tenant health.

Tenant sales for enclosed malls owned and operated in the following rolling twelve-month periods were as follows:

For the rolling twelve-month periods ended			August 31, 2023		December 31, 2022 ³	
			All Stores Sales Volume ²	Same Stores Sales Productivity ²	All Stores Sales Volume ²	Same Stores Sales Productivity ²
(\$ thousands and \$ thousands per square foot) (unaudited)	In-place Occupancy ¹					
Cataraqui Town Centre	Kingston, ON	79.1 %	\$ 84,785	\$ 612	\$ 80,660	\$ 594
Devonshire Mall	Windsor, ON	73.6 %	163,740	681	157,866	643
Dufferin Mall	Toronto, ON	97.2 %	102,948	651	93,902	615
Grant Park Shopping Centre	Winnipeg, MB	98.0 %	24,997	507	24,155	484
Kildonan Place	Winnipeg, MB	89.9 %	83,414	580	83,586	585
Lansdowne Place	Peterborough, ON	93.6 %	75,639	723	72,837	647
Marlborough Mall	Calgary, AB	91.6 %	42,513	408	40,430	379
McAllister Place	Saint John, NB	92.4 %	62,538	515	58,248	493
Medicine Hat Mall	Medicine Hat, AB	90.4 %	44,790	479	43,027	460
New Sudbury Centre	Sudbury, ON	95.2 %	105,223	718	101,003	719

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

For the rolling twelve-month periods ended		In-place Occupancy ¹	August 31, 2023		December 31, 2022 ³		
			All Stores Sales Volume ²	Same Stores Sales Productivity ²	All Stores Sales Volume ²	Same Stores Sales Productivity ²	
(\$ thousands and \$ thousands per square foot) (unaudited)							
Orchard Park Shopping Centre	Kelowna, BC	98.1 %	192,686	809	186,469	788	
Park Place Mall	Lethbridge, AB	76.1 %	94,328	728	87,207	687	
Peter Pond Mall	Fort McMurray, AB	88.8 %	68,286	790	66,258	729	
Place D'Orleans Shopping Centre	Orleans, ON	88.5 %	77,088	497	73,962	445	
Place du Royaume	Chicoutimi, QC	92.8 %	92,229	508	84,883	492	
Quinte Mall	Belleville, ON	92.4 %	79,433	575	75,837	568	
Regent Mall	Fredericton, NB	98.8 %	92,369	670	83,217	647	
Sherwood Park Mall	Sherwood Park, AB	92.0 %	38,885	529	37,792	477	
St. Albert Centre	St. Albert, AB	94.4 %	33,753	513	29,467	495	
Stone Road Mall	Guelph, ON	95.5 %	109,249	637	102,421	602	
Sunridge Mall	Calgary, AB	92.8 %	93,943	534	86,713	492	
Same Properties enclosed malls		90.4 %	\$ 1,762,836	\$ 621	\$ 1,669,940	\$ 589	
Conestoga Mall	Waterloo, ON	95.9 %	176,791	970	—	—	
Total enclosed malls		90.7 %	\$ 1,939,627	\$ 643	\$ 1,669,940	\$ 589	

¹ In-place occupancy as at September 30, 2023.

² Supplementary financial measure, see Section 1, "Basis of Presentation" - "Use of Operating Metrics" and as described above.

³ Tenant sales in January 2022 were impacted by closures and capacity restrictions in response to the COVID-19 pandemic.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Lease Maturities

As at September 30, 2023, the weighted average lease term for the portfolio was 4.3 years (September 30, 2022 - 4.6 years and December 31, 2022 – 4.5 years), 3.3 years for CRU tenants and 6.1 years for large format tenants. The following table sets out the lease maturity profile for the Trust's portfolio.

	Number of leases	Occupied GLA (in thousands of square feet)	% of Occupied GLA	Weighted average net rent per occupied square foot ²
Portfolio:				
Short-term ¹	97	149	1.4%	\$ 42.44
2023 remainder	102	272	2.6%	\$ 37.27
2024	582	1,292	12.4%	\$ 36.16
2025	371	1,153	11.0%	\$ 30.21
2026	247	892	8.5%	\$ 28.54
2027	205	1,050	10.0%	\$ 25.68
Thereafter	717	5,640	54.0%	\$ 22.70
Total portfolio	2,321	10,448	100.0%	\$ 26.65
CRU tenants only:				
Short-term ¹	97	149	1.4%	\$ 42.44
2023 remainder	96	132	1.3%	\$ 38.92
2024	565	904	8.7%	\$ 42.77
2025	355	655	6.3%	\$ 42.52
2026	230	386	3.7%	\$ 48.02
2027	172	291	2.8%	\$ 47.42
Thereafter	588	1,692	16.2%	\$ 46.07
Total CRU tenants	2,103	4,209	40.4%	\$ 44.73
Large format tenants only				
Short-term ¹	—	—	—%	—
2023 remainder	6	140	1.3%	\$ 14.50
2024	17	388	3.7%	\$ 19.08
2025	16	498	4.7%	\$ 12.33
2026	17	506	4.8%	\$ 13.68
2027	33	759	7.2%	\$ 17.15
Thereafter	129	3,948	37.8%	\$ 15.43
Total large format tenants	218	6,239	59.6%	\$ 15.45

¹ Includes month-to-month leases and leases on overhold.

² Section 1, "Basis of Presentation" - "Use of Operating Metrics". Based on rental rates in the last term of the lease.

While CRU tenants comprise approximately 40% of the portfolio's occupied GLA, they represent approximately 68% of the average minimum rent (based on the weighted average net rental rates in the last term of the expiring leases).

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Top 30 Tenants

As at September 30, 2023, 49.1% of Primaris' annualized minimum rent came from a group of 30 tenants (September 30, 2022 - 49.6% and December 31, 2022 - 48.9%). Primaris' top 10 tenants represent many of Canada's leading national retailers.

	Top Tenants ¹	Tenant Sector	Annualized Minimum Rent (% of Total)	Store Count (all banners)	Total GLA	% of occupied GLA	WALT ² (in years)	Credit Ratings (S&P/ Moody's/ DBRS)
1	Canadian Tire	Value Retail	5.8%	30	735,063	7.0%	4.1	BBB / - / BBB
2	Walmart	Value Retail	3.8%	7	908,076	8.7%	6.7	AA / Aa2 / AA
3	Loblaws	Grocery	3.5%	19	372,944	3.6%	5.7	BBB / - / BBB(H)
4	TJX	Value Retail	3.1%	20	482,041	4.6%	4.3	A / A2 / -
5	Bell Canada	Telecom	2.4%	96	70,646	0.7%	1.9	BBB+ / Baa2 / BBB
6	Cineplex	Entertainment	2.4%	10	336,338	3.2%	7.2	-
7	Gap	Apparel	1.9%	18	228,878	2.2%	3.0	BB / Ba2 / -
8	Comark	Apparel	1.9%	36	116,112	1.1%	1.9	-
9	Rogers	Telecom	1.7%	86	37,095	0.4%	2.2	BBB+ / Baa1 / BBB(H)
10	HBC	Dept Store	1.6%	7	720,008	6.9%	5.8	-
Top 10 tenants			28.1%	329	4,007,201	38.4%		
11	Indigo Books & Music	Other Retail	1.5%	14	180,474	1.7%	4.5	BBB/-/-
12	Dollarama	Value Retail	1.5%	17	166,167	1.6%	5.7	BBB / Baa2 / BBB
13	Telus	Telecom	1.5%	45	34,876	0.3%	3.7	BBB+ / Baa1 / BBB(H)
14	Best Buy	Other Retail	1.4%	15	152,066	1.5%	3.5	BBB+ / A3 / -
15	American Eagle Outfitters	Apparel	1.2%	17	83,341	0.8%	2.6	-
16	MTY Group	Food	1.2%	45	23,095	0.2%	3.7	-
17	YM	Apparel	1.1%	57	311,230	3.0%	2.9	-
18	Luxottica Retail	Personal Care	1.1%	29	57,070	0.5%	3.5	A / A2 / -
19	Sobeys	Grocery	1.0%	6	133,456	1.3%	13.4	BBB- / - / BBB(L)
20	Goodlife	Personal Care	1.0%	8	151,257	1.4%	5.8	-/Ba1/-
21	Foot Locker	Apparel	1.0%	14	52,149	0.5%	2.9	BB+ / Ba1 / -
22	La Vie en Rose	Apparel	0.9%	25	60,207	0.6%	4.7	-
23	Recipe Unlimited	Food	0.9%	24	44,171	0.4%	4.3	-
24	CIBC	Financial Services	0.9%	10	55,699	0.5%	3.1	A+ / Aa2 / AA
25	Zale Canada	Apparel	0.8%	16	23,772	0.2%	1.9	-
26	Ardene	Apparel	0.8%	18	138,417	1.3%	4.5	-
27	Limited Brands	Apparel	0.8%	23	59,244	0.6%	2.8	BB / Ba3 / -
28	Dynamite	Apparel	0.8%	22	70,328	0.7%	4.3	-
29	Soft Moc	Apparel	0.8%	18	41,732	0.4%	4.4	-
30	H&M	Apparel	0.8%	11	174,489	1.7%	3.7	BBB / - / -
Top 30 tenants			49.1%	763	6,020,441	57.6%		

¹ The names noted above may be the names of the parent entities and are not necessarily the tenant covenants under the leases.

² Weighted average lease term ("WALT").

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Operating Capital Expenditures

Primaris' expenditures on investment properties fall into two categories: (i) revenue enhancing capital expenditures that add to the overall earnings capacity of the property portfolio; and (ii) operating capital expenditures that are necessary to maintain the existing productive capacity of the property portfolio. Primaris endeavours to fund operating capital expenditures from its operating cash flows in order to manage the Trust on a sustainable basis. Operating capital expenditures include:

Recoverable and non-recoverable costs: Expenditures incurred pursuant to a capital plan to maintain the productive capacity of the properties, such as parking lot resurfacing and roof replacements. Tenant leases generally provide for the ability to recover a significant portion of such costs over time.

Tenant allowances and external leasing costs: The Trust's portfolio requires ongoing investments of capital related to leasing activity. These expenditures include the Trust's obligation under various leases for the build out of tenant space, and costs such as commissions and legal fees incurred in negotiating tenant leases. Leasing capital varies with tenant demand and the merchandising mix strategies of a property. Primaris actively manages its merchandising mix and leasing activities to achieve a balance of new and renewal leasing. This enables management to increase retail sales and grow rental revenue. Included in general and administrative expenses are costs associated with Primaris' internal leasing team, which might otherwise have been capitalized if the costs were incurred from a third-party service provider (see Section 9.1, "Components of Net Income (Loss)" - "General and Administrative Expenses").

Total operating capital expenditures and total capital expenditures for the three and nine months ended September 30, 2023 and 2022 were as follows:

(\$ thousands unless otherwise indicated) (unaudited) For the periods ended September 30,	Three months		Nine months	
	2023	2022	2023	2022
Recoverable and non-recoverable costs	\$ 5,245	\$ 2,370	\$ 9,238	\$ 5,562
Tenant allowances and external leasing costs	4,726	4,451	13,274	10,394
Total operating capital expenditures	9,971	6,821	22,512	15,956
Operating capital expenditures per square foot			\$ 2.07	\$ 1.47
Building improvements	798	438	2,184	660
Redevelopment	22,637	18,169	55,734	32,337
Capitalized interest	1,277	1,077	3,639	2,744
Total capital expenditures	\$ 34,683	\$ 26,505	\$ 84,069	\$ 51,697

The normalized average operating capital costs per square foot is a supplementary financial measure, see Section 1, "Basis of Presentation" - "Use of Operating Metrics". Based on the historic performance of the Primaris Properties, normalized average operating capital costs per square foot were approximately \$2.00 per square foot per year. Primaris calculated the normalized average operating capital costs per square foot based on 8 years of historical spending for properties under continuous management, adjusted to exclude the impact of the Target and Sears exits (in 2015 and 2018, respectively). The calculation also excludes expenditures at Northland Village, which is currently under redevelopment, and at the HOOPP Properties. Management calculates the normalized average operating capital costs per square foot to manage future cash flow requirements. The normalized average operating capital costs per square foot, calculated based on historical costs, may not be indicative of future expenditures.

