

PRIMARIS REAL ESTATE INVESTMENT TRUST

Unaudited Interim Condensed Consolidated Financial Statements

As at and for the three and nine months ended September 30, 2023 and September 30, 2022

Dated: November 2, 2023

PRIMARIS REAL ESTATE INVESTMENT TRUST

Financial Results

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PRIMARIS REAL ESTATE INVESTMENT TRUST

Unaudited Interim Condensed Consolidated Statements of Financial Position

(in thousands of Canadian dollars)	Note	As at September 30, 2023	As at December 31, 2022
Assets			
Investment properties	3	\$ 3,334,571	\$ 3,118,590
Investment properties classified as assets held for sale	3	92,298	—
Rent receivables and other assets	6	38,615	31,397
Note receivable	5	40,840	40,840
Cash and cash equivalents		1,281	10,954
Total assets		\$ 3,507,605	\$ 3,201,781
Liabilities and Equity			
Liabilities			
Senior unsecured debentures	7	\$ 597,623	\$ 348,307
Mortgages payable	7	294,860	215,208
Unsecured credit facilities	8	332,000	444,000
Preferred LP Units	10	67,808	—
Trade payables and other liabilities	9	118,328	106,637
Total liabilities		1,410,619	1,114,152
Equity			
Unitholders' equity		2,096,986	2,087,629
Total liabilities and equity		\$ 3,507,605	\$ 3,201,781

Contingencies and commitments (Note 20)

Subsequent events (Notes 5, 11 and 23)

See accompanying notes to these unaudited interim condensed consolidated financial statements.

On behalf of the Board of Trustees:

Louis Forbes

Louis Forbes

Trustee

Patrick Sullivan

Patrick Sullivan

Trustee

PRIMARIS REAL ESTATE INVESTMENT TRUST

Unaudited Interim Condensed Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(in thousands of Canadian dollars)	Note	Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
Net property income					
Rental revenue	14	\$ 104,826	\$ 94,151	\$ 297,160	\$ 280,260
Property operating costs	14	(44,342)	(39,944)	(128,947)	(123,531)
		60,484	54,207	168,213	156,729
Other income and expenses					
Interest and other income	15	2,028	890	5,624	2,655
Net interest and other financing charges	16	(15,276)	(8,619)	(39,925)	(22,882)
General and administrative	17	(7,340)	(6,236)	(22,441)	(19,361)
Amortization of other assets		(374)	(374)	(1,123)	(767)
Adjustment to fair value of derivative instruments	18	3,725	—	8,050	—
Adjustments to fair value of unit-based compensation	12	171	(31)	1,168	1,717
Adjustments to fair value of Preferred LP Units	10	(224)	—	(224)	—
Adjustments to fair value of investment properties	3	(22,964)	(60,335)	(30,924)	(104,401)
		(40,254)	(74,705)	(79,795)	(143,039)
Net income (loss) and comprehensive income (loss) attributable to Trust Unitholders		\$ 20,230	\$ (20,498)	\$ 88,418	\$ 13,690

See accompanying notes to these unaudited interim condensed consolidated financial statements.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Unaudited Interim Condensed Consolidated Statements of Changes in Unitholders' Equity

(in thousands of Canadian dollars)	Note	2023
Unitholders' Equity		
Balance, December 31, 2022		\$ 2,087,629
Net income (loss) attributable to Unitholders		88,418
Distributions		(59,426)
Units issued for acquisition, net of issue costs	11	15,316
Units cancelled under normal course issuer bid	11	(25,329)
Obligation for purchase of Units under automatic share purchase plan	11	(10,251)
Settlement of vested restricted trust units	11	629
Balance, September 30, 2023		\$ 2,096,986

