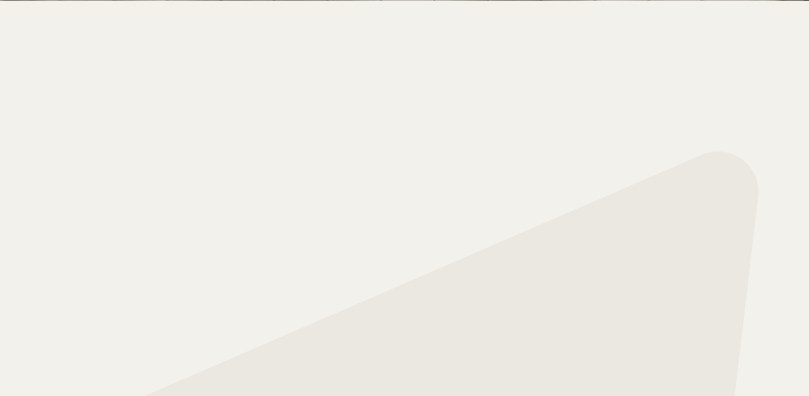
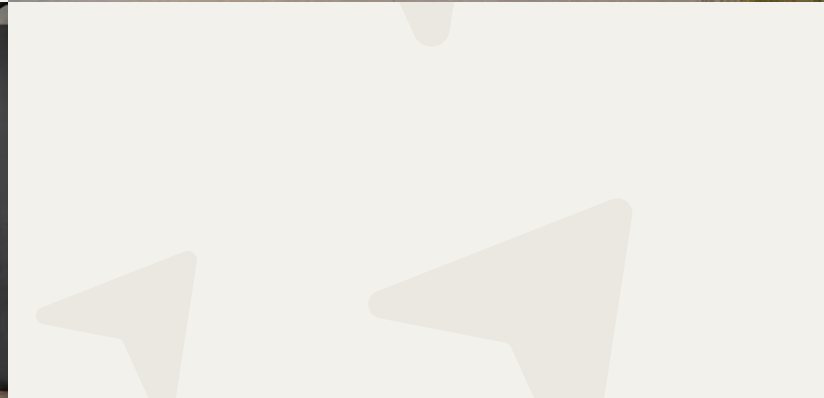
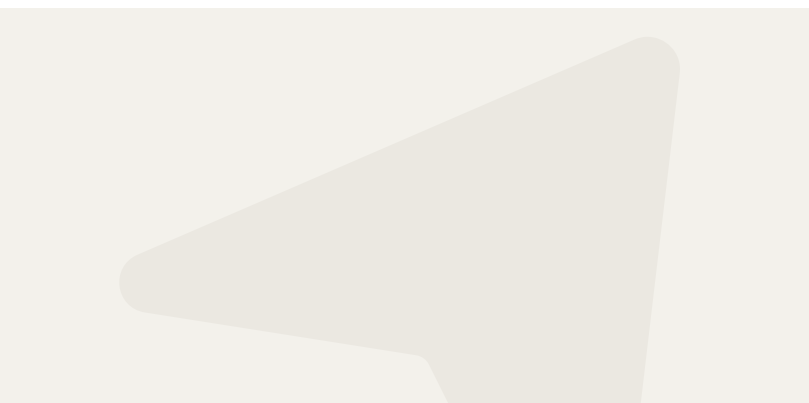


Strategy in Action.



Inside this Report

i	Forward-Looking Statements and Non-GAAP Measures	14	Milestones
1	Our Key Performance Indicators	15	Management's Discussion & Analysis
2	About Us	102	Management's Responsibility
3	Letter from the Chair	103	Independent Auditor's Report
4	Linking ESG to Strategic Pillars	108	Consolidated Financial Statements
5	Strategy in Action	143	Unitholders' Information
8	Letter from the CEO		

Forward-Looking Statements and Non-GAAP Measures

ABOUT FORWARD LOOKING STATEMENTS DISCLAIMER: This document includes statements that are forward-looking because they are based on management's expectations about the future – they are not historical facts. Forward-looking statements include statements regarding Primaris REIT's future plans, including development projects, expectations regarding tenant retention and rental revenues, market growth, expected operating capital expenditures and other statements. Forward-looking statements generally can be identified by words such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans", "project", "budget" or "continue" or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect Primaris REIT's current beliefs and are based on information currently available to management. For more information and a caution about using forward-looking information, see Section 2, "Forward-Looking Statements and Future-Oriented Financial Information" in the Management's Discussion and Analysis for the period ending December 31, 2023.

NON-GAAP FINANCIAL MEASURES: Certain financial measures in this document, including, but not limited to, FFO, NAV, NOI, and Average Net Debt to Adjusted EBITDA are not defined terms under GAAP and therefore are not a reliable way to compare Primaris REIT to other entities. Non-GAAP measures in this document are denoted by the suffix "****". Refer to Section 1, "Basis of Presentation" – "Use of Non-GAAP Measures" and Section 12, "Non-GAAP Measures" in the Management's Discussion and Analysis for the period ending December 31, 2023.



Our Key Performance Indicators



\$3.9B

Total assets

12.5M sf

Gross leasable area

92.4%

In-place occupancy

BBB_(high)

Stable Investment Grade Rating

\$3.4B

Unencumbered assets

5.6x

Average Net Debt** to Adjusted EBITDA**1



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

About Us

Primaris is Canada's only enclosed shopping centre focused REIT, with ownership interests primarily in leading enclosed shopping centres in growing mid-sized markets. The portfolio totals 39 properties, or 12.5 million square feet, valued at approximately \$3.8 billion at Primaris' share. Economies of scale are achieved through its fully internal, vertically integrated, full-service national management platform. Primaris is very well-capitalized and is exceptionally well positioned to take advantage of market opportunities at an extraordinary moment in the evolution of the Canadian retail property landscape.



Vision

To champion and elevate retail for Canadians.

Mission

One dedicated team, leveraging our specialized shopping centre platform to drive value for our stakeholders and broader communities through proactive and responsible management.

REITA Values

Respect

We value diverse perspectives, experience, and talents. We treat others the way we want and expect to be treated.

Empowerment

We are provided with the means to carry out our responsibilities to the best of our abilities and to implement creative ideas.

Integrity

We do the right thing. We deliver on our commitments. We admit our mistakes.

Teamwork

We work together as one team toward our common goals. Teamwork is the fountain of our success.

Accountability

We hold ourselves and others accountable for our decisions and our results.

Letter from the Chair



Tim Pire
Chair of the Board

Dear Unitholder,

Primaris combines a unique asset class with a purposefully built balance sheet designed for resiliency. The company unites over 20-years of operational expertise with a Board of Trustees crafted to provide guidance on governance best practices and strategic direction.

Board Operations and Governance

Strong corporate governance is a key founding principal of Primaris. The Board of Trustees includes independent members, who were purposefully assembled for their collective expertise and complementary skill sets suited to today's retail property market. Together, the Board provides a tremendous strategic resource for Primaris, with collective capabilities in institutional property brokerage, investment management, real estate operations, financial strategy, public company reporting, climate, and retail technology.

The Board has been focused on providing leadership and support to the management team throughout the year, as well as objective, independent and constructive views on strategy and the business.

Priorities for the Board in 2023 covered many important governance matters including public reporting, overseeing the ESG program, acquisition due diligence process and approvals, risks and controls, and direct investor outreach. The Board of Trustees and the supporting committees, acting under their respective charters, provided management with direction and support, embedding governance best practices throughout.

Strategy in Action

Throughout 2023, the Primaris platform delivered very strong operational and financial results. Building upon the strong foundation constructed in the prior year, Primaris took meaningful steps forward to thoughtfully grow the portfolio through high quality property acquisitions with Conestoga Mall in Waterloo, Ontario, and the Halifax Shopping Centre complex in Halifax, Nova Scotia, consistent with the strategy that the Board is charged with overseeing. These properties are illustrative of the type of acquisitions Primaris is focused on, being market leading malls close to mass transit connectivity in medium-sized, high growth Canadian markets.

The timely completion of the acquisitions demonstrates Primaris' ability to transact on highly attractive properties, highlighting to prospective vendors that Primaris is uniquely positioned to partner with institutions that are the primary owners of market leading Canadian malls. Primaris offers potential vendors liquidity solutions, including immediate partial liquidity with the opportunity to continue to participate in the recovery of the Canadian mall sector.

The completion of these transactions further validates and demonstrates support for Primaris' platform, strategy and value proposition.

Board – Unitholder Engagement

Aligned to governance best practice, during 2023, three of Primaris' Trustees, including myself, Anne Fitzgerald, Chair of the CG&N Committee, and Louis Forbes, Chair of the Audit Committee, met with Unitholders twice in the absence of management, to listen to investor comments and feedback, which provided insights to the Board. Topics discussed during these 14 meetings included Board and committee structure, compensation, ESG, succession planning, disclosure, diversity, climate, Board skills, strategy, and capital structure.

The Board has established open and direct channels of communication with investors, which the Board believes is an important initiative that over time will ensure clear investor input and feedback is incorporated into the Board's oversight of the REIT.

Given the level of interest and engagement expressed by investors throughout these meetings, we intend to continue our outreach program.

ESG

The Board is responsible for oversight of the ESG Plan and initiatives developed by management. Anne Fitzgerald and I are members of the ESG Management Committee and meet with the committee every two weeks.

We have linked the material ESG factors to Primaris' strategic pillars, creating alignment and integration of ESG into the business. Primaris' objective is to conform all elements of the ESG Plan to industry standards by 2025, with a longer-term ambition of selectively developing a leading edge position in a number of areas.

Distribution

Given Primaris' low leverage financial model, sector outlook, ongoing strong financial and operating performance, and Primaris' free cash flow generation, the Board approved a 2.4% distribution increase.