For the 2022 fiscal year, annual spending per square foot of approximately \$2.30 was higher than the historical average driven by leasing costs related to positive absorption as spaces vacated during the pandemic were leased, completion of previously delayed maintenance projects, and the impacts of inflation. Management estimates similar impacts for the 2023 fiscal year with operating capital expenditures anticipated in the range of \$27.7 million to \$31.7 million, or \$2.55 to \$2.90 per square foot. This level of operating capital is elevated compared to a stabilized rate and is expected to be above a stabilized rate as the portfolio returns to a stabilized occupancy of >95%.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

9. RESULTS FROM OPERATIONS

(\$ thousands) (unaudited) For the periods ended September 30,	Three months		Nine months	
	2023	2022	2023	2022
Rental Revenue				
Base rent	\$ 57,767	\$ 54,119	\$ 165,014	\$ 157,859
Percent rent in lieu of base rent	3,805	3,397	11,136	10,763
Property tax and insurance recoveries	16,260	14,702	47,899	45,431
Operating cost recoveries	18,118	16,768	52,266	49,345
Percentage rent	1,655	827	3,981	2,168
Straight-line rent	730	1,091	1,947	3,853
Lease surrender revenue	1,491	13	2,653	412
Specialty leasing revenue	3,546	2,979	10,144	8,484
Parking and other sundry revenue	1,454	255	2,120	1,945
	104,826	94,151	297,160	280,260
Property Operating Costs				
Property tax and insurance expense	(22,442)	(19,578)	(63,661)	(60,606)
Recoverable operating costs	(20,406)	(18,400)	(60,844)	(58,146)
Non-recoverable operating costs	(1,020)	(1,541)	(3,086)	(3,511)
Ground rent	(474)	(425)	(1,356)	(1,268)
	(44,342)	(39,944)	(128,947)	(123,531)
Net Operating Income **	60,484	54,207	168,213	156,729
Other Income and Expenses				
Interest and other income	2,028	890	5,624	2,655
Net interest and other financing charges	(15,276)	(8,619)	(39,925)	(22,882)
General and administrative expenses	(7,340)	(6,236)	(22,441)	(19,361)
Amortization of other assets	(374)	(374)	(1,123)	(767)
Net Income before adjustments to fair value	39,522	39,868	110,348	116,374
Adjustments to fair value of derivative instruments	3,725	—	8,050	—
Adjustments to fair value of unit-based compensation	171	(31)	1,168	1,717
Adjustments to fair value of Preferred LP Units	(224)	—	(224)	—
Adjustments to fair value of investment properties	(22,964)	(60,335)	(30,924)	(104,401)
Net income (loss)	\$ 20,230	\$ (20,498)	\$ 88,418	\$ 13,690

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures".

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

9.1 Components of Net Income (Loss)

Rental Revenue

(\$ thousands) (unaudited)		Three months		Nine months	
For the periods ended September 30,	Count	2023	2022	2023	2022
Shopping centres ¹	22	\$ 90,853	\$ 87,046	\$ 268,359	\$ 258,313
Other properties ²	12	5,663	5,518	17,129	16,958
Same Properties ³	34	96,516	92,564	285,488	275,271
Acquisition ⁴	1	6,273	—	6,273	—
Property under redevelopment ⁵	1	2,037	1,587	5,399	4,989
Rental revenue	36	\$ 104,826	\$ 94,151	\$ 297,160	\$ 280,260

¹ Shopping centres include 21 enclosed malls and 1 open air centre, Highstreet Shopping Centre in Abbotsford, BC.

² Other properties include 8 plazas, 3 office buildings and 1 industrial building.

³ Properties owned for the entire 21 months ended September 30, 2023, properties under development or major redevelopment, are referred to as "Same Properties".

⁴ See Section 7.3, "Acquisition".

⁵ Northland Village, Calgary, Alberta.

Three Months

The \$10.7 million, or 11.3%, increase in property rental revenue was primarily driven by a \$6.3 million, or 6.7%, contribution from the newly acquired Conestoga Mall and revenue increases at the shopping centres of \$3.8 million, or 4.0%. The increase in the shopping centres was primarily attributable to growth in base rent, operating cost recovery revenue and lease surrender revenue. In addition, completed redevelopment projects contributed \$0.5 million incremental base rent to the shopping centres (see Section 7.4, "Redevelopment and Development").

Nine Months

The \$16.9 million, or 6.0%, increase in property rental revenue was primarily driven by a \$6.3 million, or 2.2%, contribution from the acquisition and revenue increases at the shopping centres of \$10.0 million, or 3.6%. The increase in the shopping centres was primarily attributable to growth in base rent, operating cost recovery revenue, lease surrender revenue and specialty leasing; partially offset by lower straight-line rent. In addition, completed redevelopment projects contributed \$1.5 million incremental base rent to the shopping centres (see Section 7.4, "Redevelopment and Development").

Rental revenue included a \$2.3 million contribution from the recovery of property taxes from prior years (2022 - \$1.9 million).

Lease surrender revenue is earned when a tenant returns space to Primaris before the completion of their lease term. These amounts are not earned evenly over any calendar year and are not predictable.

Rental revenue includes certain non-cash amounts. Base rent is recorded on a straight-line basis over the full term of the lease, which results in a difference between cash rent received and revenue recognized for accounting purposes. Straight-line rent, reported over the year ended December 31, 2022, was higher than the anticipated future run rate due to the IFRS accounting treatment of short-term rental assistance, provided to tenants due to the pandemic, as lease modifications.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Property Operating Costs

(\$ thousands) (unaudited) For the periods ended September 30,	Three months		Nine months	
	2023	2022	2023	2022
Shopping centres	\$ 38,835	\$ 37,538	\$ 118,225	\$ 116,201
Other properties	2,045	1,933	6,261	6,016
Same Properties	40,880	39,471	124,486	122,217
Acquisition	2,615	—	2,615	—
Property under redevelopment	847	473	1,846	1,314
Property operating costs	\$ 44,342	\$ 39,944	\$ 128,947	\$ 123,531

Three Months

Property operating costs increased \$4.4 million, or 11.0%, including the contribution of the newly acquired Conestoga Mall of \$2.6 million, or 6.5%. The remaining \$1.8 million, or 4.5%, increase was primarily due to the impacts of inflation on operating expenses.

Nine Months

The \$5.4 million, or 4.4%, increase in property operating costs included the contribution of the newly acquired Conestoga Mall of \$2.6 million, or 2.1%. The remaining \$2.8 million, or 2.3%, increase was primarily due to the impacts of inflation on operating expenses.

Property operating costs included bad debt recovery of \$0.4 million (2022 - bad debt expense \$0.9 million).

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Net Operating Income**

Net Operating Income** ("NOI") is calculated as rental revenue, as calculated in accordance with IFRS less property operating costs, as calculated in accordance with IFRS. NOI** is not a measure defined by GAAP and, as such, results may not be comparable to other real estate entities (see Section 12, "Non-GAAP Measures").

(\$ thousands) (unaudited) For the periods ended September 30,	Three months		Nine months	
	2023	2022	2023	2022
Shopping centres	\$ 52,018	\$ 49,508	\$ 150,134	\$ 142,112
Other properties	3,618	3,585	10,868	10,942
Same Properties	55,636	53,093	161,002	153,054
Acquisition	3,658	—	3,658	—
Property under redevelopment	1,190	1,114	3,553	3,675
Net Operating Income**	\$ 60,484	\$ 54,207	\$ 168,213	\$ 156,729

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures".

Three Months

The \$6.3 million, or 11.6%, increase in NOI** was primarily attributable to a \$3.7 million, or 6.7%, contribution from the newly acquired Conestoga Mall and a \$2.5 million, or 4.6%, increase from shopping centres. The growth in the shopping centres' NOI** was primarily attributable to increases in base rent, lease surrender revenue, partially offset by lower net recovery of operating costs. The third quarter of 2022 was positively impacted by a year to date adjustment of \$1.0 million to recoveries that was not repeated in the third quarter of 2023.

Nine Months

The \$11.5 million increase, or 7.3%, in NOI** was primarily attributable to a \$3.7 million, or 2.3%, contribution from the newly acquired Conestoga Mall and a \$8.0 million, or 5.1%, increase from the shopping centres. The growth in the shopping centres' NOI** was primarily attributable to increases in base rent, percentage rent, lease surrender revenue and specialty leasing revenue, partially offset by lower straight-line rent revenue.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Cash NOI** and Same Properties Cash NOI**

Cash Net Operating Income** ("Cash NOI") is calculated as rental revenue, as calculated in accordance with IFRS, excluding straight-line rent and lease surrender revenue, less property operating costs, as calculated in accordance with IFRS. Cash NOI** is not a measure defined by GAAP and, as such, results may not be comparable to other real estate entities (see Section 12, "Non-GAAP Measures"). Management calculates and analyzes Cash NOI** to monitor the performance of its income producing investment properties; in particular, the period over period Cash NOI** results for properties continuously in operation for the duration of the measurement period ("Same Properties Cash NOI**").

(\$ thousands) (unaudited) For the periods ended September 30,	Three months		Nine months	
	2023	2022	2023	2022
Rental revenue	\$ 104,826	\$ 94,151	\$ 297,160	\$ 280,260
Property operating costs	(44,342)	(39,944)	(128,947)	(123,531)
Net Operating Income**	60,484	54,207	168,213	156,729
Exclude:				
Straight-line rent	(730)	(1,091)	(1,947)	(3,853)
Lease surrender revenue	(1,491)	(13)	(2,653)	(412)
Cash Net Operating Income**	\$ 58,263	\$ 53,103	\$ 163,613	\$ 152,464
Cash NOI** Margin	56.8 %	57.1 %	55.9 %	55.2 %

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures".

Three Months

Cash NOI** was \$5.2 million, or 9.7%, higher than the same period of the prior year. The Cash NOI Margin** was 56.8%, or 0.3% lower than the prior year. The third quarter of 2022 was positively impacted by a year to date adjustment of \$1.0 million to recoveries that was not repeated in the third quarter of 2023. Excluding this adjustment, the Cash NOI** Margin would have been 56.6% in the third quarter of 2022.

Nine Months

Cash NOI** was \$11.1 million, or 7.3%, higher than the same period of the prior year driven by growth in rental revenue. The Cash NOI** Margin was 55.9%, or 0.7%, higher than the prior year reflecting the growth in base rent and the improvement in the recovery of operating costs.

In the calculation of Cash NOI**, Primaris excludes revenue from straight-line rent which is the difference between the revenue recognized for accounting purposes and the cash rent received.

(\$ thousands) (unaudited) For the periods ended September 30,	Three months		Nine months	
	2023	2022	2023	2022
Shopping centres	\$ 418	\$ 1,045	\$ 1,336	\$ 3,696
Other properties	157	79	462	203
Same Properties	575	1,124	1,798	3,899
Acquisition	114	—	114	—
Property under redevelopment	41	(33)	35	(46)
Straight-line rent	\$ 730	\$ 1,091	\$ 1,947	\$ 3,853

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Lease surrender revenue is also excluded from the Cash NOI** calculation as the amounts are not predictable and not necessarily comparable from one period to the next.

(\$ thousands) (unaudited) For the periods ended September 30,	Three months		Nine months	
	2023	2022	2023	2022
Shopping centres	\$ 1,491	\$ 13	\$ 2,653	\$ 254
Other properties	—	—	—	158
Same Properties	1,491	13	2,653	412
Acquisition	—	—	—	—
Property under redevelopment	—	—	—	—
Lease surrender revenue	\$ 1,491	\$ 13	\$ 2,653	\$ 412

Management calculates and analyzes Cash NOI** to monitor the performance of its income producing investment properties; in particular, the results of the shopping centres.

(\$ thousands) (unaudited) For the periods ended September 30,	Three months		Nine months	
	2023	2022	2023	2022
Cash Net Operating Income** from:				
Shopping centres	\$ 50,109	\$ 48,450	\$ 146,145	\$ 138,162
Other properties	3,461	3,506	10,406	10,581
Same Properties Cash NOI**	53,570	51,956	156,551	148,743
Same Properties Growth	3.1 %		5.2 %	
Acquisition	3,544	—	3,544	—
Property under redevelopment	1,149	1,147	3,518	3,721
Cash Net Operating Income**	\$ 58,263	\$ 53,103	\$ 163,613	\$ 152,464

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures".

Three Months

Same Properties Cash NOI** was \$1.6 million, or 3.1%, higher than the same period of the prior year. Cash NOI** from Same Properties shopping centres contributed \$1.7 million, or 3.2%, to the increase.

The increase in Cash NOI** from the shopping centres' operations was primarily driven by higher revenues from base rent, specialty leasing, and lower bad debt expense, partially offset by lower net recovery of operating costs, due to an adjustment of \$1.0 million in the third quarter of 2022 that was not repeated in the third quarter of 2023. Completed redevelopment projects contributed \$0.5 million incremental base rent to the shopping centres (see Section 7.4, "Redevelopment and Development").

Nine Months

Same Properties Cash NOI** was \$7.8 million, or 5.2%, higher than the same period of the prior year. Cash NOI** for shopping centres contributed \$8.0 million, or 5.4%, to the increase.

The increase in Cash NOI** from the shopping centres' operations was driven by higher revenues from base rent, specialty leasing, and lower bad debt expense. Completed redevelopment projects contributed \$1.5 million incremental base rent to the shopping centres (see Section 7.4, "Redevelopment and Development").