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

See accompanying notes to these unaudited interim condensed consolidated financial statements.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Unaudited Interim Condensed Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)	Note	Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
Cash provided by (used in):					
Operating activities:					
Net income (loss)		\$ 20,230	\$ (20,498)	\$ 88,418	\$ 13,690
Net interest and other financing charges	16	15,276	8,619	39,925	22,882
Interest paid		(22,556)	(13,522)	(44,166)	(24,781)
Items not affecting cash	22	20,244	60,838	25,436	102,552
Change in non-cash operating items	22	20,122	15,463	14,039	2,405
		53,316	50,900	123,652	116,748
Financing activities:					
Senior unsecured debentures:					
Borrowings, net of financing costs	7	—	—	248,758	347,876
Mortgages payable:					
Borrowings, net of deferred financing costs	7	—	10	84,634	(55)
Principal repayments	7	(1,726)	(129,491)	(5,136)	(234,842)
Credit Facilities					
Net advances (repayments)	8	132,000	143,471	(112,000)	102,000
Financing costs		—	(2,719)	—	(2,719)
Note payable		—	—	—	(200,210)
Trust Unit issuance costs		(133)	—	(133)	—
Cash paid on vesting of restricted trust units		—	—	(1,439)	(389)
Units cancelled under normal course issuer bid	11	(15,933)	(16,769)	(37,837)	(36,830)
Distributions paid		(19,832)	(19,960)	(59,531)	(53,729)
		94,376	(25,458)	117,316	(78,898)
Investing activities:					
Investment properties:					
Acquisition	2	(155,211)	—	(170,211)	—
Redevelopment costs	3	(22,637)	(18,169)	(55,734)	(32,337)
Building improvement costs	3	(798)	(438)	(2,184)	(660)
Recoverable and non-recoverable costs	3	(5,245)	(2,370)	(9,238)	(5,562)
Tenant allowances and leasing costs	3	(4,726)	(4,451)	(13,274)	(10,394)
Proceeds on asset disposition	3	—	—	—	5,481
		(188,617)	(25,428)	(250,641)	(43,472)
Increase (decrease) in cash and cash equivalents		(40,925)	14	(9,673)	(5,622)
Cash and cash equivalents, beginning of period		42,206	—	10,954	5,636
Cash and cash equivalents, end of period		\$ 1,281	\$ 14	\$ 1,281	\$ 14

See accompanying notes to these unaudited interim condensed consolidated financial statements.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(in thousands of Canadian dollars)

Primaris Real Estate Investment Trust and its consolidated subsidiaries (collectively "Primaris" or the "Trust") own, develop, and operate a national retail portfolio focused on enclosed shopping centres located primarily in secondary Canadian markets. Primaris is an unincorporated, open-ended mutual fund trust governed by the laws of the Province of Ontario and established pursuant to a declaration of trust dated November 12, 2021, as amended and restated on December 15, 2021 (the "Declaration of Trust"). The Trust's principal, registered, and head office is located at 181 Bay Street, Suite 2720, Toronto, Ontario, M5J 2T3.

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

1. Statement of Compliance and Basis of Preparation

(a) Statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standard ("IAS") 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB"). These unaudited interim condensed consolidated 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. These unaudited interim condensed consolidated financial statements have been prepared applying the same accounting policies, assessments of estimates and judgements, and methods of computation as with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2022.

These unaudited interim condensed consolidated financial statements were authorized by the Primaris Board of Trustees (the "Board") on November 2, 2023.

(b) Basis of preparation

The unaudited interim condensed consolidated financial statements are prepared on a going concern basis using the historical cost method except for investment properties (Note 3), Preferred LP Units (Note 10), liabilities for unit-based compensation plans (Note 12) and derivative instruments (Note 18), each of which is measured at fair value.

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

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

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

Presentation of certain figures in the unaudited interim condensed consolidated financial statements has been reclassified.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated Financial Statements continued

(in thousands of Canadian dollars)

2. Acquisition

On July 12, 2023, Primaris purchased the assets of Conestoga Mall in Waterloo Ontario. The fair value of the consideration was as follows.

As at	Note	September 30, 2023
Cash consideration ⁱ		\$ 170,211
Add: Fair value of non-cash consideration		
1,163,332 Trust Units issued ⁱⁱ	11	15,449
3,722,662 Preferred LP Units issued	10	67,584
Purchase price		\$ 253,244

- i. Cash consideration includes acquisition costs of \$5,211.
- ii. Value of Trust Units issued excludes issuance costs of \$133.