Looking Forward

I thank all the Trustees for their commitment and dedication in 2023 and commend the management team for a successful year. My fellow Trustees and I are very much looking forward to what the Primaris team can accomplish in the year to come, and are very excited to guide the team on this journey.

Sincerely,



Tim Pire
Chair of the Board

Linking ESG to Strategic Pillars

Link to Strategic Objectives:

- = Weak Link
- ◐ = Moderate Link
- = Strong Link

ESG factors that are core to Primaris are denoted by the suffix "†"

Link to Strategic Objectives

	Material ESG Factor	Retailer Affordability	Consolidation Opportunity	Disciplined Capital Allocation
Environment Reduce our environmental footprint and use resources efficiently	Energy management†	●	○	◐
	Tenant sustainability impacts	●	○	
	GHG emissions and climate change†	○	◐	◐
	Green buildings	◐	◐	◐
	Water and waste management	●		◐
Social Be an inclusive employer and landlord of choice, and provide community gathering places	Tenant relations†	●	●	
	Employee relations†	◐	○	○
	Community relations	◐	○	○
Governance Integrate ESG into our strong governance and disclosure practices	Business ethics and transparency†	○	○	○
	Supply chain	◐	○	○

Strategy in action



Focus on Retailer Affordability

Primaris provides attractive and affordable locations to tenant partners through its disciplined approach to cost management.

We understand our tenants' businesses, and monitor tenant Gross Rent Occupancy Cost to ensure long term tenant satisfaction and future lease renewals.

- Use economies of scale to tender contracts portfolio wide
- Aggressively manage tax appeals to lower tax burden on tenants
- Use fixed rate utility contracts to reduce utility pricing risk, where available
- Benchmark major recoverable operating cost categories across the portfolio to identify outliers
- Prudently manage 15-year property capital plans to ensure additional rent charges are reasonable and predictable for tenants and that the properties are well maintained.



Devonshire Mall, Windsor, ON

Devonshire Mall completed an \$80M upgrade in 2022.



Orchard Park Shopping Centre, Kelowna, BC

Orchard Park Shopping Centre undergoing a \$6M floor replacement to be completed in 2024.

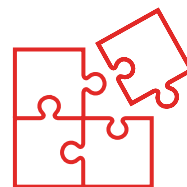
Strategy in action

Scale and Consolidation Opportunity

Primaris is uniquely positioned as Canada's only REIT focused on owning and managing enclosed shopping centres, with an established, fully internal and scalable management platform.

Primaris targets market-leading enclosed shopping centres in growing markets that are the largest retail centres in their diverse and growing trade areas, connected to mass transit and that sit on acres of land in the centre of town.

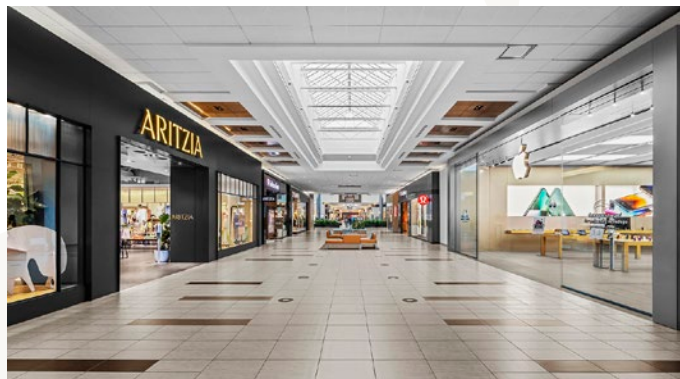
Since December 31, 2021, Primaris has acquired over \$1 billion of large format shopping centres.



	Target Acquisition Criteria	Conestoga Mall	Halifax Shopping Centre
Market	Total Trade Area Population of +100,000	✓ Population of 559,000	✓ Population of 668,000
	Growing Total Trade Area Population ¹	✓ 21% expected 10-year population growth	✓ 14% expected 10-year population growth
	Diversified Local Economy	✓ Manufacturing, finance, technology	✓ Wholesale / retail trade, healthcare, education, marine science, technology
Asset	+\$80 million Annual CRU ² Sales	✓ \$174 million	✓ \$261 million
	Mass Rapid Transit Connection	✓	✓
	Land Constrained		✓

1. Expected Population Change 2023-2033

2. Commercial Retail Unit



Conestoga Mall, Waterloo, ON



Halifax Shopping Centre, Halifax, NS

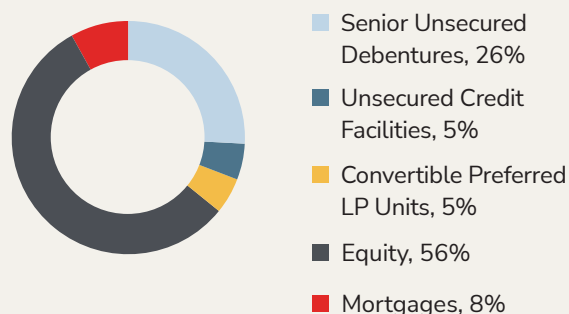
Strategy in action

Disciplined Capital Allocation

Our differentiated financial structure with very low leverage and a low payout ratio provides excess free cash flow, after distributions and capital expenditures, to fund our acquisition strategy. Our 2023 acquisition activities demonstrate the advantage of having one of the lowest leverage balance sheets among our Canadian REIT peers.



Capital Structure



\$640 million

in leading shopping centre acquisitions

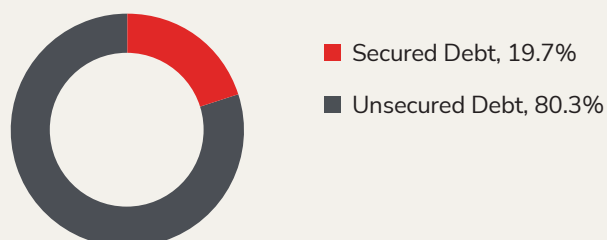
\$650 million

unsecured debenture offerings

2.4%

distribution increase announced

Secured vs. Unsecured Debt



\$61 million

in Unit repurchases for cancellation under the NCIB at an average discount to NAV** per unit of 36.2%

52.1%

FFO Payout Ratio**

Letter from the CEO



Alex Avery
Chief Executive Officer

Fellow Unitholders,

As we reflect on the past year, I am very happy and proud of what we have accomplished and I want to express my gratitude to our amazing team – and to our Unitholders for the support we have received. Our growth over the past year is a testament to the successful execution against our strategic initiatives and the discipline to which we hold ourselves.

This annual report details the accomplishments Primaris achieved in 2023 in turning our strategic plan and vision into tangible results, materially enhancing our portfolio value proposition while maintaining our best-in-class low leverage model, and showcases the results of the deliberate actions, decisions, and discipline that fueled our progress.

Strategy Execution and Growth

Our second year as a public company was very exciting, filled with meaningful execution of the strategy that we spent the prior year communicating.

We started the year by initiating our Board outreach program in the first quarter of 2023, connecting members of our Board directly with the investment community, in the absence of management. This initiative is considered a governance best practice that we believe ensures investor input and feedback is incorporated into the Board's oversight of the REIT.

Late in the first quarter we were awarded a credit rating upgrade from DBRS Morningstar to BBB (high) Stable Trend, the highest rating awarded to any publicly traded Canadian REIT, and completed a \$250 million unsecured debenture offering.

In the second quarter we held our Annual General Meeting of Unitholders, hosted an inaugural property tour of Devonshire Mall in Windsor, Ontario and Stone Road Mall in Guelph, Ontario for the investment community, completed our first GRESB submission, and announced our first major acquisition since inception with the purchase of Conestoga Mall in Waterloo, Ontario. Conestoga's leading market position, strong sales performance, mass rapid transit connection and its attractive location within a growing market made it an ideal first acquisition, demonstrating the type of properties we are pursuing. This asset has significant income growth potential, consistent with the growth we see ahead for our existing assets, and brought new and exciting retailers to our portfolio, and expanded relationships with existing leading tenants.

Late in the second quarter we also launched the REIT's Unit Purchase Loan Program, an innovative employee benefit that fosters an ownership mentality and culture among our team members, while offering them a significant wealth creation opportunity. All full-time employees may borrow up to the lower of their annual base salary or \$100,000 to purchase PMZ units, with the loan carrying a fixed interest rate for the

full 15-year amortization period. The program has been well received with 41 employees borrowing an aggregate of \$2.6 million to purchase 200,700 units of Primaris REIT.

The third quarter was relatively quiet, with the closing of Conestoga Mall completed in mid-July, and a lot of behind the scenes work that positioned us to end the year strongly!

During the fourth quarter, we completed our second Board outreach program and announced the third annual increase to our distribution, which rose by +2.4% to \$0.84 per unit per annum. This distribution increase was made possible by the REIT's differentiated financial model of low financial leverage and a low payout ratio, as well as robust growth throughout 2023, and builds on our track record of providing reliable annual increases.

We also completed our second major acquisition with the purchase of the Halifax Shopping Centre complex in Halifax, Nova Scotia. Like Conestoga, this asset exemplifies the quality and market leading nature of Primaris REIT's target acquisition profile. The shopping complex is extremely well located at the gateway to the Halifax peninsula, with a market leading position in one of Canada's fastest growing mid-sized population centres. With very strong sales performance of over \$1,000 per square foot, this acquisition enhances the REIT's portfolio value proposition with retailers and offers a significant income growth opportunity.

Both Conestoga Mall and the Halifax Shopping Centre are amongst the top 15 most productive malls in Canada and have already delivered significant opportunities

for our management team to engage with new and exciting tenants, driving financial and operating growth throughout our portfolio.

