

PRIMARIS REAL ESTATE INVESTMENT TRUST

Unaudited Interim Condensed Consolidated Financial Statements

As at and for the three and nine months ended September 30, 2024 and September 30, 2023

Dated: October 31, 2024

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, 2024	As at December 31, 2023
Assets			
Investment properties	3	\$ 3,583,797	\$ 3,695,435
Investment properties classified as assets held for sale	3	218,353	89,912
Rent receivables and other assets	6	75,670	29,124
Note receivable	5	—	40,840
Term Deposit	7	100,000	—
Cash and cash equivalents		161,595	44,323
Total assets		\$ 4,139,415	\$ 3,899,634
Liabilities and Equity			
Liabilities			
Senior unsecured debentures	8	\$ 1,423,737	\$ 991,602
Mortgages payable	8	237,628	293,174
Unsecured credit facilities	9	70,000	200,000
Convertible Preferred LP Units	11	202,716	179,150
Trade payables and other liabilities	10	118,458	131,781
Total liabilities		2,052,539	1,795,707
Equity			
Unitholders' equity		2,086,876	2,103,927
Total liabilities and equity		\$ 4,139,415	\$ 3,899,634

Contingencies and commitments (Note 21)

Subsequent events (Notes 2, 3, 6, 11, 12, 20 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

Alex Avery

Alex Avery

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,	
		2024	2023	2024	2023
Net property income					
Rental revenue	15	\$ 119,536	\$ 104,826	\$ 358,764	\$ 297,160
Property operating costs	15	(47,591)	(44,342)	(152,086)	(128,947)
		71,945	60,484	206,678	168,213
Other income and expenses					
Interest and other income	16	3,583	2,028	7,441	5,624
Net interest and other financing charges	17	(26,181)	(15,276)	(71,583)	(39,925)
General and administrative	18	(7,927)	(7,340)	(23,966)	(22,441)
Amortization of other assets		(191)	(374)	(986)	(1,123)
Adjustment to fair value of derivative instruments	19	(5,473)	3,725	(3,546)	8,050
Adjustments to fair value of unit-based compensation	13	(2,247)	171	(1,830)	1,168
Adjustments to fair value of Convertible Preferred LP Units	11	(23,108)	(224)	(23,566)	(224)
Adjustments to fair value of investment properties	3	(41,219)	(22,964)	(31,333)	(30,924)
		(102,763)	(40,254)	(149,369)	(79,795)
Net income (loss) and comprehensive income (loss) attributable to Trust Unitholders		\$ (30,818)	\$ 20,230	\$ 57,309	\$ 88,418

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	2024
Unitholders' Equity		
Balance, December 31, 2023		\$ 2,103,927
Net income (loss) attributable to Unitholders		57,309
Distributions		(60,513)
Units cancelled under normal course issuer bid	12	(13,847)
Balance, September 30, 2024		\$ 2,086,876

(in thousands of Canadian dollars)		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		15,316
Units cancelled under normal course issuer bid		(25,329)
Obligation for purchase of Units under automatic share purchase plan		(10,251)
Settlement of vested Restricted Trust Units		629
Balance, September 30, 2023		\$ 2,096,986

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,	
		2024	2023	2024	2023
Cash provided by (used in):					
Operating activities:					
Net income (loss)		\$ (30,818)	\$ 20,230	\$ 57,309	\$ 88,418
Net interest and other financing charges	17	26,181	15,276	71,583	39,925
Interest paid		(25,881)	(22,556)	(73,553)	(44,166)
Cash paid on vesting of Restricted Trust Units		—	—	(4,287)	(1,439)
Items not affecting cash	22	72,298	20,244	61,459	25,436
Change in non-cash operating items	22	1,770	14,868	(17,236)	2,496
		43,550	48,062	95,275	110,670
Financing activities:					
Senior unsecured debentures:					
Borrowings, net of financing costs	8	497,218	—	496,962	248,758
Principal repayments	8	(66,730)	—	(66,730)	—
Mortgages payable:					
Borrowings, net of deferred financing costs	8	(12)	—	74,559	84,634
Principal and debt maturity repayments	8	(90,295)	(1,726)	(130,489)	(5,136)
Credit Facilities					
Net advances (repayments)	9	(130,000)	132,000	(130,000)	(112,000)
Financing costs	9	—	—	(83)	—
Cash payment on settlement of hedges		(4,326)	—	(4,326)	—
Trust Unit issuance costs		—	(133)	—	(133)
Units cancelled under normal course issuer bid	12	(8,160)	(15,933)	(15,647)	(37,837)
Distributions paid		(20,098)	(19,832)	(60,593)	(59,531)
		177,597	94,376	163,653	118,755
Investing activities:					
Investment properties:					
Acquisitions	2	—	(155,211)	(20,069)	(170,211)
Redevelopment costs	3	(12,287)	(18,851)	(35,944)	(49,383)
Building improvement costs	3	(340)	(434)	(1,352)	(1,875)
Recoverable and non-recoverable costs	3	(3,531)	(4,932)	(15,547)	(9,870)
Tenant allowances and leasing costs	3	(4,150)	(3,935)	(15,258)	(7,759)
Proceeds on asset dispositions	3	—	—	25,674	—
Deposit on asset acquisition	6	(20,000)	—	(20,000)	—
Term Deposit	7	(100,000)	—	(100,000)	—
Note receivable	5	—	—	40,840	—
		(140,308)	(183,363)	(141,656)	(239,098)
Increase (decrease) in cash and cash equivalents		80,839	(40,925)	117,272	(9,673)
Cash and cash equivalents, beginning of period		80,756	42,206	44,323	10,954
Cash and cash equivalents, end of period		\$ 161,595	\$ 1,281	\$ 161,595	\$ 1,281

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, 2023. 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, 2023, except for IAS 1 amendments which are described below.