3. Investment Properties

	Note	Nine months ended September 30, 2023	Year ended December 31, 2022
Balance, beginning of period		\$ 3,118,590	\$ 3,204,188
Acquisition	2	253,244	—
Building improvements		2,184	921
Operating capital:			
Recoverable and non-recoverable costs		9,238	11,496
Tenant allowances and leasing costs		13,274	13,741
Development capital:			
Redevelopment		55,734	51,091
Capitalized interest	16	3,639	3,926
Amortization of straight-line rent and tenant incentives		1,890	4,451
Proceeds from disposition		—	(5,481)
Adjustment to fair value of investment properties		(30,924)	(165,743)
		\$ 3,426,869	\$ 3,118,590
Less: Investment properties classified as held for sale		(92,298)	—
Balance, end of period		\$ 3,334,571	\$ 3,118,590
Income-producing properties		\$ 3,242,869	\$ 2,934,590
Less: Investment properties classified as held for sale		(92,298)	—
		3,150,571	2,934,590
Land held for development		184,000	184,000
		\$ 3,334,571	\$ 3,118,590

As at September 30, 2023, six investment properties with fair values totaling \$428,182 have been pledged as security for mortgages payable (December 31, 2022 – five and \$254,772, respectively).

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated Financial Statements continued

(in thousands of Canadian dollars)

Investment properties classified as held for sale

Investment properties are classified as held for sale when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. For this to be the case, the property must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such property, and the sale must be highly probable, generally within one year. Upon being designated as held for sale such investment properties continue to be measured at fair value but are presented separately on the consolidated statements of financial condition.

Primaris classified three parcels of excess land and six income producing properties totaling \$92,298 as held for sale (December 31, 2022 - nil). These land parcels and income producing properties are considered non-core assets.

Disposition

In January 2022, Primaris sold 2 acres of land for net proceeds of \$5,481. There have been no dispositions in the current year.

Valuation methodology

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

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

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

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

As at	2023		2022	
	Number of Properties	Value of Properties	Number of Properties	Value of Properties
March 31	3	\$ 140,866	3	\$ 517,000
June 30	5	157,141	5	836,650
September 30	3	326,809	3	341,289
December 31	—	—	10	865,797
Total	11	\$ 624,816	21	\$ 2,560,736

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated Financial Statements continued

(in thousands of Canadian dollars)

(a) Income-producing properties

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

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

(b) Land held for development

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

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

As at	September 30, 2023	December 31, 2022
Discount rate	8.25%	8.22%
Terminal capitalization rate	7.22%	7.19%

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

Rate sensitivity increase (decreases)	Weighted Average		Fair value of income producing properties (\$ millions)	Fair value variance (\$ millions)	Change (%)
	Discount rate (%)	Terminal capitalization rate (%)			
(0.75)%	7.50	6.47	3,641.5	398.6	12.3
(0.50)%	7.75	6.72	3,498.6	255.7	7.9
(0.25)%	8.00	6.97	3,366.1	123.2	3.8
September 30, 2023	8.25	7.22	3,242.9	—	—
0.25%	8.50	7.47	3,128.0	(114.9)	(3.5)
0.50%	8.75	7.72	3,020.6	(222.3)	(6.9)
0.75%	9.00	7.97	2,920.1	(322.8)	(10.0)

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated Financial Statements continued

(in thousands of Canadian dollars)

4. Joint Operations

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

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%

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

5. Note Receivable

On December 1, 2022, Primaris advanced \$40,840 to one of its co-ownership partners. The sole use of funds was the repayment of the co-ownership partner's 50% share of the mortgage maturing on the Regent Mall property. The note is secured by a cross charge on the property and matures on the earlier to occur of (i) the date of refinancing of the property; (ii) December 1, 2023; and (iii) the disposition of the co-ownership partner's interest in the property. Interest is payable on the note monthly at the one-month Canadian Dollar Offered Rate plus 2.50%. Interest income earned on the note receivable for the three and nine months ended September 30, 2023 was \$807 and \$2,307, respectively (Note 15) (three and nine months ended September 30, 2022 - nil). Subsequent to September 30, 2023, the maturity of the note was extended to the earlier of (i) the date of refinancing of the property; (ii) March 1, 2024.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated Financial Statements continued

(in thousands of Canadian dollars)

6. Rent Receivables and Other Assets

As at	Note	September 30, 2023	December 31, 2022
Rent receivables		\$ 4,910	\$ 7,499
Allowance for expected credit loss		(1,914)	(5,249)
Rent receivables, net		2,996	2,250
Other accrued tenant receivables		4,035	8,172
Right-of-use asset		9,563	10,404
Derivative assets ⁱ	18	7,810	—
Prepaid expense and other sundry assets		14,211	10,571
		\$ 38,615	\$ 31,397
Classified as:			
Non-current		\$ 20,243	\$ 12,764
Current		18,372	18,633
		\$ 38,615	\$ 31,397

- i. Primaris has derivative instruments which are used to manage exposure to fluctuations in cash flows attributable to changes in interest rates. All changes in the fair values of derivative instruments are recorded in net earnings.