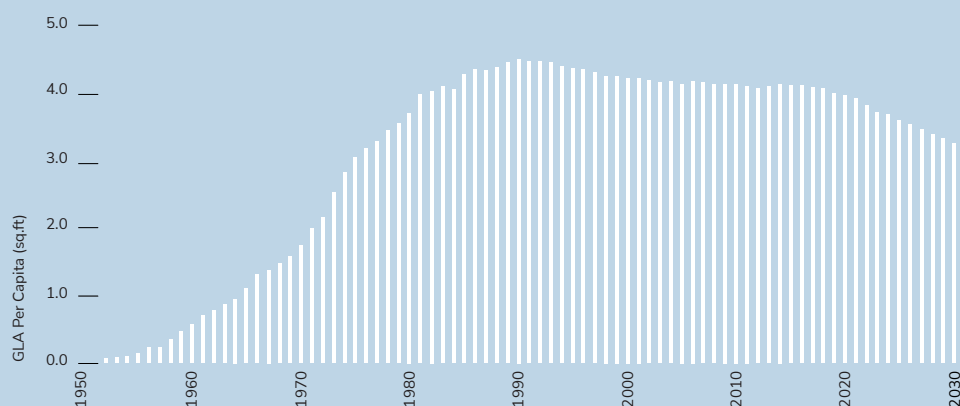
In Q4 we continued to focus on our unsecured debt program with a \$400 million unsecured debenture offering completed in late November, providing permanent financing for the Halifax acquisition. In December we upsized our unsecured revolving credit facility to \$600 million from \$400 million, ensuring excellent liquidity and financial capacity for further opportunities we see in the market.

Late in Q4, we issued our inaugural annual ESG Report outlining our ESG Plan, governance practices, accomplishments, and metrics that impact our business, linking our material ESG factors to our strategic pillars. Consistent with our best-in-class philosophy, we believe ESG is an essential component of responsible governance.

Favourable Direct Property Market Environment

Direct property market transaction activity has picked up as confidence in our property type grows and the bid ask spread on enclosed shopping centres narrows. **In fact, we saw 11 Canadian mall transactions in 2023 totaling \$2 billion, of which only two involved Primaris REIT. These transactions provide support and confirmation of our IFRS cap rates as well as the values at which we have executed our acquisitions.**

Canadian Enclosed, Outlet and Lifestyle Centres GLA per Capita is Falling and Expected to Continue¹



1. Source: Environics Analytics Estimates & Projections. 2.7% population growth 2023 (Statistics Canada) and estimated 2.0% from 2024 to 2030.

Very Strong Mall Fundamentals

Following several years of headwinds, the current environment for Canadian mall ownership is very favourable.

Declining Supply of Retail GLA

The current supply of quality retail space in Canada is limited and is in fact declining. There has not been a new mall built in over a decade and very few since 1990, current new construction of retail property is very limited, and existing vacancies are being absorbed, while new vacancies have been quickly backfilled by many expanding retailers. Many second- and third-in-market malls are being redeveloped into high-density residential, driven by Canada's housing shortage, strengthening the market position of remaining properties.

Strong Population Growth in Mid-Sized Markets

Population growth is expected to continue in Canada as we hit record high immigration levels. With the rising cost of living in Canada's largest cities, most notably Toronto and Vancouver, medium-sized high-growth markets, where Primaris owns leading malls, are experiencing historically, high population growth rates. For example, in Halifax, Nova Scotia, where Primaris acquired the Halifax Shopping Centre complex, the property serves a trade area of approximately 668,000 people, and saw population growth of 4.5% in 2023, and is expected to continue to outpace the national average over the next 10 years.

Acres of Land in the Centre of Town

Originally developed decades ago, our malls are located in the hearts of our markets, where the population has grown around the mall over the years and a scarcity of large land parcels precludes new supply. Our shopping centre portfolio is situated on approximately 1,000 acres of land. Not only are these properties in the centre of their communities, but they are located close to major transportation nodes and public transit, with broad zoning permitting a wide range of uses beyond retail, affording us broad flexibility to pursue value creation. This land has been made more valuable over the past 10 years as traditional department store anchors have closed or their leases have been restructured to remove development constraints.

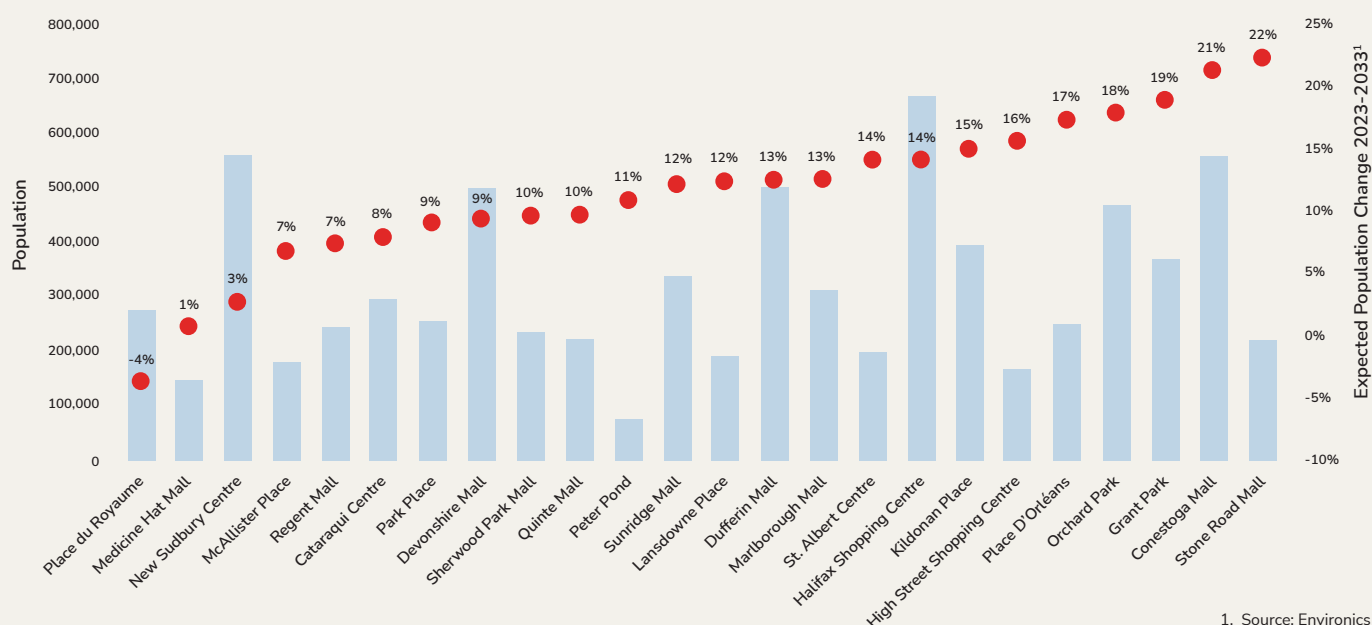
28 acres

average site size

35%

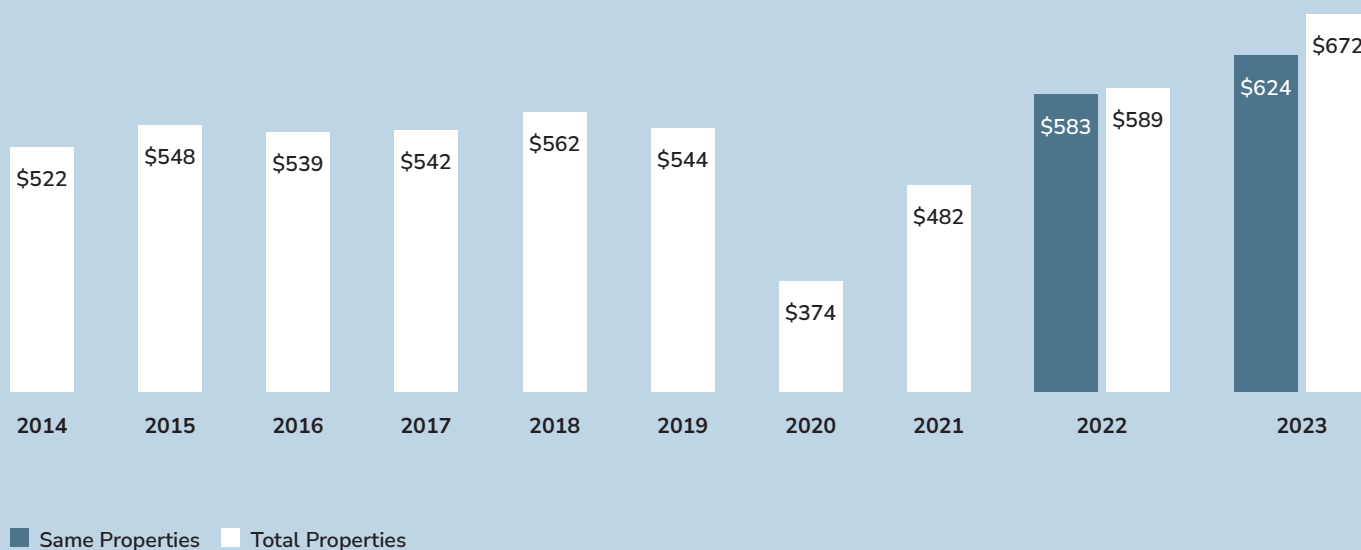
average site coverage

Strong Population Growth Anticipated in Primaris Trade Areas



1. Source: Environics

Strong Enclosed Mall Same Store Sales Productivity



Strong Tenant Health and Rebounding Tenant Sales

Tenant sales productivity and volumes have rebounded and surpassed pre-pandemic levels at the majority of our properties. It is normal to see a handful of retail tenant failures and bankruptcy filings after the holiday shopping season. However, as a result of the pandemic, many retailers that were on the brink of failure, either permanently shut down or restructured, leaving the remaining tenants in a position of very strong financial health. We expect below average tenant turnover over the next two years due to this dynamic.