These unaudited interim condensed consolidated financial statements were authorized by the Primaris Board of Trustees (the "Board") on October 31, 2024.

(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), Convertible Preferred LP Units (Note 11), liabilities for unit-based compensation plans (Note 13) and derivative instruments (Note 19), 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.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated Financial Statements continued

(in thousands of Canadian dollars)

In the first quarter of 2024, Primaris adopted the amendments to IAS 1 which clarify the requirements for classifying liabilities as current or non-current. The amendments clarify that the conditions which exist at the end of a reporting period are those which will be used to determine if a right to defer settlement of a liability exists. The amendments also clarify the situations that are considered a settlement of a liability, which can include the transfer of cash, other financial instruments, goods or services and in some cases, equity instruments. The amendments were applied retrospectively, and the impact was not material.

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 have been reclassified.

(c) Future Accounting Standards

Standards issued but not yet effective up to the date of issuance of these unaudited interim condensed consolidated financial statements, which the Trust reasonably expects to be applicable at a future date, are describe below:

IFRS 18, "Presentation and Disclosure in Financial Statements"

In April 2024, IFRS 18 was issued to create comparability of the financial performance of similar entities. The standard impacts the presentation of primary financial statements and notes, including the statement of income (loss) where the Trust will be required to present separate categories of income and expense for operating, investing and financing activities with prescribed subtotals for each new category. The standard will replace IAS 1, "Presentation of Financial Statements" and will be effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The amendments are to be applied retrospectively. Management is currently assessing the impact of the new standard.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated Financial Statements continued

(in thousands of Canadian dollars)

2. Acquisitions

On June 10, 2024, Primaris purchased the grocery store building connected to Conestoga Mall in Waterloo, Ontario and the associated land. The cash consideration for the purchase, including acquisition costs of \$409, was \$20,069.

On October 1, 2024, Primaris acquired the assets of Les Galeries de la Capitale in Quebec City, Quebec (Note 23).

Primaris purchased the assets of Conestoga Mall in Waterloo, Ontario on July 12, 2023 and the assets of the Halifax Shopping Complex in Halifax, Nova Scotia on November 30, 2023 which were accounted for as asset acquisitions. The fair value of the consideration was as follows.

	Note	Conestoga Mall	Halifax Shopping Complex	As at December 31, 2023
Cash consideration ⁱ		\$ 170,211	\$ 207,455	\$ 377,666
Add: Fair value of non-cash consideration				
3,233,350 Trust Units issued ⁱⁱ	12	15,449	27,633	43,082
9,472,432 Convertible Preferred LP Units issued ⁱⁱⁱ	11	67,584	106,500	174,084
Purchase price		\$ 253,244	\$ 341,588	\$ 594,832

- i. The cash consideration for Conestoga Mall and the Halifax Shopping Complex included acquisition costs of \$5,211, and \$7,455, respectively.
- ii. 1,163,332 and 2,069,918 Trust Units were issued for the acquisition of Conestoga Mall and the Halifax Shopping Complex, respectively.
- iii. 3,722,662 and 5,749,770 Convertible Preferred LP Units were issued for the acquisition of Conestoga Mall and the Halifax Shopping Complex, respectively.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated Financial Statements continued

(in thousands of Canadian dollars)

3. Investment Properties

	Note	Nine months ended September 30, 2024	Year ended December 31, 2023
Balance, beginning of period		\$ 3,785,347	\$ 3,118,590
Acquisitions	2	20,069	594,832
Building improvements		1,352	3,016
Operating capital:			
Recoverable and non-recoverable costs		11,982	16,222
Tenant allowances and leasing costs		16,037	18,106
Development capital:			
Redevelopment		35,276	66,846
Capitalized interest	17	2,907	4,782
Amortization of straight-line rent adjustments and tenant incentives		5,163	3,384
Dispositions		(44,650)	—
Adjustment to fair value of investment properties		(31,333)	(40,431)
Balance, end of period		\$ 3,802,150	\$ 3,785,347
Classified as:			
Investment Properties		\$ 3,583,797	\$ 3,695,435
Investment properties classified as held for sale		218,353	89,912
		\$ 3,802,150	\$ 3,785,347
Composition:			
Income-producing properties		\$ 3,651,150	\$ 3,634,347
Land held for development		151,000	151,000
		\$ 3,802,150	\$ 3,785,347

As at September 30, 2024, seven investment properties with fair values totaling \$476,352 have been pledged as security for mortgages payable (December 31, 2023 – six and \$422,446, respectively).

Dispositions

On September 30, 2024, Primaris sold an open air, non-grocery anchored property for cash proceeds of \$14,176, after transaction costs. The proceeds were received on October 1, 2024 (Note 23).

On June 21, 2024, Primaris sold an open air, non-grocery anchored property for \$30,474, after transaction costs. Consideration consisted of a \$4,800 note which is payable nine months following closing with interest at the rate of 6.0% per annum (Note 6) and cash.

Investment properties classified as held for sale

Primaris classified three parcels of excess land and nine income-producing properties totaling \$218,353 as held for sale (December 31, 2023 - three parcels of excess land and six income-producing properties totaling \$89,912).

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated Financial Statements continued

(in thousands of Canadian dollars)

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	2024		2023	
	Number of Properties	Value of Properties	Number of Properties	Value of Properties
March 31	4	\$ 234,143	3	\$ 140,866
June 30	3	132,890	5	157,141
September 30	4	138,906	3	326,809
December 31			17	2,286,446
Total	11	\$ 505,939	28	\$ 2,911,262

(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 corroborate the Trust's valuation process.