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Management's Discussion and Analysis

Interest and Other Income

(\$ thousands) (unaudited) For the periods ended September 30,	Three months		Nine months	
	2023	2022	2023	2022
Interest income	\$ 1,330	\$ 21	\$ 3,675	\$ 42
Property management fees	698	869	1,949	2,613
Interest and other income	\$ 2,028	\$ 890	\$ 5,624	\$ 2,655

Primaris earned \$2.3 million in interest income during the nine months ended September 30, 2023 on the note receivable from its co-ownership partner (2022 - nil).

Primaris has co-ownership interests in several properties and performs the management services on behalf of the co-owners for which it earns fee income (see Section 7.2, "Co-ownership Arrangements"). The change in other income was due to fluctuations in leasing and development fees earned from managing the co-owned properties.

Net Interest and Other Financing Charges

(\$ thousands) (unaudited) For the periods ended September 30,	Three months		Nine months	
	2023	2022	2023	2022
Interest on mortgages payable	\$ 2,908	\$ 3,916	\$ 8,093	\$ 12,549
Interest on senior unsecured debentures	7,616	3,863	19,259	7,898
Bank interest and charges on unsecured credit facilities ²	4,387	1,513	13,409	4,006
Subtotal (for use in financial condition calculations) ¹	14,911	9,292	40,761	24,453
Distributions on Preferred LP Units	1,063	—	1,063	—
Finance charge - lease liability	89	67	274	202
Amortization of financing costs ²	490	427	1,466	1,243
Amortization of mark-to-market adjustments	—	(90)	—	(272)
Less capitalized interest	(1,277)	(1,077)	(3,639)	(2,744)
Net interest and other financing charges	\$ 15,276	\$ 8,619	\$ 39,925	\$ 22,882

¹ See Section 10.4, "Capital Structure".

² Presentation of 2022 adjusted to reclassify the amortization of deferred finance costs for the credit facilities.

Three Months

The \$6.7 million increase in net interest and other financing charges was primarily attributable to the year over year increase in interest rates, higher average borrowings and the impact of the Conestoga Mall acquisition.

Nine Months

The \$17.0 million increase in net interest and other financing charges was primarily attributable to the year over year increase in interest rates, higher average borrowings and the impact of the Conestoga Mall acquisition. At September 30, 2023 the weighted average interest rate was 4.96% as compared to 4.07% at September 30, 2022.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

General and Administrative Expenses

(\$ thousands) (unaudited) For the periods ended September 30,	Three months		Nine months	
	2023	2022	2023	2022
Salaries, benefits and employee costs	\$ 5,974	\$ 5,176	\$ 17,644	\$ 16,036
Unit-based compensation costs	1,016	1,035	3,432	2,530
Professional fees	444	294	1,623	1,989
Information technology costs	643	282	1,841	1,388
Investor relations and other public entity costs	429	1,026	1,249	1,722
Occupancy costs	553	420	1,651	1,084
Other	523	224	1,665	1,279
	9,582	8,457	29,105	26,028
Less: Allocations to recoverable operating costs	(2,242)	(2,221)	(6,664)	(6,667)
General and administrative expenses	\$ 7,340	\$ 6,236	\$ 22,441	\$ 19,361
Internal expenses for leases	(1,972)	(1,349)	(5,686)	(4,255)
General and administrative expenses impacting FFO**	\$ 5,368	\$ 4,887	\$ 16,755	\$ 15,106
Rental revenue	\$ 104,826	\$ 94,151	\$ 297,160	\$ 280,260
General and administrative expenses impacting FFO** - as a percent of rental revenue	5.1%	5.2%	5.6%	5.4%

The general and administrative expenses incurred in the nine months ended September 30, 2023, may not be indicative of the expenses that will be incurred in future years.

Three Months

General and administrative expenses were higher by \$1.1 million than for the same period in 2022. The increase was primarily attributable to personnel costs.

Included in the general and administrative expenses are costs relating to full-time leasing staff that can be reasonably and directly attributed to signed leases, and that would otherwise be capitalized if incurred from external sources. During the three months ended September 30, 2023, these internal leasing costs totaled \$2.0 million (2022 - \$1.3 million).

Nine Months

General and administrative expenses were higher by \$3.1 million than for the same period in 2022. The increase was primarily attributable to personnel costs and the growing cost of the unit-based compensation program.

Included in the general and administrative expenses are costs relating to full-time leasing staff that can be reasonably and directly attributed to signed leases, and that would otherwise be capitalized if incurred from external sources. During the nine months ended September 30, 2023, these internal leasing costs totaled \$5.7 million (2022 - \$4.3 million).

The fourth quarter of 2024 will have an additional charge for the impairment of a right of use asset. Primaris recently entered into an agreement to sublease a portion of its excess head office space. The sublease is effective November 1, 2023 and will negatively impact fiscal 2023 by approximately \$2.2 million, of which only approximately \$0.4 million will impact cash flows. The sublease is for a term of 12 years. Over this term, Primaris anticipates cash flow savings of approximately \$0.7 million annually.

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Adjustments to Fair Value and Net Income (Loss)

(\$ thousands) (unaudited) For the periods ended September 30,	Three months		Nine months	
	2023	2022	2023	2022
Net income before adjustments to fair value	\$ 39,522	\$ 39,868	\$ 110,348	\$ 116,374
Adjustments to fair value of derivative instruments	3,725	—	8,050	—
Adjustments to fair value of unit-based compensation	171	(31)	1,168	1,717
Adjustments to fair value of Preferred LP Units	(224)	—	(224)	—
Adjustments to fair value of investment properties	(22,964)	(60,335)	(30,924)	(104,401)
Net income (loss)	\$ 20,230	\$ (20,498)	\$ 88,418	\$ 13,690

The Financial Statements are prepared using the historical cost method except for derivative instruments, liabilities for unit-based compensation plans, the Preferred LP Units and investment properties each of which is measured at fair value with any changes to fair value impacting net income (loss).

Primaris entered into interest rate swaps to economically hedge the variable interest rate associated with advances on the credit facilities. These derivative instruments are carried at their fair values, which values are impacted by changes to bond yields. Adjustments to the fair value of derivative instruments impact net income.

Primaris is an open-ended trust which requires outstanding unit-based compensation grants to be recorded as liabilities and adjusted to fair value based on the closing value of the Trust Units, with the adjustment impacting net income. When the value of the Trust Units increases, there is a corresponding increase to the liability and an expense is recorded against net income. The value of the Trust Units is impacted by a number of risk factors (see Section 13, "Enterprise Risks and Risk Management"), and as such the adjustments to fair value incurred in the past are not predictors of future adjustments.

Preferred LP Units are considered puttable instruments and are required to be recorded as liabilities and adjusted to fair value, with the adjustment impacting net income. The model to value the Preferred LP Units includes assumptions on the risk-free interest rate for the expected life of the Preferred LP Units, the credit spread and ranking concession applied to the risk free rate, and the expected Trust Unit price volatility. The model also includes a number of inputs such as the closing value of the Trust Units. Adjustments to fair value incurred in the past are not predictors of future adjustments.

Primaris values its investment properties at fair value. Refer to Section 7.1, "Valuation" for a discussion of the valuation methodologies employed by the Trust and the key drivers of fair value adjustments to the Trust's investment properties. Adjustments to the fair value of the Trust's investment properties are recognized in net income.

Three Months

Net income was \$40.7 million higher than for the same period in 2022. Net income before adjustments to fair value was \$0.3 million lower than the same period in 2022 primarily due to a \$6.7 million increase in net interest and other financing charges and a \$1.1 million increase in general and administrative expenses, partially offset by a \$6.3 million increase to NOI** for the portfolio and a \$1.1 million increase to interest and other income.

Nine Months

Net income was \$74.7 million higher than for the same period in 2022. Net income before adjustments to fair value was \$6.0 million lower than the same period in 2022 primarily due to a \$17.0 million increase in net interest and other financing charges and a \$3.1 million increase in general and administrative expenses, partially offset by a \$11.5 million increase to NOI** for the portfolio and a \$3.0 million increase to interest and other income.

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Management's Discussion and Analysis

9.2 FFO** and AFFO**

FFO** and AFFO** are non-GAAP measures (see Section 12, "Non-GAAP Measures") calculated in accordance with the definitions provided by the Real Property Association of Canada ("REALPAC") in its January 2022 publication *Funds From Operations and Adjusted Funds From Operations for IFRS*. The following table reconciles net income, as determined in accordance with GAAP, to FFO** and subsequently to AFFO**.

(\$ thousands except per unit amounts) (unaudited) For the periods ended September 30,	Three months		Nine months	
	2023	2022	2023	2022
Net income (loss)	\$ 20,230	\$ (20,498)	\$ 88,418	\$ 13,690
Reverse:				
Distribution on Preferred LP Units	1,063	—	1,063	—
Adjustments to fair value of derivative instruments	(3,725)	—	(8,050)	—
Adjustments to fair value of unit-based compensation	(171)	31	(1,168)	(1,717)
Adjustments to fair value of Preferred LP Units	224	—	224	—
Adjustments to fair value of investment properties	22,964	60,335	30,924	104,401
Internal expenses for leases	1,972	1,349	5,686	4,255
Funds from Operations**	\$ 42,557	\$ 41,217	\$ 117,097	\$ 120,629
FFO** per unit - average basic	\$ 0.425	\$ 0.414	\$ 1.196	\$ 1.199
FFO** per unit - average diluted	\$ 0.421	\$ 0.411	\$ 1.186	\$ 1.193
FFO Payout Ratio** - Target 45% - 50%	49.4 %	48.6 %	52.1 %	50.3 %
Funds from Operations**	\$ 42,557	\$ 41,217	\$ 117,097	\$ 120,629
Reverse:				
Internal expenses for leases	(1,972)	(1,349)	(5,686)	(4,255)
Straight-line rent	(730)	(1,091)	(1,947)	(3,853)
Deduct:				
Recoverable and non-recoverable costs	(5,245)	(2,370)	(9,238)	(5,562)
Tenant allowances and external leasing costs	(4,726)	(4,451)	(13,274)	(10,394)
Adjusted Funds from Operations**	\$ 29,884	\$ 31,956	\$ 86,952	\$ 96,565
AFFO** per unit - average basic	\$ 0.298	\$ 0.321	\$ 0.888	\$ 0.960
AFFO** per unit - average diluted	\$ 0.296	\$ 0.319	\$ 0.881	\$ 0.955
AFFO Payout Ratio**	70.3 %	62.7 %	70.2 %	62.9 %
Distributions declared per unit - Trust Units	\$ 0.205	\$ 0.200	\$ 0.615	\$ 0.600
Distributions declared per unit - Preferred Units	0.003	—	0.003	—
Total distributions declared per unit ¹	\$ 0.208	\$ 0.200	\$ 0.618	\$ 0.600
Weighted average units outstanding ² - basic (in thousands)	100,148	99,543	97,890	100,637
Weighted average units outstanding ² - diluted (in thousands)	101,050	100,183	98,721	101,154
Number of units outstanding ² - end of period (in thousands)	99,949	98,926	99,949	98,926

¹ Distributions declared per unit used in the FFO* and AFFO* Payout Ratios include distributions declared on Preferred LP Units at 6% per annum. See Section 10.6, "Unit Equity and Distributions".

² Units outstanding and weighted average units outstanding assumes the exchange of Preferred LP Units for Trust Units. See Section 10.6, "Unit Equity and Distributions".

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures".

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The calculation of AFFO** considers the impact of operating capital expenditures that are necessary to maintain the productive capacity of the portfolio properties. Expenditures for recoverable and non-recoverable capital projects are impacted by seasonality. Tenant allowances and external leasing costs are not impacted by seasonality but do vary from quarter to quarter depending on the underlying terms of lease agreements completed during the quarter. In addition, during years of positive absorption, leasing costs will be higher. The results from the three and nine months ended September 30, 2023 should not be taken as indicative of future results.

To capitalize on the Trust Unit price trading below NAV** per unit, the Trust purchased units for cancellation, on a leverage neutral basis (see Section 10.7, "Normal Course Issuer Bid"). By purchasing Units at a discount, management crystallized the opportunity to increase Unitholders' value with low risk and positively impact FFO** and AFFO** per unit on a weighted average diluted basis (see Section 10.4, "Capital Structure", for the impact of the purchase of Units on NAV** per unit).

The below table compares the composition of FFO** and illustrates the drivers of the changes for the three months ended September 30, 2023 as compared to the same period in 2022.

For the three months ended September 30, (\$ thousands except per unit amounts) (unaudited)	2023		2022		Change	
	Contribution	per unit ¹	Contribution	per unit ¹	Contribution	per unit ¹
NOI** from:						
Same Properties	\$ 55,636	\$ 0.551	\$ 53,093	\$ 0.530	\$ 2,543	\$ 0.025
Acquisition	3,658	0.036	—	—	3,658	0.037
Property under redevelopment	1,190	0.012	1,114	0.011	76	0.001
Interest and other income	2,028	0.020	890	0.009	1,138	0.011
Net interest and other financing charges (excluding distributions on Preferred LP Units)	(14,213)	(0.141)	(8,619)	(0.086)	(5,594)	(0.056)
General and administrative expenses (net of internal expenses for leases)	(5,368)	(0.053)	(4,887)	(0.049)	(481)	(0.005)
Amortization	(374)	(0.004)	(374)	(0.004)	—	—
Impact from issuance of units as part of acquisition consideration	—	—	—	—	—	(0.017)
Impact from cancellation of units under NCIB	—	—	—	—	—	0.014
FFO** and FFO** per unit - average diluted¹	\$ 42,557	\$ 0.421	\$ 41,217	\$ 0.411	\$ 1,340	\$ 0.010

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures".