Today, tenants are growing their footprint and infilling to growing mid-sized markets like ours. We have vacancy in our portfolio and are capturing rising rents from this financially healthier tenant base. Primaris truly is in an excellent position to capture this rental growth across our portfolio.

It is this combination of low supply, population growth, rising sales, and increasing tenant demand for quality space that creates the significant opportunity to drive occupancy higher, adding quality tenants with the ability to pay increasing rents over time, and drive NOI growth.

ESG

In addition to publishing our inaugural annual ESG Report, we reached a number of important milestones in 2023, including linking ESG to strategy, and receiving two green stars on our first GRESB Real Estate Assessment. We also participated for the first time in the CDP Climate Change questionnaire providing details on climate-related risks, emissions and sustainability practices in our portfolio. In the fall we earned the “Great Place to Work” certification, a designation aimed at identifying companies that prioritize and excel in creating positive and inclusive work environments.

Significant Runway for Internal and External Growth

As we embark on our third year, we’re excited by the opportunities ahead. We will continue to pursue our awareness campaign, grow our track record of financial and operating results, host property tours, investment community days, and other investor events. We see significant NOI growth potential through increasing occupancy towards stabilized levels and are focused on continuing to recapture pandemic lease concessions and return more leases to standard forms.



2024 Objectives

In our third year as an independent publicly traded REIT, we intend to build on our growing track record of execution on our strategic plan. We will pursue further strategic acquisitions, recycling capital from properties that don't meet our long-term strategy, and actively manage our owned portfolio to capture the NOI growth opportunity in raising occupancy, driving higher rents and converting preferential lease structures back to standard lease forms. The program includes disposing of non-core income producing properties as well as monetizing excess land holdings, reinvesting the proceeds into high quality enclosed shopping centres that enhance the internal growth profile and overall quality of our portfolio, to deliver on our overarching goal of increasing free cash flow per unit and Unitholder value per unit.

Activities in 2024 that will demonstrate execution on our plan include: 1) The acquisition of market leading, top-tier shopping centres that increase the relevance of our portfolio to retailers; 2) Dispositions of non-core income producing properties and excess land parcels of up to \$100 million or more; 3) Strong financial and operating results including attractive low-to-mid single digit same-property NOI growth, positive FFO per unit that accelerates through the year as the year-over-year impact of refinancings at higher interest rates in 2023 fades; and 4) Continued progress on ESG initiatives, including the integration of ESG performance objectives into senior executive and corporate compensation scorecards,

development of a climate strategy aligning to IFRS S1 and S2 standards, build out of a robust tenant engagement program, and continue to support community engagement programs at our shopping centres, as well as develop targets.

We believe investors value growth, consistency and reliability. With a growing track record of eight quarters of financial and operating results, we expect our continued focus and execution on our 2024 business plan will contribute to growing investor confidence in Primaris REIT's portfolio, platform and value proposition.

I want to thank our invaluable team for their commitment and hard work – none of this is possible without their teamwork. We're all very proud of what we accomplished in 2023, and very excited about what we think we can accomplish in 2024. We hope you'll join us on this journey.

Sincerely,

Alex Avery
Chief Executive Officer

Case Study:

Differentiated Financial Model

Our differentiated financial model has allowed us to continue to execute on our corporate strategy, delivering significant growth in value for our Unitholders. This value can be seen in a few easy to observe ways:

Net Asset Value** per unit

Firstly, the NAV of a Primaris unit of \$21.54 has remained very stable over the first eight quarters since Primaris' spin-off transaction, with each of the quarters remaining within 3% of the starting value of \$22.11 per unit at December 31, 2021. Where is the growth referenced above? Well, the remarkable stability of NAV masked two significant dynamics: 1) the sharp increase in interest rates over the past two years and downward pressure on property values that results from the associated upward pressure on capitalization rates; and 2) the REIT's value creation activities spanning stabilization of property operating and financial performance as well as the impact of the REIT's differentiated financial model of low leverage paired with a low payout ratio.

The valuation metrics embedded in our NAV – terminal cap rates, discount rates and going-in cap rates – have all moved substantially over the past eight quarters, based on market pricing provided by independent third-party appraisals, and moved significantly more than those of our peers. Note 5 of our financial statements shows the sensitivity of our portfolio's valuation to changes in those valuation assumptions. Since December 31, 2021, the discount rate

employed in Primaris' NAV rose 71 bps, equating to an approximate \$400 million reduction in portfolio value. This negative impact was almost entirely offset by the REIT's value creation activities – strong same properties cash NOI growth, retained free cash flow and unit repurchases.

We believe that the headwinds of rising interest rates and valuation metrics are largely behind us, while our value creation tailwinds will continue to deliver significant growth. As a result, we expect to see NAV per unit grow materially in the next few years, driven by internal growth, reinvestment of excess free cash flow and stable valuation metrics.

FFO** per unit

Similar to NAV per unit, the REIT's stable FFO per unit masks the underlying dynamics of rising interest rates and strong internal growth.

Having delivered \$1.58 per unit in 2022 and \$1.59 per unit in 2023, the modest +0.5% growth per unit would have been +5.5%, with FFO per unit reaching \$1.71 per unit in 2023, excluding a \$0.12 headwind of higher interest expenses.

We spend a lot of time talking about the differentiated financial model because of the very significant advantages it offers our Unitholders, including superior FFO and NAV per unit growth, as well as the financial flexibility to execute on the REIT's corporate strategy to grow the scale and quality of our business, while also driving per unit metrics.

Net Asset Value** per unit outstanding

2023	\$21.54
2022	\$21.49

FFO** per unit – average diluted¹

2023	\$1.588
2022	\$1.580

1. FFO** per unit assumes the exchange of Convertible Preferred LP Units for Trust Units.

Milestones



March

Board – Unitholder Engagement

Upgraded to **BBB (high)** Stable Trend
by DBRS Morningstar

\$250 million unsecured debenture offering

May

Southwestern Ontario **Property Tour**

June

GRESB Submission

July

— **Conestoga Mall in Waterloo,
Ontario acquired**

October

Board – Unitholder Engagement

November

2.4% distribution increase announced

— **Halifax Shopping Centre
complex in Halifax,
Nova Scotia acquired**

Conestoga Mall **Property Tour**

\$400 million unsecured debenture offering

December

Inaugural **Annual ESG Report**

Upsized unsecured revolving credit facility
to **\$600 million**

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

TABLE OF CONTENTS

	Page
1. BASIS OF PRESENTATION	17
2. FORWARD-LOOKING STATEMENTS AND FUTURE-ORIENTED FINANCIAL INFORMATION	18
BUSINESS OVERVIEW	
3. BUSINESS OVERVIEW AND STRATEGY	20
4. CURRENT BUSINESS ENVIRONMENT AND OUTLOOK	21
5. ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")	25
FINANCIAL AND OPERATIONAL REVIEW	
6. SUMMARY OF SELECTED FINANCIAL AND OPERATIONAL INFORMATION	28
7. INVESTMENT PROPERTIES	30
7.1 Valuation	31
7.2 Co-ownership Arrangements	33
7.3 Acquisitions	33
7.4 Redevelopment and Development	35
8. OPERATIONAL PERFORMANCE	37
8.1. Occupancy	37
8.2. Weighted Average Net Rent	39
8.3. Leasing Activity	40
8.4. Tenant Sales	42
8.5. Lease Maturities	43
8.6. Top 30 Tenants	45
8.7. Operating Capital Expenditures	46
9. RESULTS FROM OPERATIONS	47
9.1 Components of Net Income (Loss)	48
9.2 FFO and AFFO	56
10. LIQUIDITY AND CAPITAL RESOURCES	65
10.1 Major Cash Flow Components	65
10.2 Liquidity and Unencumbered Assets	66
10.3 Components of Total Debt	67
10.4 Capital Structure	70
10.5 Credit Rating	75
10.6 Unit Equity and Distributions	76
10.7 Normal Course Issuer Bid	79
10.8 Off-Balance Sheet Arrangements	80
10.9 Contractual Obligations	80
11. QUARTERLY RESULTS OF OPERATIONS	81

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

	Page
OTHER DISCLOSURES	
12. NON-GAAP MEASURES	83
13. ENTERPRISE RISKS AND RISK MANAGEMENT	86
13.1 Risks Associated with Owning and Operating Real Property	86
13.2 Risks Relating to Financial Markets and Liquidity	92
13.3 Risks Relating to Securities of the Trust	93
14. OTHER DISCLOSURES	97
14.1 Future Changes in Accounting Standards	97
14.2 Critical Accounting Judgements, Estimates and Assumptions	97
14.3 Internal Control Over Financial Reporting and Disclosure Controls and Procedures	99
14.4 Related Party Transactions	100
14.5 Subsequent Events	100

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

This Management Discussion and Analysis ("MD&A") of the results of operations and financial position of Primaris Real Estate Investment Trust ("Primaris" or the "Trust") for the three months and years ended December 31, 2023 and 2022, should be read in conjunction with the Trust's consolidated financial statements and the accompanying notes for the years ended December 31, 2023 and 2022, as prepared in accordance with IFRS accounting standards as issued by the International Accounting Standards Board ("IASB") (the "Financial Statements"). Additional information is available on the SEDAR+ website at www.sedarplus.ca and on the Primaris website at www.primarisreit.com.

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

1. BASIS OF PRESENTATION

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

All dollar amounts in this MD&A are in thousands of Canadian dollars, except where otherwise stated. Historical results, including trends which might appear, should not be taken as indicative of future operations or results. The presentation of certain figures in this MD&A has been reclassified to align with the presentation in the Financial Statements. The information contained in this MD&A includes material information up to February 14, 2024.