(b) Land held for development

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

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated Financial Statements continued

(in thousands of Canadian dollars)

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

As at	September 30, 2024	December 31, 2023
Discount rate	8.38%	8.34%
Terminal capitalization rate	7.35%	7.31%

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)%	7.63	6.60	4,088.5	437.3	12.0
(0.50)%	7.88	6.85	3,932.0	280.8	7.7
(0.25)%	8.13	7.10	3,786.6	135.4	3.7
September 30, 2024	8.38	7.35	3,651.2	—	—
0.25%	8.63	7.60	3,524.7	(126.5)	(3.5)
0.50%	8.88	7.85	3,406.5	(244.7)	(6.7)
0.75%	9.13	8.10	3,295.6	(355.6)	(9.7)

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, 2024	December 31, 2023
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 16).

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated Financial Statements continued

(in thousands of Canadian dollars)

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 was secured by a cross charge on the property and matured on the earlier of (i) the date of refinancing of the property; (ii) April 1, 2024; and (iii) the disposition of the co-ownership partner's interest in the property. Interest was payable on the note monthly at the one-month Canadian Dollar Offered Rate plus 2.50%. The note was repaid on March 28, 2024, when new secured debt was placed on the property (Note 8).

On January 3, 2024, Primaris advanced \$37,251 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 Cataraqui Town Centre property. The note was secured by a cross charge on the property and matured on the earlier of (i) the date of refinancing of the property; (ii) April 1, 2024; and (iii) the disposition of the co-ownership partner's interest in the property. Interest was payable on the note monthly at an annual rate of 7.50%. The note was repaid on March 28, 2024, when new secured debt was placed on the property (Note 8).

Interest income earned on the notes receivable for the three and nine months ended September 30, 2024 was nil and \$1,416, respectively (three and nine months ended September 30, 2023 - \$807 and \$2,307, respectively, and year ended December 31, 2023 - \$3,120) (Note 16).

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, 2024	December 31, 2023
Rent receivables		\$ 7,445	\$ 4,321
Allowance for expected credit loss		(1,478)	(1,680)
Rent receivables, net		5,967	2,641
Other accrued tenant receivables		4,219	5,330
Vendor take-back note ⁱ	3	4,800	—
Deposit on acquisition ⁱⁱ		20,000	—
Receivable for disposition proceeds ⁱⁱⁱ	3	14,176	—
Prepaid expense and other sundry assets		18,185	12,559
Other long-term receivable		311	—
Right-of-use assets ^{iv}		4,176	4,758
Sublease receivable ^{iv}		3,836	3,836
		\$ 75,670	\$ 29,124
Classified as:			
Non-current		\$ 9,877	\$ 11,004
Current		65,793	18,120
		\$ 75,670	\$ 29,124

- i. Vendor take-back note maturing March 21, 2025 with an annual interest rate of 6.0% and secured by a charge against real property. Interest income earned on the note receivable for the three and nine months ended September 30, 2024 was \$80 (three and nine months ended September 30, 2023 and year ended December 31, 2023 - nil) (Note 16).
- ii. During the quarter, Primaris funded a \$20,000 deposit towards the acquisition of Les Galeries de la Capitale which closed on October 1, 2024 (Note 23).
- iii. Cash consideration of \$14,176 for the investment property sale which closed on September 30, 2024, a bank holiday. The proceeds were received on October 1, 2024 (Note 23).
- iv. In 2023, Primaris sublet a portion of its office space reducing the right-of-use asset and resulting in the recognition of a long-term receivable.

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, 2024	Year Ended December 31, 2023
Balance, beginning of period		\$ 1,680	\$ 5,249
Net bad debt expense (recovery)	15	136	499
Write off of amounts previously included in the ECL allowance		(338)	(4,068)
Balance, end of period		\$ 1,478	\$ 1,680

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated Financial Statements continued

(in thousands of Canadian dollars)

7. Term Deposit

A \$100,000 term deposit maturing March 25, 2025 bearing interest at a rate of 4.660% per annum was outstanding at September 30, 2024 (December 31, 2023 - nil).

8. Long-Term Debt

As at	September 30, 2024	December 31, 2023
Senior unsecured debentures	\$ 1,423,737	\$ 991,602
Mortgages payable	237,628	293,174
	\$ 1,661,365	\$ 1,284,776
Classified as:		
Non-current	\$ 1,526,523	\$ 1,196,288
Current	134,842	88,488
	\$ 1,661,365	\$ 1,284,776

Senior unsecured debentures

Series	Issuance Date	Maturity Date	Interest Rate	As at	As at
				September 30, 2024	December 31, 2023
A	March 30, 2022	March 30, 2027	4.727%	\$ 250,000	\$ 250,000
B	March 30, 2022	March 30, 2025	4.267%	133,120	200,000
C	March 29, 2023	March 29, 2028	5.934%	250,000	250,000
D	November 22, 2023	June 30, 2029	6.374%	300,000	300,000
E	August 12, 2024	March 15, 2030	4.998%	300,000	—
F	August 12, 2024	March 15, 2032	5.304%	200,000	—
Total principal outstanding				1,433,120	1,000,000
Deferred financing costs - net of accumulated amortization				(5,806)	(3,747)
Debt discounts - net of accumulated amortization				(3,577)	(4,651)
				\$ 1,423,737	\$ 991,602

On August 12, 2024, Primaris issued \$300,000 aggregate principal amount of Series E senior unsecured debentures due March 15, 2030 at a price equal to \$999.93 per thousand principal amount. The Series E unsecured debentures bear interest at a fixed annual rate of 4.998%, with semi-annual installments of interest due on March 15th and September 15th in each year commencing on March 15, 2025 until maturity, unless redeemed at an earlier date. The debenture offering was conducted on a private placement basis.