¹ Per weighted average units outstanding calculated on a diluted basis, assuming the exchange of Preferred LP Units for Trust Units. See Section 10.6, "Unit Equity and Distributions".

FFO** for the three months ended September 30, 2023 was \$0.010 per unit higher than the same period of the prior year. NOI** increased \$0.025 per unit from Same Properties and \$0.037 per unit from the acquisition of Conestoga Mall during the quarter. Interest and other income increased \$0.011 per unit primarily due to the interest income earned on the note receivable from a co-ownership partner. In addition, the change in the units outstanding from NCIB activity resulted in a \$0.014 per unit increase. These increases were partially offset by the \$0.056 per unit decrease due to higher net interest and other financing charges and a \$0.017 per unit decrease due to the units issued as partial consideration in the Conestoga Mall acquisition.

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The below table compares the composition of AFFO** and illustrates the drivers of the changes for the three months ended September 30, 2023 as compared to the same period in 2022.

For the three months ended September 30, (\$ thousands except per unit amounts) (unaudited)	2023		2022		Change	
	Contribution	per unit ¹	Contribution	per unit ¹	Contribution	per unit ¹
FFO*	\$ 42,557	\$ 0.421	\$ 41,217	\$ 0.411	\$ 1,340	\$ 0.013
Internal expenses for leases	(1,972)	(0.019)	(1,349)	(0.013)	(623)	(0.006)
Straight-line rent	(730)	(0.007)	(1,091)	(0.011)	361	0.004
Recoverable and non-recoverable costs	(5,245)	(0.052)	(2,370)	(0.024)	(2,875)	(0.029)
Tenant allowances and leasing costs	(4,726)	(0.047)	(4,451)	(0.044)	(275)	(0.003)
Impact from issuance of units as part of acquisition consideration	—	—	—	—	—	(0.012)
Impact from cancellation of units under NCIB	—	—	—	—	—	0.010
AFFO** and AFFO** per unit - average diluted¹	\$ 29,884	\$ 0.296	\$ 31,956	\$ 0.319	\$ (2,072)	\$ (0.023)

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures".

¹ Per weighted average units outstanding calculated on a diluted basis, assuming the exchange of Preferred LP Units for Trust Units. See Section 10.6, "Unit Equity and Distributions".

AFFO** for the three months ended September 30, 2023 was \$0.023 per unit lower than the same period of the prior year. The increase in FFO** per unit was offset by \$0.032 per unit higher operating capital spending in the current period.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

The below table compares the composition of FFO** and illustrates the drivers of the changes for the nine months ended September 30, 2023 as compared to the same period in 2022.

For the nine months ended September 30, (\$ thousands except per unit amounts) (unaudited)	2023		2022		Change	
	Contribution	per unit ¹	Contribution	per unit ¹	Contribution	per unit ¹
NOI** from:						
Same Properties	\$ 161,002	\$ 1.631	\$ 153,054	\$ 1.513	\$ 7,948	\$ 0.078
Acquisition	3,658	0.037	—	—	3,658	0.036
Property under redevelopment	3,553	0.036	3,675	0.036	(122)	(0.001)
Interest and other income	5,624	0.057	2,655	0.026	2,969	0.029
Net interest and other financing charges (excluding distributions on Preferred LP Units)	(38,862)	(0.394)	(22,882)	(0.226)	(15,980)	(0.158)
General and administrative expenses (net of internal expenses for leases)	(16,755)	(0.170)	(15,106)	(0.149)	(1,649)	(0.016)
Amortization	(1,123)	(0.011)	(767)	(0.007)	(356)	(0.004)
Impact from issuance of units as part of acquisition consideration	—	—	—	—	—	(0.016)
Impact from cancellation of units under NCIB	—	—	—	—	—	0.045
FFO** and FFO** per unit - average diluted¹	\$ 117,097	\$ 1.186	\$ 120,629	\$ 1.193	\$ (3,532)	\$ (0.007)

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures".

¹ Per weighted average units outstanding calculated on a diluted basis, assuming the exchange of Preferred LP Units for Trust Units. See Section 10.6, "Unit Equity and Distributions".

FFO** for the nine months ended September 30, 2023 was \$0.007 per unit lower than the same period of the prior year. Net interest and other financing charges contributed \$0.158 per unit to the decrease, general and administrative expenses contributed \$0.016 per unit and the units issued as partial consideration in the Conestoga Mall acquisition contributed \$0.016 per unit to the decrease in FFO** per unit. These decreases were partially offset by higher NOI** of \$0.078 per unit from Same Properties and \$0.036 per unit from the acquisition of Conestoga Mall. Interest and other income increased \$0.029 per unit primarily due to the interest income earned on the note receivable from a co-ownership partner. In addition, the change in the units outstanding from NCIB activity resulted in a \$0.045 per unit increase to FFO** per unit.

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Management's Discussion and Analysis

The below table compares the composition of AFFO** and illustrates the drivers of the changes for the nine months ended September 30, 2023 as compared to the same period in 2022.

For the nine months ended September 30, (\$ thousands except per unit amounts) (unaudited)	2023		2022		Change	
	Contribution	per unit ¹	Contribution	per unit ¹	Contribution	per unit ¹
FFO**	\$ 117,097	\$ 1.186	\$ 120,629	\$ 1.193	\$ (3,532)	\$ (0.035)
Internal expenses for leases	(5,686)	(0.057)	(4,255)	(0.042)	(1,431)	(0.014)
Straight-line rent	(1,947)	(0.020)	(3,853)	(0.038)	1,906	0.019
Recoverable and non-recoverable costs	(9,238)	(0.094)	(5,562)	(0.055)	(3,676)	(0.036)
Tenant allowances and leasing costs	(13,274)	(0.134)	(10,394)	(0.103)	(2,880)	(0.029)
Impact from issuance of units as part of acquisition consideration	—	—	—	—	—	(0.012)
Impact from cancellation of units under NCIB	—	—	—	—	—	0.033
AFFO** and AFFO** per unit - average diluted¹	\$ 86,952	\$ 0.881	\$ 96,565	\$ 0.955	\$ (9,613)	\$ (0.074)

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures".

¹ Per weighted average units outstanding calculated on a diluted basis, assuming the exchange of Preferred LP Units for Trust Units. See Section 10.6, "Unit Equity and Distributions".

AFFO** for the nine months ended September 30, 2023 was \$0.074 per unit lower than the same period of the prior year as a result of lower FFO** per unit and higher operating capital spending.

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Management's Discussion and Analysis

The below table compares the composition of FFO** for the three months ended September 30, 2023 to the prior quarter ended June 30, 2023 and illustrates the drivers of the quarter-over-quarter changes.

For the three months ended (\$ thousands except per unit amounts) (unaudited)	September 30, 2023		June 30, 2023		Change	
	Contribution	per unit ¹	Contribution	per unit ¹	Contribution	per unit ¹
NOI** from:						
Same Properties	\$ 55,636	\$ 0.551	\$ 54,211	\$ 0.557	\$ 1,425	\$ 0.014
Acquisition	3,658	0.036	—	—	3,658	0.038
Property under redevelopment	1,190	0.012	1,212	0.013	(22)	—
Interest and other income	2,028	0.020	2,192	0.023	(164)	(0.002)
Net interest and other financing charges (excluding distributions on Preferred LP Units)	(14,213)	(0.141)	(12,811)	(0.132)	(1,402)	(0.014)
General and administrative expenses (net of internal expenses for leases)	(5,368)	(0.053)	(5,986)	(0.062)	618	0.006
Amortization	(374)	(0.004)	(375)	(0.004)	1	—
Impact from issuance of units as part of acquisition consideration	—	—	—	—	—	(0.019)
Impact from cancellation of units under NCIB	—	—	—	—	—	0.003
FFO** and FFO** per unit - average diluted¹	\$ 42,557	\$ 0.421	\$ 38,443	\$ 0.395	\$ 4,114	\$ 0.026

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures".

¹ Per weighted average units outstanding calculated on a diluted basis, assuming the exchange of Preferred LP Units for Trust Units. See Section 10.6, "Unit Equity and Distributions".

FFO** for the three months ended September 30, 2023 was \$0.026 per unit higher than the prior quarter ended June 30, 2023. This increase was driven by the \$0.038 per unit contribution from the NOI** of the Conestoga Mall acquisition and a \$0.014 per unit increase in NOI** from Same Properties, partially offset by \$0.014 per unit from higher net interest and other financing charges due to rising interest rates. The per unit FFO** was also negatively impacted by the issuance of units as partial consideration for the Conestoga Mall acquisition.

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The below table compares the composition of AFFO** for the three months ended September 30, 2023 to the prior quarter ended June 30, 2023 and illustrates the drivers of the quarter-over-quarter changes.

For the three months ended (\$ thousands except per unit amounts) (unaudited)	September 30, 2023		June 30, 2023		Change	
	Contribution	per unit ¹	Contribution	per unit ¹	Contribution	per unit ¹
FFO**	\$ 42,557	\$ 0.421	\$ 38,443	\$ 0.395	\$ 4,114	\$ 0.042
Internal expenses for leases	(1,972)	(0.019)	(1,867)	(0.019)	(105)	(0.001)
Straight-line rent	(730)	(0.007)	(384)	(0.004)	(346)	(0.004)
Recoverable and non-recoverable costs	(5,245)	(0.052)	(2,841)	(0.029)	(2,404)	(0.025)
Tenant allowances and leasing costs	(4,726)	(0.047)	(7,499)	(0.077)	2,773	0.029
Impact from issuance of units as part of acquisition consideration	—	—	—	—	—	(0.013)
Impact from cancellation of units under NCIB	—	—	—	—	—	0.002
AFFO** and AFFO** per unit - average diluted¹	\$ 29,884	\$ 0.296	\$ 25,852	\$ 0.266	\$ 4,032	\$ 0.030

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures".

¹ Per weighted average units outstanding calculated on a diluted basis, assuming the exchange of Preferred LP Units for Trust Units. See Section 10.6, "Unit Equity and Distributions".

AFFO** for the three months ended September 30, 2023 was \$0.030 per unit higher than the prior quarter ended June 30, 2023 primarily driven by FFO** growth.

To recognize the variability of operating capital spending between quarters, AFFO** is presented below on a rolling four-quarter basis and compared to the results of the most recent year end.

(\$ thousands except per unit amounts) (unaudited)	Fiscal year ended	Rolling 4-quarters				
		September 30, 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
For the period	December 31, 2022					
AFFO**	\$ 123,347	\$ 113,734	29,884	25,852	31,216	26,782
Weighted average units outstanding ¹ - diluted (in thousands)	100,597	98,721				
AFFO** per unit - average diluted	\$ 1.226	\$ 1.152				

¹ Per weighted average units outstanding calculated on a diluted basis, assuming the exchange of Preferred LP Units for Trust Units. See Section 10.6, "Unit Equity and Distributions".

The AFFO** calculated on a rolling four-quarter basis for the period ended September 30, 2023 is lower than the results for the fiscal year ended December 31, 2022 primarily due to increased interest expense and higher operating capital spending.

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10. LIQUIDITY AND CAPITAL RESOURCES

10.1 Major Cash Flow Components

(\$ thousands) (unaudited) For the periods ended September 30,	Three months		Nine months	
	2023	2022	2023	2022
Cash and cash equivalents, beginning of period	\$ 42,206	\$ —	\$ 10,954	\$ 5,636
Cash flows provided by (used in):				
Operating activities	53,316	50,900	123,652	116,748
Financing activities	94,376	(25,458)	117,316	(78,898)
Investing activities	(188,617)	(25,428)	(250,641)	(43,472)
Cash and cash equivalents, end of the period	\$ 1,281	\$ 14	\$ 1,281	\$ 14

Cash flows provided by (used in) operating activities

Three Months

The increase in cash flows from operating activities was primarily due to the change in non-cash operating items.

Nine Months

The increase in cash flows from operating activities was primarily due to the change in non-cash operating items.

Management endeavours to fund ongoing operations and operating capital expenditures with cash flows from operating activities.

Cash flows provided by (used in) financing activities

Three Months

The increase in cash flows from financing activities in 2023 over the same period of 2022 was primarily due to the draw on the credit facility to fund the Conestoga Mall acquisition.

Nine Months

The increase in cash flows from financing activities in 2023 over the same period of 2022 was primarily due to the repayment of the note payable to Former Parent in January 2022.