Use of Non-GAAP Measures

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

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

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

Use of Operating Metrics

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

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

and normalized average operating capital costs per square foot, may constitute supplementary financial measures as defined in NI 52-112. These supplementary measures are not derived from directly comparable measures contained in the Financial Statements but may be used by management and disclosed on a periodic basis to depict the historical or future expected financial performance, financial position or cash flow of the Trust. For an explanation of the composition of weighted average net rent per occupied square foot and normalized average operating capital costs per square foot, see Section 8, "Operational Performance" - "Weighted Average Net Rent" and Section 8.7, "Operating Capital Expenditures", respectively.

Other

Primaris holds 7 properties in co-ownerships (see Section 7.2, "Co-ownership Arrangements") and this MD&A includes only the Trust's proportionate ownership of the GLA of those co-owned properties (which amounts to Primaris having a total portfolio of 12.5 million square feet at Primaris' ownership interest as compared to 14.3 million square feet at a 100% ownership interest for all properties as at December 31, 2023).

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

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

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

Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

other purposes. These statements are not guarantees of future performance and are based on estimates and assumptions that are inherently subject to risks and uncertainties. Primaris cautions that although it is believed that the assumptions are reasonable in the circumstances, actual results, performance or achievements of Primaris may differ materially from the forward-looking statements contained in this MD&A.

Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking statements include that the general economy is currently volatile; interest rates have risen and may continue to rise further in the near term as a result of persistent inflation; and debt markets will continue to provide access to capital at a reasonable cost, notwithstanding the recent interest rate hikes. Additional risks and uncertainties include, among other things, risks related to: owning and operating real property; real property valuations; geographic concentration of properties; credit risk and tenant concentration; reliance on anchor tenants and tenant bankruptcies; lease rollover risk; competition for real property investments; asset class concentration risk; construction risks; supply chain risks; development risks; capital expenditures risk; co-ownership interest in properties; financial markets and liquidity risk; cyber security risk; environmental and climate change risk; litigation risk; general uninsured losses; dependence on key personnel, talent management and succession planning; potential acquisitions, investment and disposition opportunities and joint venture arrangements; potential undisclosed liabilities associated with acquisitions; Trust Unit price risk; availability of cash for distributions; ability to access capital markets; dilution; unitholder liability; redemption right risk; tax risk, and additional tax risk applicable to unitholders (the "Unitholders"). Certain of these risks, and others, are discussed in more detail under the Enterprise Risks and Risk Management section of this MD&A.

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

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

Readers are also urged to examine the Trust's materials filed with the Canadian securities regulatory authorities from time to time as they may contain discussions on risks and uncertainties which could cause the actual results and performance of Primaris to differ materially from the forward-looking statements and FOFI contained in this MD&A. All forward-looking statements and FOFI in this MD&A are qualified by these cautionary statements. These forward-looking statements and FOFI are made as of February 14, 2024, and Primaris, except as required by applicable securities laws, assumes no obligation to update or revise them to reflect new information or the occurrence of future events or circumstances.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

3. BUSINESS OVERVIEW AND STRATEGY

Business Overview

Primaris is Canada's only enclosed shopping centre focused REIT, with ownership interests primarily in leading enclosed shopping centres in growing markets. The portfolio totals 39 properties and 12.5 million square feet. Economies of scale are achieved through its fully internal, vertically integrated, full-service national management platform. Primaris' scale, portfolio composition, and capital structure are designed to enable Primaris to grow and thrive in the evolving retail landscape.

Primaris' vision is to champion and elevate retail for Canadians. By operating as one dedicated team, leveraging its specialized shopping centre platform, Primaris' mission is to drive value for its stakeholders and broader communities through proactive and responsible management. Primaris is committed to execute on its strategy while acting in a manner consistent with its core values.

Strategy

Primaris' strategy focuses on three key pillars.

1. Retailer affordability through operational management

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

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

2. Scale and consolidation opportunity

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

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

3. Disciplined capital allocation

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

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

As at or for the year ended December 31, (unaudited)	2023	Targets
Average Net Debt** to Adjusted EBITDA** ¹	5.6x	4.0x – 6.0x
Funds from Operations Payout Ratio**	52.1 %	45% - 50%
Secured debt to Total Debt**	19.7 %	<40%

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

¹ The debt ratios are non-GAAP ratios calculated on the basis described in the trust indenture and supplemental indentures that govern the Trust's senior unsecured debentures (collectively, the "Trust Indentures"). See Section 10.4, "Capital Structure".

4. CURRENT BUSINESS ENVIRONMENT AND OUTLOOK

Economic Environment - Interest Rates and Inflation

On January 24, 2024, the Bank of Canada ("BoC") announced a hold on its policy interest rate at 5.0%, for the fourth consecutive meeting, and a continuation of quantitative tightening. While the BoC believes that supply and demand in the economy are now in balance, the BoC cited persistent underlying inflation in its decision to maintain the 5.0% rate.

The policy interest rate increases were intended to slow the pace of consumer demand growth as part of reducing the rate of inflation. Primaris' portfolio has a significant weighting to value, staples and necessity-based retailers and services that Canadians will continue to require to meet their everyday needs. The tenant mix includes investment grade retailers such as Canadian Tire, Walmart and Loblaws, which are Primaris' three largest tenants contributing approximately 12% to the Trust's annualized minimum rent.

Operating in a higher interest rate environment may create downward pressure on the fair value of the Trust's investment properties and increase the Trust's cost of borrowing under the unsecured credit facilities and increase the cost of refinancing existing indebtedness as it matures.

In the fourth quarter of 2023, management took steps to increase the Trust's liquidity and reduce its interest rate risk. In particular, Primaris issued \$400 million aggregate principal amount of senior unsecured debentures, and amended and restated its unsecured revolving credit facility to increase the commitment from \$400 million to \$600 million and extend the term by one year to January 4, 2027.

Primaris' conservative capital structure provides on-going financial stability and financial strength. Primaris currently has: no amount drawn on its \$600 million unsecured revolving credit facility; \$3.4 billion of unencumbered assets (or \$2.2 billion of unencumbered assets in excess of unsecured debt); a FFO Payout Ratio** of 52.1%; an Average Net Debt** to Adjusted EBITDA** ratio of 5.6x; and a BBB (high) issuer rating.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Economic Environment - Population Growth and Barriers to Entry

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

Population growth is expected to continue in Canada, with record-high immigration of over 450,000 immigrants targeted per year through 2026. With the rising cost of living in Canada's largest cities, medium-sized high-growth markets, where Primaris owns leading malls, are experiencing historically, high population growth rates.

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

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

The Evolution of and Outlook for Canadian Enclosed Shopping Centres

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

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

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

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

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

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

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

The Canadian Advantage

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

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

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

2024 Financial Outlook

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

In the MD&A for the three months and nine months ended September 30, 2023, Primaris provided guidance for the full year of 2024. This previously published guidance is reproduced again and has not changed.

(unaudited)	2024 Guidance	Additional Notes	MD&A Section Reference
Occupancy	Increase of 0.8% to 1.0%		Section 8.1, "Occupancy"
Contractual rent steps in rental revenue	\$3.0 to \$3.2 million	1.25% to 1.50% of 2023 base rent	Section 9.1, "Components of Net Income (Loss)"
Straight-line rent in rental revenue	\$3.3 to \$3.6 million		Section 9.1, "Components of Net Income (Loss)"
Same Properties Cash Net Operating Income** growth	3.0% to 4.0%	Same Properties total 34, excludes Northland Village (under redevelopment), and the acquisitions of Conestoga Mall and the Halifax Shopping Complex	Section 9.1, "Components of Net Income (Loss)"
Cash NOI**	\$263 - \$268 million		Section 9.1, "Components of Net Income (Loss)"
General and administrative expenses	\$30 to \$32 million		Section 9.1, "Components of Net Income (Loss)"
Operating capital expenditures	Recoverable Capital \$16 to \$18 million Leasing Capital \$28 to \$30 million		Section 8.7, "Operating Capital Expenditures "
Redevelopment capital expenditures	\$30 to \$40 million	Primarily attributable to Northland Village and Devonshire Mall	Section 7.4, "Redevelopment and Development"
Funds from Operations** per unit ¹	\$1.60 to \$1.63 per unit fully diluted		Section 9.2, "FFO** and AFFO***"

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

¹ Units outstanding and weighted average units outstanding assumes the exchange of Convertible Preferred LP Units for Trust Units. See Section 10.6, "Unit Equity and Distributions".

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

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

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

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

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

- Sustainability Accounting Standards Board ("SASB") Real Estate Standard (IF-RE);
- recommendations of the Task Force on Climate-Related Financial Disclosures ("TCFD");
- IFRS S1 "Sustainability Disclosure Standard" and IFRS S2 "Climate Related Disclosures"; and
- GRESB, the global ESG benchmark for real assets.

Primaris' objective is to conform all elements of the ESG Plan to industry standard by 2025, with a longer-term ambition of selectively developing a leading edge position in a number of areas. A detailed three-year implementation roadmap has been created alongside the ESG Plan to achieve the objectives.

ESG Commitment

In addition to adhering to environmental laws and regulations, Primaris is committed to achieving its strategic objectives, while acting in a manner consistent with its core values and following best practices. This includes consideration of the impacts its assets have on the environment and the communities where they operate, and fostering strong relationships with employees, tenants, transaction counterparties and investors.