Primaris determines its allowance for expected credit losses on a tenant-by-tenant basis considering lease terms, credit risk, industry conditions, and the status of the tenant's account. Movements in the allowance for expected credit losses ("ECL") are detailed below:

	Note	Nine months ended September 30, 2023	Year Ended December 31, 2022
Balance, beginning of period		\$ 5,249	\$ 7,797
Net bad debt expense (recovery)	14	(401)	2,044
Write off of amounts previously included in the ECL allowance		(2,934)	(4,592)
Balance, end of period		\$ 1,914	\$ 5,249

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated Financial Statements continued

(in thousands of Canadian dollars)

7. Long Term Debt

As at	September 30, 2023	December 31, 2022
Senior unsecured debentures	\$ 597,623	\$ 348,307
Mortgages payable	294,860	215,208
	\$ 892,483	\$ 563,515
Classified as:		
Non-current	\$ 801,507	\$ 557,384
Current	90,976	6,131
	\$ 892,483	\$ 563,515

Senior unsecured debentures

Series	Issuance Date	Maturity Date	Interest Rate	As at	
				September 30, 2023	December 31, 2022
A	March 30, 2022	March 30, 2027	4.727%	\$ 150,000	\$ 150,000
B	March 30, 2022	March 30, 2025	4.267%	200,000	200,000
C	March 29, 2023	March 29, 2028	5.934%	250,000	—
Total principal outstanding				600,000	350,000
Deferred financing costs - net of accumulated amortization				(2,377)	(1,693)
				\$ 597,623	\$ 348,307

On March 29, 2023, Primaris issued \$250,000 aggregate principal amount of Series C senior unsecured debentures due March 29, 2028. The Series C unsecured 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 \$150,000 and \$200,000 aggregate principal amount of Series A and Series B senior unsecured debentures due March 30, 2027 and March 30, 2025, respectively. The Series A and Series B unsecured debentures bear interest at a fixed annual rate of 4.727% and 4.267%, respectively, with semi-annual installments of interest due on March 30th and September 30th in each year 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, respectively).

Mortgages payable

As at	September 30, 2023	December 31, 2022
Mortgage principal	\$ 295,544	\$ 215,680
Deferred financing costs and mark-to-market adjustments - net of accumulated amortization	(684)	(472)
	\$ 294,860	\$ 215,208

As at September 30, 2023, the mortgages were secured by six investment properties with an aggregate fair value of \$428,182, bear interest at fixed rates with a weighted average effective interest rate of 4.03% and a weighted average term to maturity of 4.3 years.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated Financial Statements continued

(in thousands of Canadian dollars)

As at December 31, 2022, the mortgages were secured by five investment properties with an aggregate fair value of \$254,772, bear interest at fixed rates with a weighted average effective interest rate of 3.40% and a weighted average term to maturity of 3.8 years.

Schedules of repayment and cash flow activities

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

	2023 remainder	2024	2025	2026	2027	Thereafter	Total
Senior unsecured debentures	\$ —	\$ —	\$ 200,000	\$ —	\$ 150,000	\$ 250,000	\$ 600,000
Mortgages payable	1,741	91,177	3,975	4,120	64,810	129,721	295,544
	\$ 1,741	\$ 91,177	\$ 203,975	\$ 4,120	\$ 214,810	\$ 379,721	\$ 895,544

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

	Nine months ended			Nine months ended	Year ended
	Senior unsecured debentures	Mortgages payable	September 30, 2023	September 30, 2022	December 31, 2022
Balance, beginning of period	\$ 348,307	\$ 215,208	\$ 563,515	\$ 579,434	\$ 579,434
Issuances	250,000	85,000	335,000	350,000	350,000
Maturity repayments	—	—	—	(221,602)	(348,214)
Principal repayments	—	(5,136)	(5,136)	(13,240)	(16,106)
Deferred financing costs	(1,242)	(366)	(1,608)	(2,179)	(2,179)
Total cash flow activities	248,758	79,498	328,256	112,979	(16,499)
Amortization of financing costs	558	154	712	702	889
Amortization of mark-to-market adjustments	—	—	—	(272)	(309)
Total non-cash activities	558	154	712	430	580
Balance, end of period	\$ 597,623	\$ 294,860	\$ 892,483	\$ 692,843	\$ 563,515