On August 12, 2024, Primaris issued \$200,000 aggregate principal amount of Series F senior unsecured debentures due March 15, 2032 at a price equal to \$999.93 per thousand principal amount. The Series F unsecured debentures bear interest at a fixed annual rate of 5.304%, with semi-annual installments of interest due on March 15th and September 15th in each year commencing on March 15, 2025 until maturity, unless redeemed at an earlier date. The debenture offering was conducted on a private placement basis.

During the quarter ended September 30, 2024, Primaris repurchased \$66,880 aggregate principal amount of Series B senior unsecured debentures at a price equal to \$983.92 per thousand principal amount.

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On November 22, 2023, Primaris issued \$300,000 aggregate principal amount of Series D senior unsecured debentures due June 30, 2029 at a price equal to \$999.88 per thousand principal amount. The Series D unsecured debentures bear interest at a fixed annual rate of 6.374%, with semi-annual installments of interest due on June 30th and December 30th in each year commencing on June 30, 2024 until maturity, unless redeemed at an earlier date. The debenture offering was conducted on a private placement basis.

On November 22, 2023, Primaris issued \$100,000 aggregate principal amount reopening of the Series A senior unsecured debentures at a price equal to \$952.30 per thousand principal amount. The additional Series A debentures have the same terms and conditions and constitute part of the same series as the \$150,000 aggregate principal amount of the Series A debentures issued by the Trust on March 30, 2022. The effective yield to maturity is 6.325%.

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.

As at September 30, 2024, the Trust's senior unsecured debentures had a weighted average effective interest rate of 5.39%, after accounting for any discounts to the face amount of the debt at the time of issuance, and a weighted average term to maturity of 4.3 years (December 31, 2023 - 5.45% and 3.8 years, respectively).

Mortgages payable

As at	September 30, 2024	December 31, 2023
Mortgage principal	\$ 238,314	\$ 293,803
Deferred financing costs and mark-to-market adjustments - net of accumulated amortization	(686)	(629)
	\$ 237,628	\$ 293,174

As at September 30, 2024, the mortgages were secured by five investment properties with an aggregate fair value of \$360,352, bearing interest at fixed rates with a weighted average effective interest rate of 4.60% and a weighted average term to maturity of 4.6 years.

In the first quarter of 2024, Primaris entered into new secured debt on Regent Mall in Fredericton, New Brunswick and on Cataraqui Town Centre in Kingston, Ontario replacing the debt that matured in January 2024. In the second quarter of 2024, Primaris economically hedged \$20 million of the new debt on Regent Mall, swapping the underlying variable rate for a fixed rate of 5.84% per annum until March 29, 2027. In the third quarter of 2024, Primaris repaid the secured debt on Regent Mall in Fredericton, New Brunswick and settled the related hedge. Primaris also repaid the maturing mortgage on Place d'Orleans Shopping Centre in Ottawa, Ontario.

As at December 31, 2023, the mortgages were secured by six investment properties with an aggregate fair value of \$422,446, bearing interest at fixed rates with a weighted average effective interest rate of 4.03% and a weighted average term to maturity of 4.1 years.

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Schedules of repayment and cash flow activities

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

	2024 remainder	2025	2026	2027	2028	Thereafter	Total
Senior unsecured debentures	\$ —	\$ 133,120	\$ —	\$ 250,000	\$ 250,000	\$ 800,000	\$ 1,433,120
Mortgages payable	1,149	4,698	4,882	97,864	2,017	127,704	238,314
	\$ 1,149	\$ 137,818	\$ 4,882	\$ 347,864	\$ 252,017	\$ 927,704	\$ 1,671,434

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, 2024	September 30, 2023	December 31, 2023
Balance, beginning of period	\$ 991,602	\$ 293,174	\$ 1,284,776	\$ 563,515	\$ 563,515
Issuances	500,000	75,000	575,000	335,000	730,230
Maturity repayments	—	(126,147)	(126,147)	—	—
Principal repayments	(66,730)	(4,342)	(71,072)	(5,136)	(6,877)
Deferred financing costs	(3,038)	(441)	(3,479)	(1,608)	(3,208)
Total cash flow activities	430,232	(55,930)	374,302	328,256	720,145
Amortization of financing costs	979	384	1,363	712	997
Amortization of debt discount	1,074	—	1,074	—	119
Gain on extinguishment of debt	(150)	—	(150)	—	—
Total non-cash activities	1,903	384	2,287	712	1,116
Balance, end of period	\$ 1,423,737	\$ 237,628	\$ 1,661,365	\$ 892,483	\$ 1,284,776

9. Unsecured Credit Facilities

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

	Nine months ended September 30, 2024	Year ended December 31, 2023
Balance drawn, beginning of period	\$ 200,000	\$ 444,000
Net advances (repayments)	(130,000)	(244,000)
Balance drawn, end of period	\$ 70,000	\$ 200,000
Total credit available from unsecured credit facilities	\$ 610,000	\$ 810,000

On December 22, 2023, Primaris amended and restated its unsecured syndicated revolving term facility increasing the commitment to \$600,000 (from \$400,000) and extending the maturity date by one year to January 4, 2027. The syndicated revolving credit facility bears interest at variable rates of either: (i) Prime plus 0.35% per annum, or (ii) Adjusted Canadian Overnight Repo Rate Average ("CORRA") plus 1.35% per annum; a commitment fee on undrawn

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amounts of 0.27% per annum; and contains certain financial covenants. As at September 30, 2024, Primaris had \$70,000 drawn on its \$600,000 unsecured syndicated revolving term facility (December 31, 2023 - nil).