Material ESG-Related Risks and Opportunities

The ESG materiality assessment, conducted in 2022, identified the inherent ESG-related risks and opportunities that need to be managed by Primaris. In the ESG materiality assessment, the definition of material is based on whether or not the information would affect financial decisions by capital market participants if the information was omitted or misstated. Material ESG factors that are currently impacting, or have the potential to impact, company value, performance or access to capital within the short term and are likely to remain financially material over longer timeframes are considered core to the ESG Plan. The material ESG factors are organized under the key elements as follows:

Environment	Social	Governance
Reduce the environmental footprint and use resources efficiently	Be an inclusive employer and landlord of choice, and a community gathering place	Integrate ESG into strong governance and disclosure practices
Energy management ^c	Tenant relations ^c	Business ethics and transparency ^c
GHG ¹ emissions and climate change ^c	Employee relations ^c	Supply chain
Water and waste management	Community relations	
Tenant sustainability impacts		
Green buildings		

^c Core ESG factors

¹ Greenhouse gas ("GHG")

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

The ESG Plan was designed to align with Primaris' strategic objectives and support long-term value creation. The table below illustrates the alignment between the ESG-related risks and opportunities with Primaris' three strategic pillars.

Material ESG Factors	Strategic Pillars		
	Retailer Affordability	Consolidation Opportunity	Disciplined Capital Allocation
Environmental factors			
Energy management	strong alignment	weak alignment	moderate alignment
GHG emissions and climate change	moderate alignment	moderate alignment	moderate alignment
Water and waste management	strong alignment		moderate alignment
Tenant sustainability impacts	strong alignment	weak alignment	
Green buildings	moderate alignment	moderate alignment	moderate alignment
Social factors			
Tenant relations	strong alignment	strong alignment	
Employee relations	moderate alignment	weak alignment	weak alignment
Community relations	moderate alignment	weak alignment	weak alignment
Governance factors			
Business ethics and transparency	weak alignment	weak alignment	weak alignment
Supply chain	moderate alignment	weak alignment	weak alignment

Furthermore, many of the key performance indicators and metrics that management uses to monitor the Trust's performance against strategy also link to material ESG factors (indicated by shaded areas in the chart below).

Strategic Pillars		
Retailer Affordability	Consolidation Opportunity	Disciplined Capital Allocation
Improve gross margin to >60%	Mid-sized markets with growing populations	Average Net Debt** to Adjusted EBITDA** ¹ in the target range 4.0x - 6.0x
Gross rent to tenant sales <15%	Trade area population of >100,000	
Common area maintenance costs <20%	Diversified economic drivers	FFO Payout Ratio** in the target range 45% - 50%
Improve recovery ratios	CRU ² annual sales volume >\$80 million	
Property tax expense management	Excess land located proximate to mass transit	Secured debt to Total Debt**
Disciplined tendering and procurement		Maintain investment grade credit rating
Green lease language		Laddered debt maturities
		Sustainability-linked / green financing

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

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

² Commercial retail unit ("CRU").

ESG Governance Structure and Systems

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

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

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

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

Key aspects of ESG governance structure and systems include:

- ESG training for the Board of Trustees and two Trustees designated as climate experts;
- CG&N Committee Charter includes ESG oversight;
- ESG disclosure controls review included in Audit Committee charter;
- Chair of the CG&N Committee leads the ESG management committee (total of two Trustees on the ESG management committee);
- Chief Financial Officer designated as the senior executive accountable for ESG program oversight, with the support of a dedicated resource, the Vice President Investor Relations and ESG;
- Regular reporting to Board of Trustees on progress against ESG Plan; and
- ESG materiality assessment updated every three years.

Key 2023 Milestones in ESG Journey

- On June 30, 2023, Primaris completed its inaugural GRESB Real Estate Assessment submission. The results of which were publicly available in October 2023. The submission was the culmination of months of data collection and analysis. The data collected for the GRESB submission formulates the baseline environmental and social data sets from which management will be able to develop targets for the Trust's core environmental and social factors. The results of the GRESB benchmarking exercise will also highlight key areas of focus to advance the ESG Plan.
- In July 2023, Primaris completed its inaugural CDP Climate Change questionnaire.
- In September 2023, Primaris completed an employee engagement survey achieving an 87% participation rate and a 79% employee engagement score, earning certification as "Great Place to Work".
- In October 2023, Primaris received its inaugural GRESB results and received 2 green stars, within the peer group range.
- In October 2023, Primaris entered into a contract for an information system to collect and manage environmental and social data. The implementation plan to rollout the software is being finalized.
- In December 2023, Primaris published its inaugural annual ESG report.

Next Steps

In 2024, Primaris will be focused on:

- Developing targets for core environmental and social factors;
- Implementing systems to collect and manage environmental and social data;
- Designing reporting requirements to meet the new IFRS sustainability standards;
- Developing a robust tenant engagement program including the enhancement of data collection of tenant sustainability;
- Integrating ESG targets into executive compensation; and
- Continuing to support community engagement programs at the Trust's shopping centres.

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

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

6. SUMMARY OF SELECTED FINANCIAL AND OPERATIONAL INFORMATION

As at or for years ended December 31, (in thousands of Canadian dollars unless otherwise indicated) (unaudited)	2023	2022	2021 ⁵
Number of investment properties	39	35	35
Gross leasable area (in millions of square feet) (at Primaris' share)	12.5	10.9	11.5
In-place occupancy	92.4 %	91.1 %	86.0 %
Committed occupancy	94.2 %	91.5 %	87.5 %
Weighted average net rent per occupied square foot ¹	\$ 25.14	\$ 24.23	\$ 24.14
Same stores sales productivity ¹	\$ 672	\$ 589	—
Total assets	\$ 3,899,634	\$ 3,201,781	\$ 3,247,842
Total liabilities	\$ 1,795,707	\$ 1,114,152	\$ 1,056,516
Total rental revenue	\$ 410,970	\$ 380,064	\$ 247,888
Cash flow from (used in) operating activities	\$ 166,367	\$ 156,216	\$ (75,734)
Distributions per Trust Unit	\$ 0.822	\$ 0.802	—
Cash Net Operating Income** ("Cash NOI")	\$ 227,122	\$ 206,057	\$ 135,113
Same Properties ² Cash NOI** growth	5.4 %	—	—
Net income (loss)	\$ 102,271	\$ (12,080)	\$ 340,989
Net income (loss) per unit ³	\$ 0.964	\$ (0.124)	—
Funds from Operations** ("FFO") per unit ³ - average diluted	\$ 1.588	\$ 1.580	—
FFO Payout Ratio**	52.1 %	50.7 %	—
Adjusted Funds from Operations** ("AFFO") per unit ³ - average diluted	\$ 1.129	\$ 1.226	—
AFFO Payout Ratio**	73.3 %	65.4 %	—
Weighted average units outstanding ³ - diluted (in thousands)	99,714	100,597	—
Net Asset Value** ("NAV") per unit outstanding	\$ 21.54	\$ 21.49	\$ 22.11
Total Debt** to Total Assets** ⁴	38.3 %	31.5 %	28.4 %
Average Net Debt** to Adjusted EBITDA** ⁴	5.6x	5.0x	—
Interest Coverage** ⁴	3.6x	5.3x	—
Liquidity	\$ 654,323	\$ 176,954	\$ 22,636
Unencumbered assets	\$ 3,362,901	\$ 2,863,844	\$ 1,879,788
Unencumbered assets to unsecured debt	2.8x	3.6x	—
Secured debt to Total Debt**	19.7 %	21.4 %	—
Fixed rate debt as a percent of Total Debt**	100.0 %	75.8 %	—
Weighted average term to debt maturity - Total Debt** (in years)	3.6	3.2	1.7
Weighted average interest rate of Total Debt**	5.11 %	4.87 %	2.73 %

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

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

² Properties owned throughout the entire 24 months ended December 31, 2023, excluding properties under development or major redevelopment, are referred to as "Same Properties".

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

⁴ The debt ratios are non-GAAP ratios calculated on the basis described in the Trust Indentures. See Section 10.4, "Capital Structure".

⁵ As net income for the year ended December 31, 2021 was calculated on the continuity-of-interests basis for the Primaris Properties only and does not reflect the capital structure of the then newly created Trust, calculation on a per unit basis and calculation of debt ratios would not be relevant. See Section 1, "Basis of Presentation".

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Year End Highlights

As at the year ended December 31, 2023:

- 92.4% in-place occupancy compared to 91.0% as at September 30, 2023 and 91.1% as at December 31, 2022;
- \$25.14 weighted average net rent per occupied square foot, compared to \$24.85 at September 30, 2023 and \$24.23 at December 31, 2022;
- \$624 same store sales productivity for the rolling twelve-months ended December 31, 2023 (rolling twelve-months ended December 31, 2022 - \$589);
- 38.3% Total Debt** to Total Assets** ratio;
- 19.7% ratio of secured debt to Total Debt**;
- \$654.3 million in liquidity; and
- \$21.54 NAV** per unit outstanding.

During the year ended December 31, 2023:

- +5.4% Same Properties Cash NOI** growth (+5.7% for the fourth quarter);
- +4.6% average increase in base rent for renewing leases;
- 2.0 million square feet of space renewed or leased;
- \$1.588 FFO** per unit (average diluted) and a 52.1% FFO Payout Ratio** (\$0.402 and 52.1%, respectively, for the three months ending December 31, 2023 or \$0.431 and 48.5%, respectively, excluding an expense of \$0.021 per unit as a result of subletting a portion of Primaris' excess head office space and an accelerated amortization expense of \$0.009 per unit related to the amendment of the unsecured revolving credit facility);
- 5.6x Average Net Debt** to Adjusted EBITDA**;
- Received an upgrade to its issuer rating to BBB (high), from BBB, maintaining a Stable trend;
- Completed the acquisitions of Conestoga Mall in Waterloo, Ontario and the Halifax Shopping Complex in Halifax, Nova Scotia adding 1,784 thousand square feet to GLA;
- \$650 million aggregate principal amount of senior unsecured debentures at an effective weighted average interest rate of 5.996% issued;
- Increased the commitment on the unsecured revolving credit facility from \$400 million to \$600 million substantially increasing liquidity;
- 2.4% increase to the distribution rate from \$0.82 to \$0.84 per unit per annum effective December 31, 2023; and
- Purchased for cancellation 4,409,100 Units under the NCIB at an average price per unit of approximately \$13.75, representing a discount to NAV** of approximately 36.2% (in the quarter cancelled 1,710,000 Units at an average price of approximately \$13.33, or a discount to NAV** of approximately 38.1%).