8. Unsecured Credit Facilities

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

	Nine months ended	Year ended
	September 30, 2023	December 31, 2022
Balance, beginning of period	\$ 444,000	\$ 143,000
Net advances (repayments)	(112,000)	301,000
Balance, end of period	\$ 332,000	\$ 444,000

As at September 30, 2023, Primaris had \$132,000 drawn on its \$400,000 unsecured syndicated revolving term facility maturing January 4, 2026 (December 31, 2022 - \$244,000). The syndicated 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.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated Financial Statements continued

(in thousands of Canadian dollars)

As at September 30, 2023, Primaris was fully drawn on its \$200,000 unsecured syndicated non-revolving term facility maturing February 5, 2026 (December 31, 2022 - \$200,000). The syndicated non-revolving credit facility bears interest at variable rates of CDOR plus 1.25% per annum, and contains certain financial covenants.

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 an unsecured \$10,000 revolving demand facility to finance temporary overdraft positions bearing interest at Prime plus 0.50% per annum. The amount drawn at September 30, 2023 was nil (December 31, 2022 – nil).

Costs incurred to enter into the facilities are recorded in other assets and amortized to net income over the life of the facility. Amortization of costs for the three and nine months ended September 30, 2023 was \$234 and \$754, respectively (three and nine months ended September 30, 2022 - \$202 and \$541, respectively, and year ended December 31, 2022 - \$772).

9. Trade Payables and Other Liabilities

As at	Note	September 30, 2023	December 31, 2022
Trade payables and accrued liabilities		\$ 63,516	\$ 49,553
Accrued distribution payable		6,572	6,677
Accrued interest expense		2,251	4,593
Unit-based compensation plans	12	7,638	7,198
Obligation for purchase of Units under automatic share purchase plan	11	10,251	12,508
Derivative liabilities ⁱ	18	—	240
Lease liabilities		10,495	11,176
Deferred revenue		12,996	10,732
Tenant deposits		4,609	3,960
		\$ 118,328	\$ 106,637
Classified as:			
Non-current		\$ 15,679	\$ 16,099
Current		102,649	90,538
		\$ 118,328	\$ 106,637

- i. Primaris has derivative instruments which are used to manage exposure to fluctuations in cash flows attributable to changes in interest rates. All changes in the fair values of derivative instruments are recorded in net earnings.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated Financial Statements continued

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10. Preferred LP Units

As part of the Conestoga Mall acquisition consideration, a subsidiary limited partnership of the Trust issued \$80,000 of Preferred LP Units (see Note 2) which are entitled to a preferred distribution of 6.0% per annum payable quarterly commencing October 12, 2023. 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.

Preferred LP Units are considered puttable instruments and are classified as financial liabilities at fair value through profit or loss. 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 reflecting the Preferred LP Units subordination to other debt applied to the risk free rate, and the expected Trust Unit price volatility. Distributions paid on Preferred LP Units are accounted for as interest expense.

	Note	Nine months ended September 30, 2023	
		Units	Value
Balance, beginning of period		—	\$ —
Issued for acquisition	2	3,722,662	67,584
Adjustment to fair value		—	224
Balance, end of period		3,722,662	\$ 67,808

11. Unitholders' Equity

Trust Units (authorized - unlimited)

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

Trust Units outstanding

	Note	Nine months ended September 30, 2023		Year ended December 31, 2022	
		Units	Value	Units	Value
Balance, beginning of period		97,712,717	\$ 2,193,410	98,251,890	\$ 2,204,908
Conversion of exchangeable units		—	—	3,336,016	54,978
Issued for acquisition, net of issue costs	2	1,163,332	15,316	—	—
Purchase of units under normal course issuer bid		(2,699,100)	(25,329)	(3,885,700)	(54,127)
Obligation for purchase of units under automatic share purchase plan	9		(10,251)	—	(12,508)
Settlement of restricted trust units		48,869	629	10,511	159
Balance, end of period		96,225,818	\$ 2,173,775	97,712,717	\$ 2,193,410

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated Financial Statements continued

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Conversion of exchangeable units

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

Issued for acquisition

On July 12, 2023, 1,163,332 Trust Units were issued as partial consideration for the acquisition of Conestoga Mall (see Note 2).