Cash flows provided by (used in) investing activities

Three Months

The increase in cash flows used in investing activities was primarily due to the \$155.2 million cash consideration paid in connection with the Conestoga Mall acquisition.

Nine Months

The increase in cash flows used in investing activities was primarily due to the \$170.2 million cash consideration paid in connection with the Conestoga Mall acquisition.

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10.2 Liquidity and Unencumbered Assets

Primaris manages its liquidity in order to fund its ongoing operations, finance future growth, and refinance or meet maturing payment obligations. Sources of liquidity primarily consist of cash flows from operations, cash and cash equivalents, and available capacity under Primaris' unsecured credit facilities. Refinancing encumbered assets is another source of liquidity. There is also the potential to refinance low leverage assets at higher levels to access additional liquidity. If necessary, Primaris is also able to obtain financing on its unencumbered assets. The cash and cash equivalents, and the undrawn balances on Primaris' various unsecured credit facilities at September 30, 2023 were as follows:

(\$ thousands) (unaudited) As at		Liquidity September 30, 2023	Liquidity December 31, 2022
Cash and cash equivalents		\$ 1,281	\$ 10,954
Unsecured credit facilities:	Facility Limit:		
Unsecured syndicated revolving term ¹	\$400,000	268,000	156,000
Unsecured syndicated non-revolving term	\$200,000	—	—
Unsecured revolving demand	\$10,000	10,000	10,000
Liquidity		\$ 279,281	\$ 176,954

¹ Liquidity calculation excludes the impact of outstanding letters of credit as at September 30, 2023 of \$742 (December 31, 2022 - \$892).

The following table summarizes key metrics relating to Primaris' unencumbered assets and unsecured debt.

(\$ thousands) (unaudited) As at	Target Ratio	September 30, 2023	December 31, 2022
Unencumbered assets - number		30	30
Unencumbered assets - value		\$ 2,998,687	\$ 2,863,844
Unencumbered assets as a percentage of the investment properties		87.5%	91.8%
Secured debt to Total Debt**	<40%	24.1%	21.4%
Unencumbered assets to unsecured debt		3.2x	3.6x
Unencumbered assets in excess of unsecured debt		\$ 2,066,687	\$ 2,069,844
Percent of Cash NOI** generated by unencumbered assets		85.5%	90.2%

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures".

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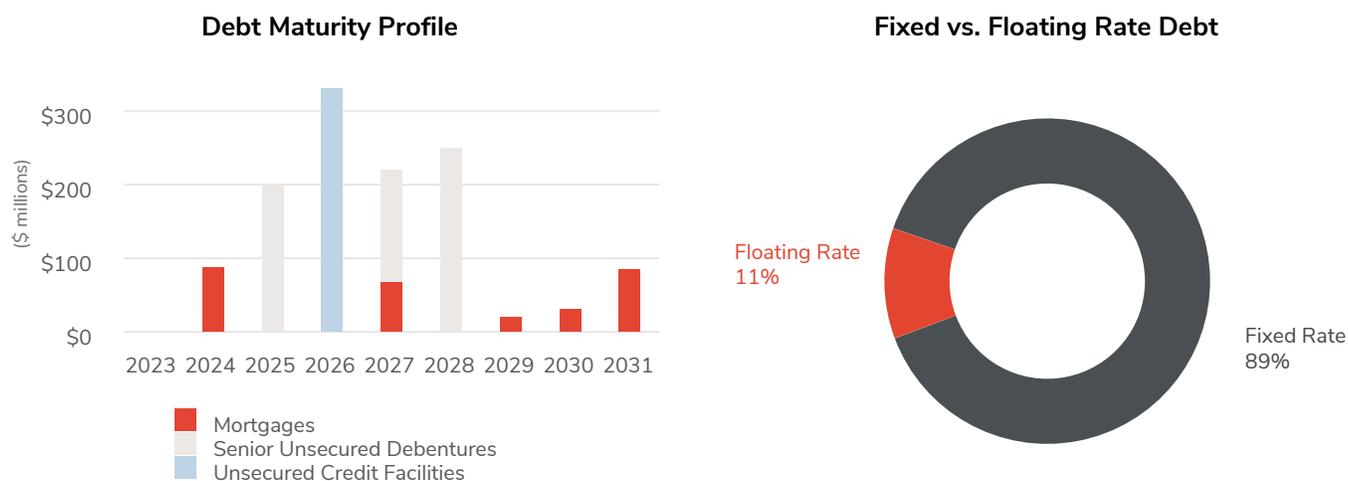
10.3 Components of Total Debt

The weighted average term to maturity for the Total Debt** outstanding is 3.6 years. Future principal repayments of Primaris' outstanding debt as at September 30, 2023 and for the years ended December 31 are as follows:

(\$ thousands) (unaudited)	Senior Unsecured Debentures	Rate	Mortgages Payable	Rate ¹	Unsecured Credit Facilities	Rate ²	Total Debt	Rate
2023 remainder	\$ —		\$ 1,741	3.37%	\$ —		\$ 1,741	3.37%
2024	—		91,177	3.04%	—		91,177	3.04%
2025	200,000	4.27%	3,975	3.66%	—		203,975	4.26%
2026	—		4,120	3.66%	332,000	5.59%	336,120	5.55%
2027	150,000	4.73%	64,810	3.83%	—		214,810	4.46%
Thereafter	250,000	5.93%	129,721	4.86%	—		379,721	5.57%
Total Debt**	\$ 600,000	5.08%	\$ 295,544	4.03%	\$ 332,000	5.59%	\$ 1,227,544	4.96%
Unamortized financing costs	(2,377)		(684)		—		(3,061)	
	\$ 597,623		\$ 294,860		\$ 332,000		\$ 1,224,483	

¹ Weighted average effective interest rate.

² Draws on the unsecured credit facilities bear interest at variable rates. As the underlying rate for \$200.0 million drawn on the credit facilities was economically hedged, the \$200.0 million hedged draw is included as fixed rate debt in the chart below.



Senior unsecured debentures

On March 29, 2023, Primaris issued \$250,000 aggregate principal amount of Series C senior unsecured debentures due March 29, 2028 (the "Series C Debentures"). The Series C Debentures bear interest at a fixed annual rate of 5.934%, with semi-annual installments of interest due on March 29th and September 29th in each year commencing on September 29, 2023 until maturity, unless redeemed at an earlier date. The debenture offering was conducted on a private placement basis.

On March 30, 2022, Primaris issued \$150 million and \$200 million aggregate principal amount of Series A and Series B senior unsecured debentures due March 30, 2027 and March 30, 2025, respectively (the "Series A Debentures" and "Series B Debentures", respectively). The Series A Debentures and Series B 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

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30th in each year until maturity, unless redeemed at an earlier date. The debenture offering was conducted on a private placement basis.

As at September 30, 2023, the Trust's senior unsecured debentures had a weighted average interest rate of 5.08% and a weighted average term to maturity of 3.2 years (December 31, 2022 - 4.46% and 3.1 years).

Mortgages payable

At September 30, 2023, Primaris had \$295.5 million (December 31, 2022 - \$215.7 million) mortgages payable bearing interest at fixed rates with a weighted average effective interest rate of 4.03% (December 31, 2022 - 3.40%) and a weighted term to maturity of 4.3 years (December 31, 2022 - 3.8 years).

(\$ thousands) unaudited)				As at	
Property	Location	Maturity	Contractual Interest	September 30, 2023	December 31, 2022
Cataraqui Town Centre	Kingston, ON	January 2024	3.16%	\$ 37,801	\$ 39,018
Place d'Orleans Shopping Centre	Ottawa, ON	August 2024	2.85%	50,345	51,502
Place du Royaume	Chicoutimi, QC	November 2027	3.80%	69,828	71,319
Edinburgh Market Place	Guelph, ON	March 2029	3.45%	21,047	21,571
McAllister Place	Saint John, NB	January 2030	3.41%	31,523	32,270
Stone Road Mall	Guelph, ON	March 2031	5.52%	85,000	—
			4.03%	\$ 295,544	\$ 215,680

Unsecured Credit facilities

On March 7, 2022, Primaris was assigned an issuer rating of BBB with a Stable Trend by DBRS Morningstar ("DBRS"). On March 15, 2023, Primaris received an issuer rating upgrade from DBRS to BBB (high), from BBB, maintaining a Stable trend. This issuer rating upgrade resulted in a 0.25% reduction in Primaris' interest rates under its unsecured credit facilities as the applicable interest rate margins under its credit facilities are based on the external credit rating of the Trust.

As at September 30, 2023, Primaris had \$132,000 amount drawn on its \$400,000 unsecured syndicated revolving term facility maturing January 4, 2026. The revolving credit facility bears interest at variable rates of either: (i) Prime plus 0.20% per annum or (ii) Canadian Dollar Offered Rate ("CDOR") plus 1.20% per annum; and contains certain financial covenants. Once yearly, Primaris may request the syndicate to approve a one-year extension to the maturity date of the revolving facility (one-year extension from January 4, 2025 to January 4, 2026 approved in December 2022).

As at September 30, 2023, Primaris was fully drawn on its \$200.0 million unsecured syndicated non-revolving term facility maturing February 5, 2026. The non-revolving credit facility bears interest at variable rates of CDOR plus 1.25% per annum, and contains certain financial covenants. All proceeds were used to repay maturing mortgages. The non-revolving facility's maturity date may be extended for two-years, subject to lenders' approval.

Primaris economically hedged \$200.0 million drawn on the credit facilities, swapping the underlying variable CDOR rate for a fixed rate of 3.685% per annum until October 18, 2027.

Primaris also has a \$10.0 million unsecured revolving demand facility to finance temporary overdraft positions bearing interest at Prime plus 0.50% per annum. Nothing was drawn on this facility at September 30, 2023 (December 31, 2022 – nil).

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10.4 Capital Structure

(\$ thousands) (unaudited)					
As at	September 30, 2023	December 31, 2022	Change	Change	per unit
Investment properties	\$ 3,334,571	\$ 3,118,590	\$ 215,981	\$	2.21
Investment properties classified as held for sale	92,298	—	92,298		0.95
Cash	1,281	10,954	(9,673)		(0.10)
Other assets	79,455	72,237	7,218		0.07
Total assets	3,507,605	3,201,781	305,824		3.13
Mortgages payable	(295,544)	(215,680)	(79,864)		(0.82)
Senior unsecured debentures	(600,000)	(350,000)	(250,000)		(2.56)
Unsecured credit facilities	(332,000)	(444,000)	112,000		1.15
Debt or Total Debt**	(1,227,544)	(1,009,680)	(217,864)		(2.23)
Other liabilities	(115,267)	(104,472)	(10,795)		(0.11)
Reverse: Obligation for purchase of Trust Units under automatic share purchase plan ¹	10,251	12,508	(2,257)		(0.02)
Impact from issuance of units as part of acquisition consideration					(1.06)
Impact from cancellation of units under NCIB					0.56
Net Asset Value**	\$ 2,175,045	\$ 2,100,137	\$ 74,908	\$	0.27
Net Asset Value** per unit outstanding	\$ 21.76	\$ 21.49	\$ 0.27		
Debt to Total Assets** ² - Target 25% - 35%	35.0%	31.5%	3.5%		
Number of units outstanding ³ - end of period (in thousands)	99,949	97,713	2,236		

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures".

¹ Liability recorded for the obligation to purchase Units during the blackout period after September 30, 2023 under the automatic share purchase plan, but respective Trust Units not yet cancelled.

² The debt ratios are non-GAAP ratios calculated on the basis described in the Trust Indentures.

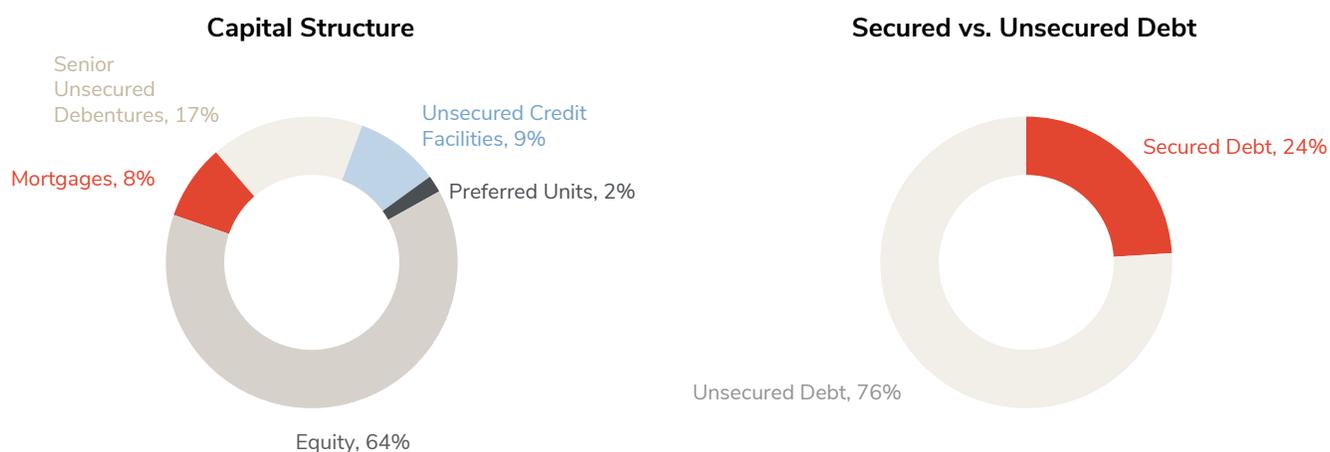
³ Units outstanding assumes the exchange of Preferred LP Units for Trust Units. See Section 10.6, "Unit Equity and Distributions".