As at September 30, 2024, Primaris repaid and cancelled its \$200,000 unsecured syndicated non-revolving term facility (December 31, 2023 - fully drawn). Primaris also settled the \$200,000 interest rate swaps which had hedged the underlying variable rate on the credit facilities for a fixed rate of 3.685% per annum, for an all-in rate of 4.94% per annum.

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, 2024 was nil (December 31, 2023 - 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, 2024 was \$423 and \$938, respectively (three and nine months ended September 30, 2023 - \$243 and \$754, respectively, and year ended December 31, 2023 - \$1,932).

10. Trade Payables and Other Liabilities

As at	Note	September 30, 2024	December 31, 2023
Trade payables and accrued liabilities		\$ 38,763	\$ 40,875
Accrued capital expenditures		26,382	29,836
Accrued distribution payable		6,681	6,761
Accrued interest expense		10,964	13,650
Unit-based compensation plans	13	11,843	9,233
Obligation for purchase of Units under automatic share purchase plan	12	—	1,800
Derivative liabilities ⁱ	19	—	780
Lease liabilities		9,496	10,234
Deferred revenue		8,455	13,649
Tenant deposits		5,874	4,963
		\$ 118,458	\$ 131,781
Classified as:			
Non-current		\$ 16,857	\$ 16,327
Current		101,601	115,454
		\$ 118,458	\$ 131,781

- i. Primaris utilized derivative instruments which 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.

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Notes to the Unaudited Interim Condensed Consolidated Financial Statements continued

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11. Convertible Preferred LP Units

As part of the Conestoga Mall acquisition consideration, a subsidiary limited partnership of the Trust issued \$80,000 of Convertible 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 Convertible 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 Convertible Preferred LP Units at the time of exchange, the Convertible 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.

As part of the Halifax Shopping Complex acquisition consideration, a subsidiary limited partnership of the Trust issued \$125,000 of Convertible Preferred LP Units (see Note 2) which are entitled to a preferred distribution of 6.0% per annum payable quarterly commencing February 29, 2024. In certain circumstances, the Convertible 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 Convertible Preferred LP Units at the time of exchange, the Convertible Preferred LP Units would be exchangeable into 5,749,770 Trust Units at an exchange price equal to \$21.74 per unit, subject to customary adjustments.

On October 1, 2024, Primaris acquired the assets of Les Galeries de la Capitale in Quebec City, Quebec. As part of the acquisition consideration, a subsidiary limited partnership of the Trust issued \$100,000 of Convertible Preferred LP Units which are entitled to a preferred distribution of 6.25% per annum payable quarterly commencing January 1, 2025. In certain circumstances, the Convertible 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 Convertible Preferred LP Units at the time of exchange, the Convertible Preferred LP Units would be exchangeable into 4,574,566 Trust Units at an exchange price equal to \$21.86 per unit, subject to customary adjustments. On October 9, 2024, \$50,000 of the Convertible Preferred LP Units were converted into 2,287,283 Trust Units (Note 23).

Convertible Preferred LP Units are considered debt instruments and are classified as financial liabilities at fair value through profit or loss. The model to value the Convertible Preferred LP Units includes assumptions on the risk-free interest rate for the expected life of the Convertible Preferred LP Units, the credit spread and ranking concession reflecting the Convertible Preferred LP Units subordination to other debt applied to the risk free rate, and the expected Trust Unit price volatility. Distributions paid on Convertible Preferred LP Units are accounted for as interest expense.

	Note	Nine months ended		Year ended	
		September 30, 2024		December 31, 2023	
		Units	Value	Units	Value
Balance, beginning of period		9,472,432	\$ 179,150	—	\$ —
Issued for acquisitions	2	—	—	9,472,432	174,084
Adjustment to fair value		—	23,566	—	5,066
Balance, end of period		9,472,432	\$ 202,716	9,472,432	\$ 179,150
Classified as:					
Non-current			\$ —		\$ —
Current			202,716		179,150
			\$ 202,716		\$ 179,150

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(in thousands of Canadian dollars)

The assumptions used to model (level 2) the fair value of the Convertible Preferred LP Units are detailed below:

As at	September 30, 2024	December 31, 2023
Expected Trust Unit distribution yield	5.14%	6.02%
Expected Unit price volatility (180 days average)	21.2%	24.5%
Proxy for bond yield (Government of Canada 30-year bond)	3.14%	3.35%
add: Relative spread adjustment to Primaris REIT	2.65%	2.95%
add: Subordination premium	0.79%	0.85%
Implied bond yield	6.58%	7.15%

12. 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, 2024		Year ended December 31, 2023	
		Units	Value	Units	Value
Balance, beginning of period		96,585,736	\$ 2,186,779	97,712,717	\$ 2,193,410
Issued for acquisitions	2	—	—	3,233,250	43,082
Trust Unit issuance costs		—	—	—	(415)
Purchase of units under normal course issuer bid		(1,144,500)	(13,847)	(4,409,100)	(48,127)
Obligation for purchase of units under automatic share purchase plan	10	—	—	—	(1,800)
Settlement of Restricted Trust Units		—	—	48,869	629
Balance, end of period		95,441,236	\$ 2,172,932	96,585,736	\$ 2,186,779

Issued for acquisitions

On July 12, 2023, 1,163,332 Trust Units were issued as partial consideration for the acquisition of Conestoga Mall and on November 30, 2023 2,069,918 Trust Units were issued as partial consideration for the acquisition of the Halifax Shopping Complex (see Note 2).