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

Primaris may from time to time purchase Units in accordance with the rules prescribed under applicable stock exchange or regulatory policies. On 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 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. During the three and nine months ended September 30, 2023, Primaris purchased for cancellation 1,180,500 and 2,699,100 Units, respectively, for consideration of \$15,933 and \$37,837, respectively (three and nine months ended September 30, 2022 - 1,255,400 and 2,672,900 Units for consideration of \$16,769 and \$36,830, respectively and year ended December 31, 2022 - 3,885,700 Units for consideration of \$54,127).

Purchase of units under automatic share purchase plan ("ASPP")

On March 9, 2023, Primaris entered into a new ASPP in respect of its 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. As at September 30, 2023, Primaris recognized an obligation of \$10,251 (Note 9) for the commitment to purchase Units under the ASPP (December 31, 2022 - \$12,508).

Trust Unit distributions

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

For the nine months ended September 30, 2023, Primaris declared monthly distributions totaling \$0.615 per Trust Unit which reflects an annualized distribution of \$0.82 (nine months ended September 30, 2022 - \$0.600 and year ended December 31, 2022 - \$0.802).

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

Notes to the Unaudited Interim Condensed Consolidated Financial Statements continued

(in thousands of Canadian dollars)

12. Unit-based Compensation

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Trust Unit Options ("Options")	\$ (111)	\$ 26	\$ (470)	\$ (620)
Restricted Trust Units ("RTU")	634	753	2,027	1,374
Performance Trust Units ("PTU")	142	21	392	36
Deferred Trust Units ("DTU")	180	266	315	23
	\$ 845	\$ 1,066	\$ 2,264	\$ 813
Recorded in:				
General and administrative expense	\$ 1,016	\$ 1,035	\$ 3,432	\$ 2,530
Adjustment to fair value of unit-based compensation	(171)	31	(1,168)	(1,717)
	\$ 845	\$ 1,066	\$ 2,264	\$ 813

As at September 30, 2023, the carrying value of the unit-based compensation liability was \$7,638 (Note 9) (September 30, 2022 - \$5,235 and December 31, 2022 - \$7,198).

Trust Unit Options Granted

Primaris may grant Options totaling up to 3,000,000 Units. The Options vest in tranches over a period of three years and all outstanding Options were vested and exercisable on September 30, 2023 (December 31, 2022 - all).

The assumptions used to measure the fair value of the Options, as at September 30, 2023 under the Black-Scholes model (level 2) were as follows:

Expected average distribution yield	6.05%
Expected average Unit price volatility	22.25% – 23.44%
Average risk-free interest rate	4.75% - 5.17%
Expected average life of options	0.4 – 2.4 years

The following table details the Options outstanding as at September 30, 2023:

Exercise price	Expiry date	Number outstanding and exercisable	Remaining weighted average life (in years)
\$23.96	2024	204,235	0.4
\$23.72	2025	117,941	1.2
\$20.52	2026	328,425	2.4
\$22.18 average		650,601	1.4

As at December 31, 2022, 720,045 Options were outstanding and exercisable with a weighted average exercise price of \$22.29 and with a remaining weighted average life of 2.2 years.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated Financial Statements continued

(in thousands of Canadian dollars)

Restricted Trust Units

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

	Nine months ended September 30, 2023	Year Ended December 31, 2022
Number outstanding, beginning of period	444,200	182,927
Granted	227,299	277,068
Granted on reinvestment of distributions	23,313	20,456
Settled	(150,636)	(36,251)
Number outstanding, end of period	544,176	444,200

During the nine months ended September 30, 2023, the Trust granted 227,299 RTUs under its Incentive Unit Plan with an aggregate fair value of \$3,036 at the time of granting. The weighted average grant price was \$13.36 per unit. The grant price, calculated on the date of a grant, is calculated as the average of the daily average of the high and low board lot trading prices of Units on the TSX for the five consecutive trading days immediately preceding such grant date. No RTUs were vested as at September 30, 2023.

Performance Trust Units

PTUs entitle certain employees to receive the value of a PTU award in cash or Units, at the end of the applicable performance period, which is typically three years in length, based on the Trust achieving certain performance conditions. Additional PTUs are credited in respect of distributions paid on Units for the period during which a PTU is outstanding. The fair value of each PTU granted is measured based on the market value of a Trust Unit at the reporting date and the probability of the Trust achieving certain performance conditions.