NAV** per unit of \$21.76 as at September 30, 2023 was \$0.27 per unit higher than as at December 31, 2022. The increase in NAV** per unit was primarily attributable to a \$3.16 per unit increase to the value of investment properties (including \$2.63 per unit for the value of Conestoga Mall at September 30, 2023) and a \$0.56 increase per unit from the impact of NCIB activity. These increases were partially offset by a decline of \$2.33 per unit from the increase in Total Debt**, less cash, and a \$1.06 decrease per unit from the impact of units issued for the Conestoga Mall acquisition.

To capitalize on the Trust Units trading at a price below the NAV** per unit, Primaris continued to purchase Trust Units for cancellation under its NCIB program. During the nine months ended September 30, 2023, Primaris purchased 2,699,100 Units for cancellation at an average value per unit of \$14.02 representing a discount of 35.6% to NAV** per unit (or 34.8% from the NAV** per unit of \$21.49 as at December 31, 2022).

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The Trust is subject to certain financial and non-financial covenants under its senior unsecured debentures and credit facilities that include maintaining certain leverage and debt service ratios. As at September 30, 2023, Primaris is compliant with all of its applicable financial covenants. It is a strategic objective of management to maintain a highly differentiated financial model that includes a strong balance sheet and conservative capital structure.

(\$ thousands) (unaudited)	For the rolling four- quarters ended September 30, 2023	As at or for the nine months ended September 30, 2022
Adjusted EBITDA**		\$ 139,981
Adjusted EBITDA** - annualized ¹		\$ 186,641
Adjusted EBITDA** - rolling 4-quarters	\$ 197,346	
Average Net Debt** ¹	\$ 1,051,975	\$ 928,859
Average Net Debt** to Adjusted EBITDA** ³ Target 4.0x - 6.0x	5.3x	5.0x
Interest expense ²		\$ 24,453
Interest expense ² - annualized ¹		\$ 32,604
Interest expense ² - rolling 4-quarters	\$ 51,976	
Interest Coverage** ³	3.8x	5.7x
Principal repayments		\$ 13,240
Principal repayments - annualized ¹		\$ 17,653
Principal repayments - rolling 4-quarters	\$ 8,002	
Interest expense ²		\$ 24,453
Interest expense ² - annualized ¹		\$ 32,604
Interest expense ² - rolling 4-quarters	\$ 51,976	
Debt Service Coverage** ³	3.3x	3.7x

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures".

¹ Financial results from 2021, prior to Primaris' spin-out and the acquisition of the HOOPP Properties, have minimal comparative value. Accordingly, for the period ended September 30, 2022, Adjusted EBITDA**, interest expense and principal repayments are presented on an annualized basis and the Average Net Debt** is presented as the simple average of Net Debt** at the beginning and end of the period. Annualized Adjusted EBITDA** excludes the impact of fourth quarter seasonality.

² Interest expense includes interest on senior unsecured debentures, mortgages, and unsecured credit facilities. See Section 9.1, "Components of Net Income (Loss)".

³ The debt ratios are non-GAAP ratios calculated on the basis described in the Trust Indentures.

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The below table reconciles net income (loss) to Adjusted EBITDA** for the three and nine months ended September 30, 2023 and 2022.

(\$ thousands) (unaudited) For the periods ended September 30,	Three months		Nine months	
	2023	2022	2023	2022
Net income (loss)	\$ 20,230	\$ (20,498)	\$ 88,418	\$ 13,690
Interest income ¹	(523)	(21)	(1,368)	(42)
Net interest and other financing charges	15,276	8,619	39,925	22,882
Amortization	374	374	1,123	767
Adjustments to fair value of derivative instruments	(3,725)	—	(8,050)	—
Adjustments to fair value of unit-based compensation	(171)	31	(1,168)	(1,717)
Adjustments to fair value of Preferred LP Units	224	—	224	—
Adjustments to fair value of investment properties	22,964	60,335	30,924	104,401
Adjusted EBITDA** for the three month periods	\$ 54,649	\$ 48,840	\$ 150,028	\$ 139,981
Adjusted EBITDA** - annualized ²		\$ 195,360		\$ 186,641

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures".

¹ Interest income earned on cash balances.

² Annualized Adjusted EBITDA** excludes impact of fourth quarter seasonality.

The below tables illustrate the calculation of Adjusted EBITDA** for the rolling four-quarters ended September 30, 2023 and the year ended December 31, 2022.

(\$ thousands) (unaudited) For the period	Rolling 4-quarters				
	September 30, 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Adjusted EBITDA**	\$ 197,346	54,649	48,964	46,415	47,318

(\$ thousands) (unaudited) For the period	Fiscal year ended				
	December 31, 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Adjusted EBITDA**	\$ 187,299	47,318	48,840	47,388	43,753

The below table illustrates the calculation of Average Net Debt** for the period ended September 30, 2023 based on the average of the Net Debt** at the beginning of the period and each quarter end during the rolling four-quarters included in the calculation of Adjusted EBITDA**.

(\$ thousands) (unaudited) As at	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
	Total Debt**	\$ 1,227,544	\$ 1,097,270	\$ 1,098,982	\$ 1,009,680
less: Cash	(1,282)	(42,206)	(59,301)	(10,954)	(14)
Net Debt**	\$ 1,226,262	\$ 1,055,064	\$ 1,039,681	\$ 998,726	\$ 940,144
Average Net Debt**	\$ 1,051,975				

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The financial results from 2021, prior to Primaris' spin-out and the acquisition of the HOOPP Properties, have minimal comparative value. Accordingly, the Average Net Debt** for the period ending September 30, 2022 was calculated as the simple average of the Net Debt** at the beginning and end of the period.

(\$ thousands) (unaudited)	September 30, 2022	December 31, 2021
As at		
Total Debt**	\$ 940,158	\$ 923,210
less: Cash	(14)	(5,636)
Net Debt**	\$ 940,144	\$ 917,574
Average Net Debt**	\$ 928,859	

The below tables illustrate interest expense, for the calculation of the Interest Coverage** and Debt Service Coverage ** ratios, for the rolling four-quarters ended September 30, 2023 and the year ended December 31, 2022.

(\$ thousands) (unaudited)	Rolling 4-quarters				
For the period	September 30, 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Interest expense ¹	\$ 51,976	14,911	13,414	12,436	11,215

(\$ thousands) (unaudited)	Fiscal year ended				
For the period	December 31, 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Interest expense ¹	\$ 35,498	11,215	9,292	8,577	6,414

¹ Interest expense includes interest on senior unsecured debentures, mortgages, and unsecured credit facilities. See Section 9.1, "Components of Net Income (Loss)".

The below tables illustrate principal repayments, for the calculation of the Debt Service Coverage** ratio, for the rolling four-quarters ended September 30, 2023 and the year ended December 31, 2022.

(\$ thousands) (unaudited)	Rolling 4-quarters				
For the period	September 30, 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Principal repayments	\$ 8,002	1,726	1,712	1,698	2,866

(\$ thousands) (unaudited)	Fiscal year ended				
For the period	December 31, 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Principal repayments	\$ 16,106	2,866	3,889	4,275	5,076

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10.5 Credit Rating

The Trust and its Series A Debentures, Series B Debentures and Series C Debentures are rated by DBRS Morningstar, an independent credit rating agency which provides credit ratings of debt securities for commercial entities. A credit rating generally provides an indication of the risk that the borrower will not fulfill its full obligations in a timely manner with respect to both interest and principal commitments. Rating categories range from the highest credit quality (generally "AAA") to default in payment (generally "D").

On March 7, 2022, Primaris was assigned an issuer rating of BBB with a Stable Trend by DBRS Morningstar ("DBRS"). On March 15, 2023, Primaris received an issuer rating upgrade from DBRS to BBB (high), from BBB, maintaining a Stable trend. This issuer rating upgrade resulted in a 0.25% reduction in Primaris' interest rates under its unsecured credit facilities as the applicable interest rate margins under its credit facilities are based on the external credit rating of the Trust.

The following table sets out the rating attributed to the Trust and its senior unsecured debentures as at September 30, 2023:

	DBRS Morningstar	
	Credit Rating	Trend
Issuer rating	BBB (high)	Stable
Senior unsecured debentures rating	BBB (high)	Stable

10.6 Unit Equity and Distributions

As at November 2, 2023, there were 95,475,818 Trust Units outstanding, or 99,198,480 assuming the exchange of the Preferred LP Units to 3,722,662 Trust Units. There are no Special Voting Units outstanding (which are only issued concurrently with or in relation to the issuance of exchangeable units).

Preferred LP Units: As part of the Conestoga Mall acquisition consideration, a subsidiary limited partnership of the Trust issued \$80.0 million of Preferred LP Units which are entitled to a preferred distribution of 6.0% per annum payable quarterly. In certain circumstances, the Preferred LP Units (together with any accrued and unpaid distributions thereon) are exchangeable into Trust Units. Assuming there are no accrued and unpaid distributions on the Preferred LP Units at the time of exchange, the Preferred LP Units would be exchangeable into 3,722,662 Trust Units at an exchange price equal to \$21.49 per unit, subject to customary adjustments.

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 that the Trust will not be liable to pay income taxes under Part I of the Tax Act.

In determining the amount of distributions to be paid to Unitholders, the Board considers many factors, including the provisions of the Declaration of Trust, the macro-economic and industry specific environment, the overall financial condition of the Trust, and its future capital requirements, debt covenants, and taxable income. The Board and management regularly review Primaris' rate of distributions to assess the stability of such distributions.

On November 2, 2023, the Board of Trustees approved management's recommendation to increase the distribution rate from \$0.82 to \$0.84 per unit per annum, or 2.4%, in 2024.

In the nine months ended September 30, 2023, Primaris declared \$59.4 million in distributions on the Trust Units. The monthly distributions reflect an annualized distribution of \$0.82 per unit (year ended December 31, 2022 - \$80.0 million and \$0.802 per unit).

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In the nine months ended September 30, 2023, Primaris declared \$1.1 million in distributions on the Preferred LP Units. The distributions reflect a 6.0% annual rate (year ended December 31, 2022 - nil).

The tables below summarize the excess of certain GAAP and non-GAAP measures over the distributions declared for the three and nine months ended September 30, 2023 and 2022.

(\$ thousands) (unaudited) For the periods ended September 30,	Three months		Nine months	
	2023	2022	2023	2022
Cash flows provided by operating activities	\$ 53,316	\$ 50,900	\$ 123,652	\$ 116,748
Less:				
Less: Distributions declared on Trust Units	(19,831)	(19,875)	(59,426)	(60,326)
Less: Distributions declared on Preferred LP Units	(1,063)	—	(1,063)	—
Excess of cash flows provided by operating activities over distributions	\$ 32,422	\$ 31,025	\$ 63,163	\$ 56,422

(\$ thousands) (unaudited) For the periods ended September 30,	Three months		Nine months	
	2023	2022	2023	2022
AFFO**	\$ 29,884	\$ 31,956	\$ 86,952	\$ 96,565
Less: Distributions declared on Trust Units	(19,831)	(19,875)	(59,426)	(60,326)
Less: Distributions declared on Preferred LP Units	(1,063)	—	(1,063)	—
Excess of AFFO** over distributions	\$ 8,990	\$ 12,081	\$ 26,463	\$ 36,239

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures".

Distributions per unit

The below tables illustrate the calculation of distributions per unit, considering distributions on both Trust Units and Preferred LP Units, for the periods ending in 2023.