Subsequent to December 31, 2023, Primaris:

- Repaid the mortgage on Cataraqui Town Centre in Kingston, Ontario with the intention to place new debt on the property; and
- Purchased for cancellation an additional 131,000 Units under the automatic share purchase plan ("ASPP") for consideration of \$1.8 million as of February 14, 2024, for total NCIB purchases since inception of 8,425,800 Units at an average price of \$13.82, or a discount to NAV** of approximately 35.8%.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

7. INVESTMENT PROPERTIES

Primaris owns, manages, leases, and develops retail properties in Canada. On December 31, 2023, the portfolio consisted of 39 properties, which are located in growing, mid-sized markets across Canada to reduce concentration risk and to enhance the long-term reliability of its revenue stream.

The shopping centre portion of the portfolio comprises 24 assets nationwide (including 23 enclosed malls) and is situated on approximately 900 acres of land. The properties are located close to major transportation nodes and public transit, with broad zoning permitting a wide range of uses beyond retail, enabling potential future value creation. The shopping centres generated approximately 90% of the portfolio's Cash NOI** for the year ended December 31, 2023.

On December 31, 2023, Primaris' top 10 properties, measured by Cash NOI**, represented approximately 47% of the portfolio GLA, and 65% of the portfolio fair value.

As at or for the year ended December 31, 2023

(\$ millions and thousands of square feet, unless otherwise indicated) (unaudited)		Cash NOI**	In-place Occupancy	GLA	Site Coverage
Orchard Park Shopping Centre	Kelowna, BC	\$ 21.7	98.8 %	651	37 %
Halifax Shopping Centre - annualized results	Halifax, NS	21.4	74.0 %	578	70 %
Dufferin Mall	Toronto, ON	17.2	98.9 %	575	74 %
Devonshire Mall	Windsor, ON	17.1	95.7 %	669	31 %
Conestoga Mall - annualized results	Waterloo, ON	16.7	96.4 %	587	33 %
Sunridge Mall	Calgary, AB	16.0	95.0 %	804	37 %
Stone Road Mall	Guelph, ON	12.4	99.0 %	474	42 %
Highstreet Shopping Centre (open air)	Abbotsford, BC	11.3	82.9 %	544	73 %
New Sudbury Centre	Sudbury, ON	10.3	93.9 %	488	39 %
Park Place Mall	Lethbridge, AB	10.2	76.2 %	473	33 %
Top 10 properties		\$ 154.3	91.5 %	5,843	

As at December 31, 2023 (\$ millions and thousands of square feet, unless otherwise indicated) (unaudited)			Total Portfolio		Shopping Centres ¹				Other Properties ²	
Fair Value	Count		GLA	In-place Occupancy	Fair Value	Count	GLA	In-place Occupancy	GLA	In-place Occupancy
Ontario	\$ 1,583.4	11	4,774	94.4 %	\$ 1,538.8	9	4,395	94.0 %	379	99.3 %
Alberta	997.4	17	4,005	90.8 %	777.0	7	3,234	91.0 %	771	89.9 %
British Columbia	519.9	2	1,195	91.5 %	519.9	2	1,195	91.5 %	—	— %
Maritime provinces	478.9	5	1,638	89.7 %	410.4	3	1,020	84.0 %	618	99.2 %
Manitoba	142.2	3	565	96.1 %	111.7	2	403	94.5 %	162	100.0 %
Quebec	63.5	1	305	92.0 %	63.5	1	305	92.0 %	—	— %
Portfolio³	\$ 3,785.3	39	12,482	92.4 %	\$ 3,421.3	24	10,552	91.8 %	1,930	95.6 %

¹ Shopping centres include 23 enclosed malls and 1 open air centre, Highstreet Shopping Centre in Abbotsford, BC.

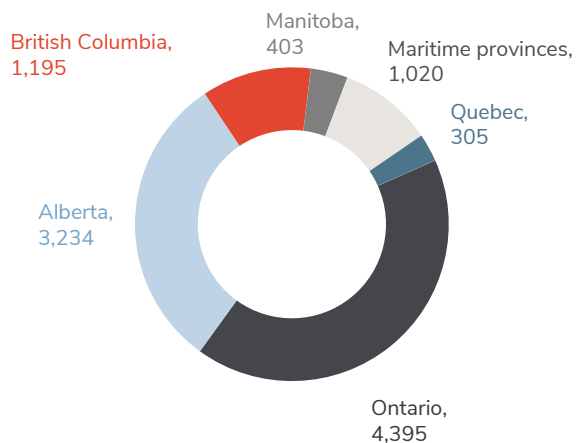
² Other properties include 10 plazas, 4 office buildings and 1 industrial building.

³ Including investment properties classified as assets held for sale of \$89.9 million.

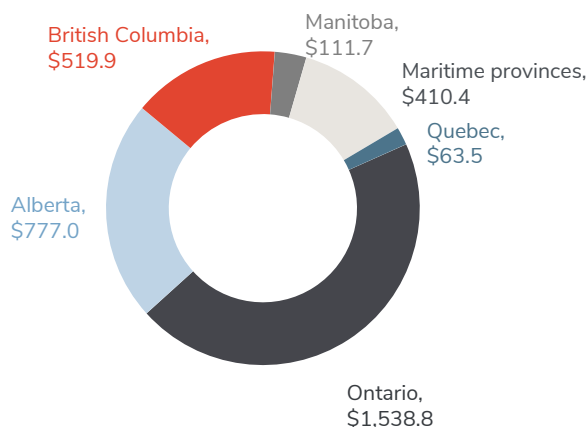
PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

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



Shopping Centre Value by Province (\$ millions)



Investment Properties Classified as Held for Sale

Management is continuously reviewing the Trust's portfolio of investment properties to identify potential non-core asset dispositions to provide capital to recycle into acquisitions of high quality enclosed malls. As at December 31, 2023, management classified three parcels of excess land and six income-producing properties (five plazas and an industrial property), with a fair value of \$89.9 million, as held for sale (December 31, 2022 - nil). These land parcels and income-producing properties are considered non-core assets.

7.1 Valuation

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

As at (\$ millions) (unaudited)	December 31, 2023	December 31, 2022
Income-producing properties	\$ 3,634.3	\$ 2,934.6
Land held for development	151.0	184.0
Investment properties	\$ 3,785.3	\$ 3,118.6
Investment properties	\$ 3,695.4	\$ 3,118.6
Investment properties classified as assets held for sale	89.9	—
Investment properties	\$ 3,785.3	\$ 3,118.6

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

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

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

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

The portfolio is valued internally. 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 the different geographical locations and asset classes across the Trust's portfolio.

The following table discloses the investment properties which were externally appraised in 2023, detailing the fair value as at the end of the quarter in which the property was externally appraised and management's updates to those values, if any, as at December 31, 2023.

As at (\$ millions) (unaudited)	Number of Properties	Value of Properties	
		As at Quarter End Appraised	As at December 31, 2023
March 31, 2023	3	\$ 140.9	\$ 144.2
June 30, 2023	5	\$ 157.1	162.4
September 30, 2023	3	\$ 326.8	329.4
December 31, 2023	17	\$ 2,286.4	2,286.4
Year-to-date total	28		\$ 2,922.4
Percentage of total portfolio	71.8%		77.2 %

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

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

(unaudited) As at	Going-in Year-one Capitalization Rate		Discount Rate		Terminal Capitalization Rate	
	Weighted Average	Range	Weighted Average	Range	Weighted Average	Range
December 31, 2023	7.12%	5.83% - 13.91%	8.34%	7.13% - 10.50%	7.31%	6.13% - 9.50%
September 30, 2023	6.95%	5.54% - 8.94%	8.25%	6.75% - 10.25%	7.22%	5.75% - 9.00%
June 30, 2023	6.92%	5.47% - 8.79%	8.24%	6.75% - 10.25%	7.20%	5.75% - 9.00%
March 31, 2023	6.87%	4.75% - 9.59%	8.22%	6.75% - 10.00%	7.19%	5.75% - 9.00%
December 31, 2022	6.91%	3.65% - 9.49%	8.22%	6.75% - 10.00%	7.19%	5.75% - 9.00%
September 30, 2022	6.77%	4.09% - 11.29%	8.04%	6.50% - 10.00%	6.98%	5.50% - 9.00%
June 30, 2022	6.52%	5.09% - 9.52%	7.84%	6.50% - 9.50%	6.57%	5.25% - 8.75%
March 31, 2022	6.33%	5.13% - 8.75%	7.63%	5.25% - 8.75%	6.57%	5.25% - 9.50%
December 31, 2021	6.10%	4.89% - 8.01%	7.63%	5.25% - 8.75%	6.57%	5.25% - 9.50%

Excluding the acquisitions of Conestoga Mall and the Halifax Shopping Complex, the going-in year-one capitalization rate would have been 7.16%.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Primaris recorded unfavourable adjustments to the fair value of investment properties of \$9.5 million and \$40.4 million for the three months and year ended December 31, 2023, respectively. The drivers of the fair value adjustments are depicted below.