	Nine months ended September 30, 2023	Year Ended December 31, 2022
Number outstanding, beginning of period	14,156	13,434
Granted	147,697	—
Granted on reinvestment of distributions	5,297	722
Number outstanding, end of period	167,150	14,156

During the nine months ended September 30, 2023, the Trust granted 147,697 PTUs under its Incentive Unit Plan with an aggregate fair value of \$1,973 at the time of granting. The weighted average grant price was \$13.36 per unit. The grant price, calculated on the date of a grant, is calculated as the average of the daily average of the high and low board lot trading prices of Units on the TSX for the five consecutive trading days immediately preceding such grant date. No outstanding PTUs were vested as at September 30, 2023.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated Financial Statements continued

(in thousands of Canadian dollars)

Deferred Trust Units

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

	Nine months ended September 30, 2023	Year Ended December 31, 2022
Number outstanding, beginning of period	195,088	—
Granted	40,692	186,841
Granted on reinvestment of distributions	10,231	8,247
Number outstanding, end of period	246,011	195,088

During the nine months ended September 30, 2023, the Trust granted 40,692 DTUs under its Incentive Unit Plan with an aggregate fair value of \$575 at the time of granting. The weighted average grant price was \$14.13 per unit. The grant price, calculated on the date of a grant, is calculated as the average of the daily average of the high and low board lot trading prices of Units on the TSX for the five consecutive trading days immediately preceding the grant date. As at September 30, 2023, 222,361 outstanding DTUs have vested.

13. Income Taxes

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

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated Financial Statements continued

(in thousands of Canadian dollars)

14. Net Property Income

	Three months ended September 30,		Nine months ended September 30,	
	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	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 ⁱ	(1,020)	(1,541)	(3,086)	(3,511)
Ground rent	(474)	(425)	(1,356)	(1,268)
	(44,342)	(39,944)	(128,947)	(123,531)
	\$ 60,484	\$ 54,207	\$ 168,213	\$ 156,729

- i. For the three and nine months ended September 30, 2023, respectively, non-recoverable operating costs included net recovery of bad debts of \$42 and \$401, respectively (September 30, 2022 - net expense of \$900 and \$885, respectively).

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated Financial Statements continued

(in thousands of Canadian dollars)

15. Interest and Other Income

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Interest income	\$ 1,330	\$ 21	\$ 3,675	\$ 42
Property management fees	698	869	1,949	2,613
	\$ 2,028	\$ 890	\$ 5,624	\$ 2,655

16. Net Interest Expense and Other Financing Charges

	Note	Three months ended September 30,		Nine months ended September 30,	
		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		4,387	1,513	13,409	4,006
Distribution on Preferred LP Units		1,063	—	1,063	—
Finance charge - lease liability		89	67	274	202
Amortization of deferred financing costs	6,7	490	427	1,466	1,243
Amortization of mark-to-market adjustments	7	—	(90)	—	(272)
		16,553	9,696	43,564	25,626
Less: Capitalized interest		(1,277)	(1,077)	(3,639)	(2,744)
		\$ 15,276	\$ 8,619	\$ 39,925	\$ 22,882

17. General and Administrative Expenses

	Three months ended September 30,		Nine months ended September 30,	
	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: Recoverable operating cost allocations	(2,242)	(2,221)	(6,664)	(6,667)
	\$ 7,340	\$ 6,236	\$ 22,441	\$ 19,361

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated Financial Statements continued

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18. Financial Instruments

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

As at	Note	September 30, 2023			December 31, 2022		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets							
Amortized cost:							
Derivative assets	6	\$ —	\$ 7,810	\$ —	\$ —	\$ —	\$ —
Liabilities							
Fair value through profit and loss:							
Unit-based compensation	9	\$ —	\$ 7,638	\$ —	\$ —	\$ 7,198	\$ —
Preferred LP Units	10	—	67,808	—	—	—	—
Amortized cost:							
Senior unsecured debentures	7	—	600,000	—	—	350,000	—
Mortgages payable		—	279,591	—	—	198,864	—
Credit facilities	8	—	332,000	—	—	444,000	—
Derivative liabilities	9	—	—	—	—	240	—

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

Derivative Instruments

Derivative instruments consist of interest rate swaps to economically hedge the variable interest rate associated with advances on the credit facilities.