(\$ thousands, except per unit amounts, and units in thousands) (unaudited) For the period ended	January 31, 2023	February 28, 2023	March 31, 2023	Q1 2023	April 30, 2023	May 31, 2023	June 30, 2023	Q2 2023
	Distributions declared on Trust Units	\$ 6,643	\$ 6,621		\$ 6,592	\$ 19,856	\$ 6,585	
Distributions declared on Preferred LP Units	—	—	—	—	—	—	—	—
Total distributions	\$ 6,643	\$ 6,621	\$ 6,592	\$ 19,856	\$ 6,585	\$ 6,581	\$ 6,573	\$ 19,739
Trust Units outstanding	97,315	96,938	96,508		96,413	96,352	96,243	
Preferred LP Units outstanding	—	—	—		—	—	—	
Total units outstanding	97,315	96,938	96,508		96,413	96,352	96,243	
Distributions per unit	\$ 0.0683	\$ 0.0683	\$ 0.0683	\$ 0.205	\$ 0.0683	\$ 0.0683	\$ 0.0683	\$ 0.205
Distributions per unit - year to date				\$ 0.205				\$ 0.410

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(\$ thousands, except per unit amounts, and units in thousands) (unaudited)	For the period ended			Q3 2023	For the period ended			Q4 2023
	July 31, 2023	August 31, 2023	September 30, 2023		October 31, 2023	November 30, 2023	December 31, 2023	
Distributions declared on Trust Units	\$ 6,646	\$ 6,613	\$ 6,572	\$ 19,831	\$ —	\$ —	\$ —	\$ —
Distributions declared on Preferred LP Units	263	400	400	1,063	—	—	—	—
Total distributions	\$ 6,909	\$ 7,013	\$ 6,972	\$ 20,894	\$ —	\$ —	\$ —	\$ —
Trust Units outstanding	97,306	96,822	96,226		—	—	—	
Preferred LP Units outstanding	3,723	3,723	3,723		—	—	—	
Total units outstanding	101,029	100,545	99,949		—	—	—	
Distributions per unit	\$ 0.0684	\$ 0.0697	\$ 0.0698	\$ 0.208	\$ —	\$ —	\$ —	\$ —
Distributions per unit - year to date				\$ 0.618				\$ —

The below table summarizes the distributions per unit on the Trust Units outstanding, for the quarters ending in 2022.

(unaudited)	For the quarter		For the quarter		For the quarter		For the quarter		For the year	
	Q1 2022	Q2 2022	Q3 2022	Q4 2022	2022 Annual		2022 Annual		2022 Annual	
Distributions per unit	\$ 0.200	\$ 0.200	\$ 0.200	\$ 0.202	\$ 0.802		\$ 0.802		\$ 0.802	

Taxation of Trust Unit Distributions

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.

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10.7 Normal Course Issuer Bid

On March 7, 2023, Primaris received approval from the TSX to renew its NCIB. Under the NCIB, Primaris has the ability to purchase for cancellation up to a maximum of 7,020,105 of its Trust Units on the open market. The renewed NCIB commenced on March 9, 2023 and remains in effect until the earlier of March 8, 2024 and the date on which Primaris has purchased the maximum number of Units permitted under the NCIB. A copy of the Trust's notice of intention to make a normal course issuer bid may be obtained, free of charge, by contacting info@primarisreit.com.

On March 9, 2023, Primaris entered into a new ASPP in respect of the renewed NCIB permitting the Trust's broker to continue purchasing 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, 2023, Primaris purchased for cancellation 2,699,100 Trust Units under its NCIB program for aggregate consideration of \$37.8 million at an average value per unit of approximately \$14.02.

(Unaudited)				Discount from NAV** per unit (as at period end date)	Cumulative Impact on NAV** per unit outstanding
For the periods ended,	Units Repurchased for Cancellation	Average Price per unit			
Year ended December 31, 2022 ¹	3,885,700	\$ 13.89		35.4 %	\$ 0.82
Quarter ended March 31, 2023 ²	1,204,400	\$ 14.78		32.0 %	0.27
Quarter ended June 30, 2023 ³	314,200	\$ 13.06		40.4 %	0.06
Quarter ended September 30, 2023 ⁴	1,180,500	\$ 13.50		38.0 %	0.17
Repurchased to September 30, 2023	6,584,800	\$ 13.94			\$ 1.32
Repurchased subsequent to September 30, 2023 ⁴	750,000	\$ 13.15		39.6 %	
Total repurchases under the NCIB program from inception through November 2, 2023⁴	7,334,800	\$ 13.86		36.3 %	

¹ Based on NAV** per unit of \$21.49 at December 31, 2022.

² Based on NAV** per unit of \$21.74 at March 31, 2023.

³ Based on NAV** per unit of \$21.90 at June 30, 2023.

⁴ Based on NAV** per unit of \$21.76 at September 30, 2023.

At September 30, 2023, Primaris recorded an obligation in liabilities of \$10.3 million for the commitment to purchase Units under the ASPP. As at November 2, 2023, Primaris purchased an additional 750,000 Units under the ASPP at an average per unit price of \$13.15.

Primaris continues to believe that, from time to time, the market price for the Units may not fully reflect their intrinsic value, and in such circumstances, using the NCIB to repurchase Units is an attractive use of capital until other investment opportunities are available that meet Primaris' disciplined capital allocation approach.

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10.8 Off-Balance Sheet Arrangements

In the normal course of operations, Primaris has issued letters of credit in connection with developments, financings, operations and acquisitions. As at September 30, 2023, Primaris had outstanding letters of credit totaling \$742 (December 31, 2022 - \$892).

Primaris has co-owners on various properties. As a rule, Primaris does not provide guarantees or indemnities for these co-owners because should such guarantees be provided, recourse would be available against the Trust in the event of a default of the co-owners. In such case, Primaris would have a claim against the underlying real estate investment. However, in certain circumstances, subject to compliance with the Trust's amended and restated declaration of trust dated December 15, 2021 (the "Declaration of Trust") and the determination of management that the fair value of the co-owner's investment is greater than the mortgages payable which require Primaris' guarantee, such guarantees will be provided. As at September 30, 2023, Primaris had issued guarantees relating to co-owners' share of mortgage liabilities amounting to \$89,828 (December 31, 2022 - \$91,319), which expire between 2024 and 2027 (December 31, 2022 - 2024 and 2027).

10.9 Contractual Obligations

The undiscounted future repayments on Primaris' debt instruments, and other contractual obligations, as at September 30, 2023 were as follows:

(\$ thousands) (unaudited)	2023 remainder	2024	2025	2026	2027	Thereafter	Total
Senior unsecured debentures	\$ 7,615	\$ 30,460	\$ 224,059	\$ 21,926	\$ 166,608	\$ 253,709	\$ 704,377
Mortgages payable - principal and interest	4,658	101,200	12,785	12,798	73,145	147,367	351,953
Unsecured credit facilities ¹	—	—	—	200,000	—	—	200,000
Interest on hedges	1,858	7,370	7,370	7,370	5,856	—	29,824
Other ²	24,887	8,326	955	955	955	7,544	43,622
Total obligation	\$ 39,018	\$ 147,356	\$ 245,169	\$ 243,049	\$ 246,564	\$ 408,620	\$ 1,329,775

¹ Excludes interest on credit facilities and letters of credit.

² Includes commitments on short term regional office leases, land leases, and capital projects.

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11. QUARTERLY RESULTS OF OPERATIONS

The following is a summary of selected consolidated financial information and operating metrics for each of the eight most recently completed quarters.

(in thousands of Canadian dollars unless otherwise indicated)	Third Quarter 2023	Second Quarter 2023	First Quarter 2023	Fourth Quarter 2022	Third Quarter 2022	Second Quarter 2022	First Quarter 2022	Fourth Quarter 2021
Number of investment properties	36	35	35	35	35	35	35	35
GLA (in millions of sq. ft.)	11.5	10.9	10.9	10.9	10.9	11.3	11.3	11.5
In-place occupancy	91.0%	89.8%	90.6%	91.1%	90.7%	86.5%	85.9%	86.0%
Committed occupancy	92.8%	91.0%	91.3%	91.5%	91.7%	87.4%	87.5%	87.5%
Total assets (in millions)	\$ 3,508	\$ 3,299	\$ 3,277	\$ 3,202	\$ 3,181	\$ 3,220	\$ 3,258	\$ 3,248
Total liabilities (in millions)	\$ 1,411	\$ 1,195	\$ 1,181	\$ 1,114	\$ 1,025	\$ 1,006	\$ 1,004	\$ 1,057
Rental revenue	\$ 104,826	\$ 95,965	\$ 96,369	\$ 99,804	\$ 94,151	\$ 94,337	\$ 91,772	\$ 66,114 ^{PP}
Cash NOI**	\$ 58,263	\$ 54,163	\$ 51,187	\$ 53,593	\$ 53,103	\$ 52,463	\$ 46,898	\$ 35,637 ^{PP}
Net income (loss)	\$ 20,230	\$ 32,602	\$ 35,586	\$ (25,770)	\$ (20,498)	\$ 4,157	\$ 30,031	\$ (1,741) ^{PP}
Units outstanding (in thousands)	99,949	96,243	96,508	97,713	98,926	100,181	101,437	101,588
Cash provided by operating activities	\$ 53,316	\$ 51,082	\$ 22,887	\$ 47,948	\$ 50,900	\$ 29,118	\$ 34,968	\$ 76,620 ^{PP}
Operating capital expenditures	\$ 9,971	\$ 10,340	\$ 2,201	\$ 9,281	\$ 6,821	\$ 3,976	\$ 5,159	\$ 4,494 ^{PP}
Distribution declared per unit	\$ 0.208	\$ 0.205	\$ 0.205	\$ 0.202	\$ 0.200	\$ 0.200	\$ 0.200	—
FFO**	\$ 42,557	\$ 38,443	\$ 36,097	\$ 38,308	\$ 41,217	\$ 40,488	\$ 38,924	—
FFO** per unit - average diluted	\$ 0.421	\$ 0.395	\$ 0.369	\$ 0.387	\$ 0.411	\$ 0.399	\$ 0.381	—
FFO Payout Ratio**	49.4%	51.9%	55.5%	52.1%	48.6%	50.1%	52.5%	—
AFFO**	\$ 29,884	\$ 25,852	\$ 31,216	\$ 26,782	\$ 31,956	\$ 33,691	\$ 30,918	—
AFFO** per unit - average diluted	\$ 0.296	\$ 0.266	\$ 0.319	\$ 0.271	\$ 0.319	\$ 0.332	\$ 0.303	—
Debt to Total Assets** ¹	35.0%	33.3%	33.5%	31.5%	29.6%	28.8%	28.4%	28.4%
Average Net Debt** to Adjusted EBITDA** ^{1,2}	5.3x	5.2x	5.1x	5.0x	5.0x	5.1x	5.2x	—
Secured debt to Total Debt**	24.1%	27.1%	27.2%	21.4%	36.7%	51.2%	62.2%	—
Weighted average term to debt maturity - Total Debt** (in years)	3.6	3.6	3.9	3.2	2.9	2.8	2.7	1.7
Weighted average interest rate - Total Debt**	4.96%	4.77%	4.76%	4.87%	4.07%	3.87%	3.68%	—
NAV** per unit outstanding	\$ 21.76	\$ 21.90	\$ 21.74	\$ 21.49	\$ 21.86	\$ 22.16	\$ 22.44	\$ 22.11
Unit market price - closing	\$ 13.49	\$ 13.47	\$ 13.51	\$ 14.64	\$ 12.79	\$ 12.23	\$ 15.49	—

** Denotes a non-GAAP measure. See Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures".

^{PP} Denotes values which do not include operating results of the HOOPP Properties for the three months ended December 31, 2021 and all of the results for the third quarter of 2021.

¹ The debt ratios are non-GAAP ratios calculated on the basis described in the Trust Indentures.

² Adjusted EBITDA** was calculated on a rolling four-quarters basis for the periods ended in fiscal 2023 and Average Net Debt** was calculated as the average of Net Debt** at the beginning of the period and each quarter end during the rolling four-quarters included in the calculation of Adjusted EBITDA**. Financial results from 2021, prior to Primaris' spin-out and the acquisition of the HOOPP Properties, have minimal comparative value. Accordingly, for the periods ended in fiscal 2022, Adjusted EBITDA** was calculated on an annualized basis and the Average Net Debt** was calculated as the simple average of Net Debt** at the beginning and end of the period. The presentation of the 2022 values, was updated from previously reported which was based on the three month results, not annualized.

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The results for Primaris for the quarters in the year ended December 31, 2021, were calculated under the continuity-of-interests basis and include the operating activities of the Primaris Properties, and the costs related with managing such properties which includes interest expense on debt and general and administrative costs. The fourth quarter of 2021 was the first quarter to reflect the impact of the HOOPP Properties on the Trust's financial position. The first quarter of 2022 was the first quarter to reflect the impact of the HOOPP Properties on the Trust's earnings.

Primaris' quarterly results shown above were impacted by the COVID-19 pandemic, particularly the effect of mall closures and capacity restraints.

Seasonality: The rental revenues in the fourth quarters are positively impacted by seasonality.

Third quarter 2023: Quarterly results of operations were impacted by the July 12, 2023 acquisition of Conestoga Mall for aggregate consideration comprised of \$165.0 million of cash, the issuance of \$25.0 million of Trust Units at an issue price of \$21.49 per unit, and the issuance of \$80.0 million of 6.0% Preferred LP Units exchangeable into Trust Units in certain circumstances at an exchange price equal to \$21.49 per unit, subject to customary adjustments..