New Issue and Preferred LP Unit Conversion

On October 3, 2024, Primaris entered into an agreement with a syndicate of underwriters pursuant to which the underwriters purchased, on a bought deal basis, an aggregate of 4,803,294 Trust Units, including the over-allotment, at a price of \$15.55 per unit ("the Offering"). The Offering consisted of 2,516,011 Trust Units, including the over-allotment, issued from treasury in relation to the acquisition of Les Galeries de la Capitale (Note 23), and 2,287,283 Units issued

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Notes to the Unaudited Interim Condensed Consolidated Financial Statements continued

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from treasury to satisfy the conversion of Convertible Preferred LP Units (Note 11). The Offering closed on October 9, 2024. Primaris received proceeds net of underwriters' fees of \$37.6 million.

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, 2024, 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 6,929,436 of its Units on the open market. The renewed NCIB commenced on March 11, 2024 and remains in effect until the earlier of March 10, 2025 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, 2024, Primaris purchased for cancellation 589,500 and 1,144,500 Units, respectively, for consideration of \$8,160 and \$15,647, respectively (three and nine months ended September 30, 2023 - 1,180,500 and 2,699,100 Units, respectively, for consideration of \$15,933 and \$37,837, respectively, and for the year ended December 31, 2023 - 4,409,100 Units for consideration of \$60,635).

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

On March 11, 2024, 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, 2024, Primaris recognized no obligation (Note 10) for the commitment to purchase Units under the ASPP (September 30, 2023 - \$10,251 and December 31, 2023 - \$1,800).

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, 2024, Primaris declared monthly distributions totaling \$0.630 per Trust Unit (nine months ended September 30, 2023 - \$0.615 and for the year ended December 31, 2023 \$0.822).

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13. 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,	
	2024	2023	2024	2023
Trust Unit Options ("Options")	\$ 132	\$ (111)	\$ 72	\$ (470)
Restricted Trust Units ("RTU")	1,651	634	3,402	2,027
Performance Trust Units ("PTU")	1,092	142	2,045	392
Deferred Trust Units ("DTU")	1,048	180	1,240	315
	\$ 3,923	\$ 845	\$ 6,759	\$ 2,264
Recorded in:				
General and administrative expense	\$ 1,676	\$ 1,016	\$ 4,929	\$ 3,432
Adjustment to fair value of unit-based compensation	2,247	(171)	1,830	(1,168)
	\$ 3,923	\$ 845	\$ 6,759	\$ 2,264

As at September 30, 2024, the carrying value of the unit-based compensation liability was \$11,843 (Note 10) (September 30, 2023 - \$7,638 and December 31, 2023 - \$9,233).

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, 2024 (December 31, 2023 - all).

The assumptions used to measure the fair value of the Options, as at September 30, 2024, under the Black-Scholes model (level 2) were as follows:

Expected average distribution yield	5.14%
Expected average Unit price volatility	20.16% – 25.16%
Average risk-free interest rate	3.18% - 4.18%
Expected average life of options	0.3 – 1.4 years

The following table details the Options outstanding as at September 30, 2024:

Exercise price	Expiry date	Number outstanding and exercisable	Remaining weighted average life (in years)
\$23.72	2025	117,941	0.3
\$20.52	2026	328,425	1.4
\$21.37 average		446,366	1.1

As at December 31, 2023, 650,601 Options were outstanding and exercisable with a weighted average exercise price of \$22.18 and with a remaining weighted average life of 1.3 years.

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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 and settle one-third on each of the first three annual anniversaries. As of September 30, 2024, all RTU awards granted prior to December 31, 2021 had vested and were settled. 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. The maximum number of Trust Units that Primaris may issue in connection with its incentive unit plan is 1,250,000 (issued to date 788 Trust Units).

	Nine months ended September 30, 2024	Year ended December 31, 2023
Number outstanding, beginning of period	552,544	444,200
Granted	196,837	227,299
Granted on reinvestment of distributions	22,631	31,681
Settled	(294,497)	(150,636)
Number outstanding, end of period	477,515	552,544

During the nine months ended September 30, 2024, the Trust granted 196,837 RTUs under its Incentive Unit Plan with an aggregate fair value of \$2,718 at the time of granting. The weighted average grant price was \$13.81 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 RTUs were vested as at September 30, 2024.

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, 2024	Year ended December 31, 2023
Number outstanding, beginning of period	169,720	14,156
Granted	220,313	147,697
Granted on reinvestment of distributions	15,610	7,867
Settled	(15,192)	—
Number outstanding, end of period	390,451	169,720

During the nine months ended September 30, 2024, the Trust granted 220,313 PTUs under its Incentive Unit Plan with an aggregate fair value of \$3,042 at the time of granting. The weighted average grant price was \$13.81 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, 2024.

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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, 2024	Year ended December 31, 2023
Number outstanding, beginning of period	249,794	195,088
Granted	41,641	40,692
Granted on reinvestment of distributions	13,391	14,014
Number outstanding, end of period	304,826	249,794

During the nine months ended September 30, 2024, the Trust granted 41,641 DTUs under its Incentive Unit Plan with an aggregate fair value of \$575 at the time of granting. The weighted average grant price was \$13.81 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, 2024, 280,716 outstanding DTUs have vested.

14. 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.