	Maturity date	Notional Amount	Interest Rate	As at September 30, 2023	As at December 31, 2022
Derivative assets					
Interest rate swaps	October 18, 2027	\$200,000	3.685%	\$ 7,810	\$ —
Derivative liabilities					
Interest rate swaps	October 18, 2027	\$200,000	3.685%	\$ —	\$ 240

During the three and nine months ended September 30, 2023, the Trust recorded gains of \$3,725 and \$8,050, respectively, for the change in fair value of the derivative instruments (three and nine months ended September 30, 2022 - nil and year ended December 31, 2022 - \$240 loss).

19. Capital Management

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

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Notes to the Unaudited Interim Condensed Consolidated Financial Statements continued

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

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

The Trust was in compliance with each of the above noted restrictions as at September 30, 2023.

Primaris is subject to certain financial covenants under its credit facilities. As at September 30, 2023, Primaris was compliant with all of its applicable financial covenants.

Capitalization

The following chart details the capitalization of Primaris:

As at	September 30, 2023	December 31, 2022
Liabilities:		
Senior unsecured debentures	\$ 600,000	\$ 350,000
Mortgages payable	295,544	215,680
Credit facilities	332,000	444,000
Preferred LP Units	67,808	—
Equity:		
Unitholders' equity	2,096,986	2,087,629
	\$ 3,392,338	\$ 3,097,309

20. Contingencies and Commitments

- (a) Primaris is involved in litigation and claims in relation to the investment properties that arise from time to time in the normal course of business. In the opinion of management, any liability that may arise from such contingencies would not have a material adverse effect on the consolidated financial statements.
- (b) 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).
- (c) Primaris is obligated, under certain contract terms, to construct and develop investment properties. As at September 30, 2023, Primaris has entered into contracts for capital projects and is committed to future payments of approximately \$32,486 (December 31, 2022 - \$30,660).
- (d) Primaris provides guarantees on behalf of third parties, including co-owners of properties. 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).

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated Financial Statements continued

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Future lease payments for short term regional office leases and land leases for the years ended December 31 are as follows:

2023 remainder	\$	249
2024		952
2025		955
2026		955
2027		955
Thereafter		7,544
	\$	11,610

21. 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.

22. Supplemental Cash Flow Information

	Note	Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
Amortization of straight-line rent and tenant incentives	3	\$ (714)	\$ (1,073)	\$ (1,890)	\$ (3,835)
Unit-based compensation expense recorded in general and administrative expenses	12	1,016	1,035	3,432	2,530
Amortization of other assets		374	374	1,123	767
Amortization of right-of-use asset		276	136	841	406
Adjustment to the fair value of derivative instruments	18	(3,725)	—	(8,050)	—
Adjustment to fair value of unit-based compensation	12	(171)	31	(1,168)	(1,717)
Adjustment to fair value of Preferred LP Units	10	224	—	224	—
Adjustment to fair value of investment properties	3	22,964	60,335	30,924	104,401
Items not affecting cash		\$ 20,244	\$ 60,838	\$ 25,436	\$ 102,552

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	Note	Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
Net change in:					
Rent receivables, net	6	\$ (956)	\$ (1,743)	\$ (746)	\$ (1,863)
Other tenant receivables	6	1,737	(325)	4,137	(4,712)
Acquisition proceeds	6	—	—	—	15,215
Prepaid expense and other sundry assets	6	3,788	7,544	(3,640)	(2,488)
Exclude non-cash amortization of other assets		(374)	(374)	(1,123)	(767)
Exclude additions to credit facilities' finance costs		—	2,719	—	2,719
Exclude non-cash amortization of credit facilities' finance costs	8	(234)	(202)	(754)	(541)
Trade payables and accrued liabilities	9	15,494	8,778	13,963	(9,649)
Unit-based compensation	9	827	1,103	440	2,792
Exclude unit-based compensation expense	12	(845)	(1,066)	(2,264)	(813)
Exclude cash settlement		—	—	1,439	389
Exclude Unit settlement		—	—	629	159
Lease liabilities	9	(250)	(91)	(681)	(270)
Exclude non-cash lease liability finance charge	16	(89)	(67)	(274)	(202)
Deferred revenue	9	775	(1,059)	2,264	1,806
Tenant deposits	9	249	246	649	630
Change in non-cash operating items		\$ 20,122	\$ 15,463	\$ 14,039	\$ 2,405

23. Subsequent Events

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.