First quarter 2023: Debt to Total Assets** and secured debt to Total Debt** increased in the quarter due to the issuance of \$250.0 million Series C Debentures and the placement of a \$85.0 million mortgage.

Third quarter of 2022: GLA drops due to demolition of enclosed mall space for the Northland Village redevelopment and re-demising of former Sears anchor spaces.

Third quarter 2022: Ratio of secured debt to Total Debt** drops below Primaris' target of 40%. Ratio drops further in the fourth quarter of 2022 as additional mortgages are repaid.

First quarter 2022: Rental revenue and Cash NOI** were positively impacted in 2022 by the acquisition of the HOOPP Properties which contributed \$119.6 million and \$55.2 million, respectively during 2022 (2021 - nil).

Fourth quarter 2021: In-place and committed occupancy were negatively impacted by the acquisition of the HOOPP Properties.

12. NON-GAAP MEASURES

The Financial Statements were prepared in accordance with IFRS. However, certain measures are included in this MD&A that do not have a standardized meaning under GAAP in accordance with IFRS. These non-GAAP measures include non-GAAP financial measures and non-GAAP ratios, each as defined in NI 52-112.

Management believes these non-GAAP measures are useful to assessing the Trust's performance period over period and the Trust's ability to meet its financial obligations. However, none of the non-GAAP measures should be construed as an alternative to financial measures calculated in accordance with GAAP. Furthermore, these non-GAAP measures may not be comparable to similar measures presented by other real estate entities and should not be construed as an alternative to financial measures determined in accordance with IFRS. These non-GAAP financial measures are defined below and are cross referenced, as applicable, to a quantitative reconciliation contained in this MD&A to the most directly comparable GAAP financial measure in the Financial Statements.

Non-GAAP Measure	Description	Reconciliation
Net Operating Income (NOI)	Defined as rental revenue, as calculated under GAAP, less property operating costs, as calculated under GAAP. The calculation excludes certain expenses such as interest in order to reflect properties' operations regardless of how they are financed. Management believes that NOI is an important measure of the income generated from the income-producing properties and is used by the Trust in evaluating the performance of the portfolio. It is also a key input in determining the value of the income-producing portfolio.	Section 9.1, "Components of Net Income (Loss)"

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Non-GAAP Measure	Description	Reconciliation
Cash NOI	<p>Defined as NOI net of revenue from straight-line rent and lease surrender revenue.</p> <p>Straight-line rent results from the difference between cash rent received and revenue recognized on a straight-line basis over the full term of the lease for accounting purposes. This is a non-cash amount.</p> <p>Lease surrender revenue is earned when a tenant returns space to Primaris before the completion of the lease term. These amounts are not earned evenly over any calendar year and are not predictable.</p> <p>Management believes excluding non-cash revenue from straight-line rent and inconsistently earned lease surrender revenue from the Cash NOI calculation provides further insights to the operations of the income-producing property portfolio.</p>	Section 9.1, "Components of Net Income (Loss)"
Cash NOI Margin	<p>Cash NOI Margin is a ratio calculated based on Cash NOI as a percentage of rental revenue excluding the impact of straight-line rent and lease surrender revenue.</p> <p>Management believes that Cash NOI Margin is an important measure of the percentage of income generated from the income producing properties and is used to evaluate the performance of the portfolio.</p>	Section 9.1, "Components of Net Income (Loss)"
Same Properties NOI / Cash NOI	<p>Same Properties NOI / Cash NOI is used to assess the period-over-period performance of those income-producing properties owned and operated by Primaris in both periods, excluding properties under development or major redevelopment. NOI / Cash NOI from properties that have been acquired, disposed or are subject to significant change as a result of new development, redevelopment, expansion or demolition are excluded from the determination of Same Properties NOI / Cash NOI.</p> <p>Management believes Same Properties NOI / Cash NOI is useful in evaluating the realization of contractual rental rate changes embedded in lease agreements, and understanding the impact of period-over-period changes in occupancy, rental rates and operating costs on income-producing property performance.</p>	Section 9.1, "Components of Net Income (Loss)"
Funds from Operations (FFO) / FFO per unit	<p>Primaris calculates FFO as defined by REALPAC. In calculating FFO, net income (or loss) is adjusted for items that do not arise from operating activities.</p> <p>Management believes that FFO is a useful measure of operating performance that, when compared period over period, reflects the impact on operations of trends in occupancy levels, rental rates, acquisition activity, and financing costs.</p> <p>FFO per unit is a non-GAAP ratio calculated by dividing FFO by the weighted average units, basic or diluted, outstanding during the period. The calculation for the units outstanding assumes the exchange of Preferred LP Units for Trust Units.</p>	Section 9.2, "FFO** and AFFO***"
Adjusted Funds from Operations (AFFO) / FFO per unit	<p>Primaris calculates AFFO as defined by REALPAC. In calculating AFFO, FFO is adjusted for capital expenditures incurred to maintain the existing productive capacity of the property portfolio and eliminates the impact of straight-line rent. AFFO is impacted by the seasonality inherent in the timing of executing operating capital projects.</p> <p>Management believes that AFFO is a useful measure of operating performance. AFFO per unit is a non-GAAP ratio calculated by dividing AFFO by the weighted average units, basic or diluted, outstanding during the period. The calculation for the units outstanding assumes the exchange of Preferred LP Units for Trust Units.</p>	Section 9.2, "FFO** and AFFO***"

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Non-GAAP Measure	Description	Reconciliation
FFO and AFFO Payout Ratios	<p>FFO and AFFO Payout Ratios are supplementary measures calculated as cash distributions per unit divided by FFO and AFFO per diluted unit, respectively. Distributions per unit considers distributions paid on both the Trust Units and the Preferred LP Units.</p> <p>Primaris uses these ratios to assess the sustainability of the Trust's distribution payments.</p>	Section 9.2, "FFO** and AFFO***"
Secured debt to Total Debt	<p>Secured debt to Total Debt is a non-GAAP ratio calculated as total secured debt divided by total debt.</p> <p>This ratio is a useful measure of the Trust's relative exposure to secured and unsecured debt in relation to total debt.</p>	Section 10.2, "Liquidity and Unencumbered Assets "
Unencumbered Assets to Unsecured Debt	<p>Unencumbered Assets to Unsecured Debt is a non-GAAP ratio calculated as the carrying value of all investment properties that have not been pledged as security for debt divided by total unsecured indebtedness.</p> <p>This ratio is a useful measure of the investment properties available to satisfy unsecured debt obligations.</p>	Section 10.2, "Liquidity and Unencumbered Assets "
Debt or Total Debt	<p>Debt (or Total Debt), as defined for use in certain financial ratios, is calculated as total outstanding debt from senior unsecured debentures, mortgages payable and credit facilities, excluding deferred financing costs and mark-to-market adjustments.</p>	Section 10.4, "Capital Structure"
Net Debt	<p>Net Debt is calculated as Total Debt less cash balances.</p>	Section 10.4, "Capital Structure"
Average Net Debt	<p>The average of Net Debt outstanding is utilized in this MD&A for the calculation of Average Net Debt to Adjusted EBITDA. Unless otherwise indicated, Average Net Debt is calculated as the average of Net Debt at the beginning of the period and each quarter end during the period corresponding to the rolling four-quarters included in the calculation of Adjusted EBITDA.</p>	Section 10.4, "Capital Structure"
Debt to Total Assets	<p>Debt to Total Assets is determined by dividing Debt as defined above by total assets as presented on the consolidated statement of financial position.</p> <p>Management believes this ratio is useful in evaluating the Trust's flexibility to incur additional financial leverage.</p>	Section 10.4, "Capital Structure"
Net Asset Value (NAV) / NAV per unit	<p>NAV is calculated as total assets less total liabilities as calculated under IFRS with the exception of excluding any outstanding Preferred LP Units or exchangeable units, if any, from total liabilities.</p> <p>NAV per unit is a non-GAAP ratio calculated by dividing NAV by the Units outstanding at end of the period.</p>	Section 10.4, "Capital Structure"
Adjusted Earnings before Income, Tax, Depreciation and Amortization (Adjusted EBITDA)	<p>Adjusted EBITDA is calculated as net income (loss) reversing, where applicable, interest expense, income taxes, depreciation expense, amortization expense and adjustments to fair value.</p> <p>Adjusted EBITDA is used by management as an input in several debt metrics and financial ratios to assess the Trust's ability to satisfy obligations, including servicing debt, financing capital expenditures and providing distributions to Unitholders.</p> <p>Due to seasonality of net operating income, management generally considers Adjusted EBITDA on a rolling four-quarters basis.</p>	Section 10.4, "Capital Structure"

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Non-GAAP Measure	Description	Reconciliation
Interest Coverage	Interest Coverage, defined in the Trust Indentures, is calculated as Adjusted EBITDA divided by interest expense on Total Debt. This excludes amortization of deferred financing costs and mark-to-market adjustments. Management calculates Interest Coverage to assess the Trust's ability to service the interest requirements of the outstanding debt.	Section 10.4, "Capital Structure"
Debt Service Coverage	Debt Service Coverage, defined in the Trust Indenture, is calculated as Adjusted EBITDA divided by the sum of interest expense and regularly scheduled principal payments on Total Debt. Interest expense excludes amortization of deferred financing costs and mark-to-market adjustments and principal payments exclude balloon, bullet or similar principal payments at maturity. Management calculates Debt Service Coverage to assess the Trust's ability to meet obligations of the outstanding debt.	Section 10.4, "Capital Structure"

13. ENTERPRISE RISKS AND RISK MANAGEMENT

Primaris is exposed to various risks and uncertainties, many of which are beyond its control, the occurrence of which could materially and adversely affect the Trust's investments, prospects, cash flows, results of operations or financial condition and the ability to make cash distributions to Unitholders. Management believes the risk factors described in the AIF and the 2022 MD&A, which are available online at www.sedarplus.ca, are the most material risks of Primaris; however, they are not the only ones. Additional risk factors not presently known to management, or that management currently believes are immaterial could also materially and adversely affect the Trust's investments, prospects, cash flows, results of operations or financial condition and Primaris' ability to make cash distributions to Unitholders and negatively affect the value of the Units.

14. OTHER DISCLOSURES

14.1 Critical Accounting Judgements, Estimates and Assumptions

The unaudited interim condensed consolidated financial statements and accompanying notes for the nine months ended September 30, 2023 and 2022 (the "Q3 Financial Statements") have been prepared in accordance with IFRS and International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board. The Q3 Financial Statements should be read in conjunction with the Trust's audited consolidated financial statements and accompanying notes for the year ended December 31, 2022 (the "2022 Financial Statements"). The Q3 Financial Statements have been prepared applying the same accounting policies and methods of computation as the 2022 Financial Statements.

The 2022 Financial Statements contain a discussion of the significant judgements made by management in the process of applying Primaris' accounting policies that affect the carrying amounts of assets and liabilities, and the reported amounts of revenues and expenses. In addition, estimates and assumptions were used, mainly in determining the measurement of balances recognized or disclosed in the Q3 Financial Statements. Management determined that as at September 30, 2023, there were no changes to the assessment of these judgements, estimates and assumptions from those disclosed in the 2022 Financial Statements. In the Q3 Financial Statements, additional judgements, estimates and assumptions were made to calculate the fair value of the Preferred LP Units. The model used to value the Preferred LP Units includes assumptions on the risk-free interest rate for the expected life of the Preferred LP Units, the credit spread applied to the risk free rate, the additional ranking concession reflecting the Preferred LP Units subordination to other debt, and the expected Trust Unit price volatility.

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Management's Discussion and Analysis

14.2 Internal Control Over Financial Reporting and Disclosure Controls and Procedures

Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reports for external purposes in accordance with IFRS.

In designing such controls, it should be recognized that due to inherent limitation, any controls, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Additionally, management is required to use judgement in evaluating controls and reporting.

Disclosure Controls and Procedures

Management is also responsible for establishing and maintaining a system of disclosure controls and procedures to provide reasonable assurance that all material information relating to the Trust is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosures.

Change in Internal Control Over Financial Reporting

There were no changes in Primaris' internal controls over financial reporting in the third quarter of 2023 that materially affected or are reasonably likely to affect the Trust's internal control over financial reporting.

14.3 Related Party Transactions

As at December 31, 2021, as a result of the acquisition of the HOOPP Properties, HOOPP became 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 time of the acquisition of the HOOPP Properties, a non-interest-bearing note payable in the amount of \$200,210 was issued to HOOPP and was subsequently repaid on January 5, 2022. On December 31, 2021, Primaris also entered into a registration rights agreement with HOOPP that provides 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, 2023, HOOPP continued to own in excess of 10% of the Trust Units.

14.4 Subsequent Events

Subsequent to September 30, 2023, Primaris purchased additional 750,000 Trust Units under the ASPP for consideration of \$9.9 million as of November 2, 2023.

On November 2, 2023, the Board of Trustees approved management's recommendation to increase the distribution rate from \$0.82 to \$0.84 per unit per annum, or 2.4%, in 2024.