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Notes to the Unaudited Interim Condensed Consolidated Financial Statements continued

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15. Net Property Income

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Rental revenue:				
Base rent	\$ 67,575	\$ 57,767	\$ 199,185	\$ 165,014
Percent rent in lieu of base rent	2,908	3,805	8,419	11,136
Property tax and insurance recoveries	19,641	16,260	59,256	47,899
Operating cost recoveries	20,426	18,118	65,966	52,266
Percentage rent	2,589	1,655	5,329	3,981
Straight-line rent adjustment	1,635	730	5,181	1,947
Lease surrender revenue	286	1,491	1,223	2,653
Specialty leasing revenue	3,918	3,546	11,879	10,144
Parking and other sundry	558	1,454	2,326	2,120
	119,536	104,826	358,764	297,160
Property operating costs:				
Property tax and insurance expense	(25,483)	(22,442)	(78,030)	(63,661)
Recoverable operating costs	(20,427)	(20,406)	(69,545)	(60,844)
Non-recoverable operating costs ⁱ	(1,214)	(1,020)	(3,106)	(3,086)
Ground rent	(467)	(474)	(1,405)	(1,356)
	(47,591)	(44,342)	(152,086)	(128,947)
	\$ 71,945	\$ 60,484	\$ 206,678	\$ 168,213

- i. For the three and nine months ended September 30, 2024, non-recoverable operating costs included net bad debt expense of \$170 and \$136 (three and nine months ended September 30, 2023 - net recovery of bad debts of \$42 and \$401, respectively).

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Unaudited Interim Condensed Consolidated Financial Statements continued

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16. Interest and Other Income

	Note	Three months ended September 30,		Nine months ended September 30,	
		2024	2023	2024	2023
Interest income		\$ 2,772	\$ 1,330	\$ 5,407	\$ 3,675
Gain on extinguishment of debt	8	150	—	150	—
Property management fees		661	698	1,884	1,949
		\$ 3,583	\$ 2,028	\$ 7,441	\$ 5,624

17. Net Interest Expense and Other Financing Charges

	Note	Three months ended September 30,		Nine months ended September 30,	
		2024	2023	2024	2023
Interest on mortgages payable		\$ 3,244	\$ 2,908	\$ 9,575	\$ 8,093
Interest on senior unsecured debentures		16,401	7,616	43,555	19,259
Bank interest and charges on unsecured credit facilities		2,459	4,387	8,512	13,409
Distribution on Convertible Preferred LP Units		3,075	1,063	9,225	1,063
Finance charge - lease liability		81	89	248	274
Amortization of deferred financing costs	8,9	1,081	490	2,301	1,466
Amortization of debt discount	8	358	—	1,074	—
		26,699	16,553	74,490	43,564
Less: Capitalized interest		(518)	(1,277)	(2,907)	(3,639)
		\$ 26,181	\$ 15,276	\$ 71,583	\$ 39,925

PRIMARIS REAL ESTATE INVESTMENT TRUST

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(in thousands of Canadian dollars)

18. General and Administrative Expenses

	Note	Three months ended September 30,		Nine months ended September 30,	
		2024	2023	2024	2023
Salaries, benefits and recruiting costs		\$ 6,950	\$ 5,974	\$ 19,985	\$ 17,644
Unit-based compensation costs	13	1,676	1,016	4,929	3,432
Professional fees		576	758	2,025	1,937
Information technology costs		418	643	1,520	1,841
Investor relations and other public entity costs		377	115	914	935
Occupancy costs		345	553	1,179	1,651
Other		226	523	1,377	1,665
		10,568	9,582	31,929	29,105
Less: Recoverable operating cost allocations		(2,641)	(2,242)	(7,963)	(6,664)
		\$ 7,927	\$ 7,340	\$ 23,966	\$ 22,441

19. 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, 2024			December 31, 2023		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Liabilities							
Fair value through profit and loss:							
Derivative liabilities	10	\$ —	\$ —	\$ —	\$ —	\$ 780	\$ —
Unit-based compensation	10	—	11,843	—	—	9,233	—
Convertible Preferred LP Units	11	—	202,716	—	—	179,150	—
Amortized cost:							
Senior unsecured debentures	8	—	1,433,120	—	—	1,000,000	—
Mortgages payable		—	234,929	—	—	284,924	—
Credit facilities	9	—	70,000	—	—	200,000	—

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.

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Notes to the Unaudited Interim Condensed Consolidated Financial Statements continued

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Derivative Instruments

Derivative instruments consisted of interest rate swaps to economically hedge the variable interest rate associated with advances on the credit facilities. During the third quarter of 2024, all the previously outstanding interest rate swaps were settled.

				As at September 30, 2024	As at December 31, 2023
	Maturity date	Notional Amount	Interest Rate	Carrying Value	Carrying Value
Derivative liabilities					
Interest rate swaps	October 18, 2027	\$200,000	3.685%	\$ —	\$ 780

During the three and nine months ended September 30, 2024, the Trust recorded losses of \$5,473 and \$3,546, respectively, for the change in fair value of the derivative instruments (three and nine months ended September 30, 2023 - gains of \$3,725 and \$8,050, respectively, and year ended December 31, 2023 - \$540 loss).

20. Capital Management

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

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

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

The Trust was in compliance with each of the above noted restrictions as at September 30, 2024.

On August 6, 2024, Primaris filed a base shelf prospectus allowing for the issuance, from time to time, of Units, debt securities, subscription receipts and warrants, or any combination thereof. This prospectus is effective for a 25-month period from the date of issuance.

On October 3, 2024, Primaris issued a prospectus supplement under the base shelf prospectus to distribute 4,803,294 Trust Units, including the over-allotment. The Trust Units distributed consisted of 2,516,011 Trust Units, including the

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over-allotment, issued from treasury in relation to the acquisition of Les Galeries de la Capitale (Note 23), and 2,287,283 Units issued from treasury to satisfy the conversion of Convertible Preferred LP Units (Note 11).

Primaris is subject to certain financial covenants under its credit facilities:

- Debt maintenance ratio < 50%;
- Secured indebtedness ratio < 40%;
- Fixed charge coverage ratio > 1.5x;
- Equity maintenance > \$1.3 billion;
- Eligible unencumbered investment properties ratio > 1.5x; and
- Interest coverage ratio > 1.65x.

As at September 30, 2024, Primaris was compliant with all of its applicable financial covenants.

Capitalization

The following chart details the capitalization of Primaris:

As at	Note	September 30, 2024	December 31, 2023
Liabilities:			
Senior unsecured debentures	8	\$ 1,433,120	\$ 1,000,000
Mortgages payable	8	238,314	293,803
Credit facilities	9	70,000	200,000
Convertible Preferred LP Units	11	202,716	179,150
Equity:			
Unitholders' equity		2,086,876	2,103,927
		\$ 4,031,026	\$ 3,776,880

21. 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, 2024, Primaris had outstanding letters of credit totaling \$368 (December 31, 2023 - \$742).
- (c) Primaris is obligated, under certain contract terms, to construct and develop investment properties. As at September 30, 2024, Primaris has entered into contracts for capital projects and is committed to future payments of approximately \$15,183 (December 31, 2023 - \$24,358).
- (d) Primaris provides guarantees on behalf of third parties, including co-owners of properties. As at September 30, 2024, Primaris had issued guarantees relating to co-owners' share of mortgage liabilities amounting to \$141,954 (December 31, 2023 - \$89,322), which expire between 2024 and 2027 (December 31, 2023 - 2024 and 2027).

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

2024 remainder	\$	238
2025		955
2026		955
2027		955
2028		955
Thereafter		6,589
	\$	10,647

22. Supplemental Cash Flow Information

	Note	Three months ended September 30,		Nine months ended September 30,	
		2024	2023	2024	2023
Amortization of straight-line rent adjustments and tenant incentives	3	\$ (1,664)	\$ (714)	\$ (5,163)	\$ (1,890)
Gain on extinguishment of debt	8	(150)	—	(150)	—
Unit-based compensation expense recorded in general and administrative expenses	13	1,676	1,016	4,929	3,432
Amortization of other assets		191	374	986	1,123
Amortization of right-of-use asset		198	276	582	841
Adjustment to the fair value of derivative instruments	19	5,473	(3,725)	3,546	(8,050)
Adjustment to fair value of unit-based compensation	13	2,247	(171)	1,830	(1,168)
Adjustment to fair value of Convertible Preferred LP Units	11	23,108	224	23,566	224
Adjustment to fair value of investment properties	3	41,219	22,964	31,333	30,924
Items not affecting cash		\$ 72,298	\$ 20,244	\$ 61,459	\$ 25,436

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	Note	Three months ended September 30,		Nine months ended September 30,	
		2024	2023	2024	2023
Net change in:					
Rent receivables, net	6	\$ (566)	\$ (956)	\$ (3,326)	\$ (746)
Other tenant receivables	6	3,173	1,737	1,111	4,137
Prepaid expense and other sundry assets	6	2,746	3,788	(5,626)	(3,640)
Exclude non-cash amortization of other assets		(191)	(374)	(986)	(1,123)
Exclude additions to credit facilities' finance costs		—	—	83	—
Exclude non-cash amortization of credit facilities' finance costs	9	(423)	(234)	(938)	(754)
Other long-term receivable		41	—	(311)	—
Trade payables and accrued liabilities	10	3,729	10,240	(2,112)	2,420
Unit-based compensation	10	3,879	827	2,610	440
Exclude unit-based compensation expense	13	(3,923)	(845)	(6,759)	(2,264)
Exclude cash settlement		—	—	4,287	1,439
Exclude Unit settlement		—	—	—	629
Lease liabilities	10	(230)	(250)	(738)	(681)
Exclude finance charge on lease liability	17	(81)	(89)	(248)	(274)
Deferred revenue	10	(6,658)	775	(5,194)	2,264
Tenant deposits	10	274	249	911	649
Change in non-cash operating items		\$ 1,770	\$ 14,868	\$ (17,236)	\$ 2,496

23. Subsequent Events

On October 1, 2024, Primaris received the funds for the cash consideration of \$14.2 million on the disposition of an open air, non-grocery anchored property completed on September 30, 2024, a bank holiday.

On October 1, 2024, Primaris acquired Les Galeries de la Capitale in Quebec City, Quebec for consideration of:

- \$204.1 million in cash; and
- \$100.0 million aggregate face value of 6.25% Convertible Preferred LP Units of a newly formed subsidiary limited partnership, which are exchangeable into Trust Units at an exchange price of \$21.86 per unit for 4,574,566 Trust Units.

On October 3, 2024, Primaris entered into an agreement with a syndicate of underwriters pursuant to which the underwriters purchased, on a bought deal basis, an aggregate of 4,803,294 Trust Units, including the over-allotment, at a price of \$15.55 per unit. The bought deal consisted of 2,516,011 Trust Units, including the over-allotment, issued from treasury and 2,287,283 Units issued from treasury to satisfy the conversion of 50% of the Convertible Preferred LP Units issued for the acquisition of Les Galeries de la Capitale. The Offering closed on October 9, 2024. Primaris received proceeds net of underwriters' fees of \$37.6 million.