(\$ millions) (unaudited)			
For the periods ended December 31, 2023		Three months	Year end
Land held for development	\$	(33.0)	\$ (33.0)
Acquisitions		26.6	30.4
Other income-producing properties:			
Discount and terminal capitalization rates impacts		(59.2)	(88.1)
Cash flow inputs impacts		56.1	50.3
Adjustment to fair value of investment properties	\$	(9.5)	\$ (40.4)

7.2 Co-ownership Arrangements

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

Property	Location	Ownership interest as at	
		December 31, 2023	December 31, 2022
McAllister Place	Saint John, NB	50%	50%
Regent Mall	Fredericton, NB	50%	50%
Place Du Royaume	Chicoutimi, QC	50%	50%
Place D'Orleans Shopping Centre	Ottawa, ON	50%	50%
Cataraqui Town Centre	Kingston, ON	50%	50%
Grant Park	Winnipeg, MB	50%	50%
Kildonan Place	Winnipeg, MB	50%	50%

7.3 Acquisitions

In 2023, Primaris completed the acquisition of two of the top 15 most productive malls in Canada (the "Acquisitions"). On November 30, 2023, Primaris acquired the Halifax Shopping Complex and on July 12, 2023, Primaris acquired Conestoga Mall in Waterloo, Ontario.

These transactions directly align with Primaris' strategy to execute on value-enhancing acquisition opportunities as some of Canada's largest owners of enclosed shopping centres reposition their real estate portfolios. Recognizing Primaris' strong financial position, portfolio quality and management capabilities, three of Canada's ten-largest pension plans agreed to accept partial consideration in the form of Trust Units, which enabled Primaris to acquire high quality assets while maintaining its conservative capital structure.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Halifax Shopping Complex

The Halifax Shopping Complex is comprised of the Halifax Shopping Centre, an enclosed mall, the Annex plaza, and the Mumford Professional Centre.

The Halifax Shopping Centre is a 562,000 square foot enclosed mall located on 20.9 acres of land. At the time of acquisition, the property was 74.0% occupied. Construction is nearing completion to redemise the former Sears space (see Section 7.4, "Redevelopment and Development") and the costs of construction were factored into the purchase price. Upon completion in the spring of 2024, the occupancy is forecasted to be 96.9%. The shopping centre is home to tenants unique to the region such as Apple, Aritzia, Michael Kors, Victoria's Secret, Browns and Nespresso. Other notable tenants include Sephora and Lululemon.

The Annex is located immediately adjacent to the Shopping Centre with 412,000 square feet of GLA located on 26.7 acres of land. The City of Halifax has designated the site as a future growth node enabling phase one master planning for approximately 1,800 residential units with a mixed-use component and future phases of approximately 5,500 residential units. Large format tenants include Walmart, Sobeys and Dollarama, with other notable inline tenants such as NSLC, Mark's and Shoppers Drug Mart.

The Mumford Professional Centre comprises 187,000 square feet and was 98.1% occupied at the time of acquisition.

Halifax, Nova Scotia has been one of the top-five fastest-growing Census Metropolitan Areas in Canada for the past four years, according to Statistics Canada. The Shopping Complex draws shoppers from a total trade area of approximately 650,000 people. Halifax has a diverse economy including healthcare, education, marine science, and a growing technology community. As well, the Halifax Transit Mumford Bus Terminal, one of the city's busiest terminals, is located adjacent to the Halifax Shopping Complex adding transit connectivity.

The value of the Halifax Shopping Complex on the acquisition date, November 30, 2023, was recorded based on the fair value of the consideration paid. Subsequently, an adjustment was made to the asset value to reflect its fair value based on an independent third-party appraisal using a discount rate of 8.22% and a terminal capitalization rate of 7.15%.

Conestoga Mall

Conestoga Mall is home to many of Canada's leading retailers including Apple, Browns Shoes, Aritzia, Sephora and Lululemon. At the time of the acquisition, Conestoga Mall was 94.4% occupied. For the rolling twelve-months ended December 31, 2023, Conestoga Mall's all stores sales volume was \$175,588 and the same store sales productivity per square foot was \$924.

Waterloo, Ontario enjoys a diverse economy with a thriving start-up culture. Conestoga Mall is located at the final station of the 19-station ION light rail mass rapid transit system. The existing route connects Conestoga station to both the University of Waterloo and Wilfrid Laurier University, with Phase 2 of the ION system expected to add eight further stations, fully connecting Cambridge to the existing Kitchener-Waterloo light rail network.

The value of Conestoga Mall on the acquisition date, July 12, 2023, was recorded based on the fair value of the consideration paid. Subsequently, an adjustment was made to the asset value to reflect its fair value based on an independent third-party appraisal using a discount rate of 7.75% and a terminal capitalization rate of 6.75%.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

7.4 Redevelopment and Development

Capital expenditures, excluding capitalized interest, were \$66.8 million in the year ended December 31, 2023 for redevelopment projects, including projects to re-demise space vacated by former anchor tenants and for the project to de-mall Northland Village.

As shown in the table below, redevelopment projects have been completed at six properties adding \$2.0 million of incremental base rent for the year ended December 31, 2023.

Property	Tenants	GLA	Rent Commencement
Orchard Park Mall	Planet Fitness, Structube	31,800	Q2/Q3 2022
Lansdowne Place	Sport Chek	24,800	Q4 2022
Kildonan Place	Cineplex	35,000	Q4 2022
Cataraqui Town Centre	LL Bean	15,100	Q4 2022
Quinte Mall	Winners	30,000	Q1 2023
Medicine Hat Mall	Freschco	35,000	Q3 2023
Northland Village	Winners, Edo Japan, Cha House	31,900	Q3/Q4 2023

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

Three former Sears spaces remain to be addressed: Park Place Mall in Lethbridge, Alberta, where management is reviewing various options; Devonshire Mall in Windsor, Ontario where the vacated Sears space plus the adjoining lands comprise approximately 18 acres; and the newly acquired Halifax Shopping Centre where construction is nearing completion.

Given the significant opportunity at Devonshire Mall, Primaris is formalizing a property management plan which includes the demolition of the former two-level Sears space. Demolition is anticipated to commence in the spring of 2024.

Halifax Shopping Centre

The redevelopment of the former Sears space is substantially completed. The costs of the project were factored into the purchase price and do not form part of Primaris' capital expenditures in 2023.

Tenants	GLA	Rent Commencement
Simons	56,200	Q1 2024
Winners	38,500	Q1 2024
Dollarama	12,900	Q1 2024
Pet Smart	15,100	Q1 2024

Northland Village

Northland Village, situated on 32 acres in northwest Calgary, Alberta, is being redeveloped into a 390,000 square foot mixed-use development of retail and office space. Walmart, Best Buy and Winners will remain as anchors of the retail development. Approximately 2 acres were sold in 2022 to a third-party residential developer that has substantially completed the construction on 219 rental residential units. In the summer of 2022, the interior portion of Northland Village was demolished, Walmart completed a renovation to their store, and Primaris commenced construction of a fully pre-leased outparcel building. The project will be completed over multiple phases with an estimated completion date of

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Q4 2025. Projected redevelopment costs for the project are estimated in the range of \$90 to \$95 million and it is anticipated that the project will have a return of approximately 6.5% to 7.0%. With project-to-date spending as at December 31, 2023 of approximately \$84 million, the remaining redevelopment costs primarily relate to the cost of building new pads over the next few years as new leases are signed. Approximately \$4.6 million of interest has been capitalized to the project in the year ended December 31, 2023. Capitalized interest is expected to decrease in 2024 as portions of the project are completed.

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

Tenants	GLA in square feet	Rent Commencement
Walmart, Best Buy (open throughout redevelopment)	168,000	N/A
Winners	29,650	Q3 2023
Edo Japan, Cha House	2,250	Q4 2023
Dollarama, Cobs Bread, LensCrafters, Vega's Burger, Northland Village Dental	24,000	Q1 2024
Paramount Animal Hospital, Adrenalin Source	32,800	Q2 2024
Goodlife Fitness, Chipotle, TBA	38,800	Q4 2024
Vine Arts, TBA	14,000	Q1 2025
Specialty grocery, TBA	53,800	Q1 2026

Dufferin Mall

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

Guidance

Management expects redevelopment capital expenditures to be in the range of \$30 to \$40 million for the 2024 fiscal year, primarily related to work at Northland Village and Devonshire Mall.

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

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

8. OPERATIONAL PERFORMANCE

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

8.1 Occupancy

(thousands of square feet, unless otherwise indicated)	Gross Leasable Area	Occupied Area	In-place Occupancy
December 31, 2022	10,858	9,890	91.1 %
Tenant departures:			
Net rent tenants		(183)	
Gross rent tenants		(351)	
Percent rent in lieu tenants		(93)	
		(627)	
Tenant possessions:			
Net rent tenants		221	
Gross rent tenants		357	
Percent rent in lieu tenants		48	
		626	
Development activity	36	36	
Acquisition activity	1,784	1,607	
Other activity including remeasurements	(196)	—	
December 31, 2023	12,482	11,532	92.4 %
Tenant renewals:			
Square footage renewed (in thousands)		1,869	
Renewal rate		88.4 %	

As at December 31, 2023, the Trust's portfolio had an in-place occupancy rate of 92.4%, and a committed occupancy rate of 94.2% (92.8% and 93.9%, respectively, excluding the impact of the Acquisitions).

Impact of short-term leases: Primaris includes short-term and percentage rent in lieu leases in the calculation of occupied GLA.

	December 31, 2023	December 31, 2022
In-place occupancy	92.4%	91.1%
Short-term leases ¹	3.4%	3.5%
Long-term occupancy	89.0%	87.6%

¹ Leases with an original term of less than one year.

Impact of remeasurements: During the year, GLA was impacted by remeasurements including a reduction of 185,000 square feet in anticipation of the demolition of the former Sears space at Devonshire Mall in Windsor, Ontario. Portfolio in-place occupancy, excluding the impact of GLA remeasurements, would have been 91.0% and in-place occupancy for Same Properties shopping centres would have been 90.7%. Portfolio committed occupancy, excluding the impact of GLA remeasurements, would have been 92.8%.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

In-place occupancy increased 1.3% from December 31, 2022 to 92.4% at December 31, 2023. Average in-place occupancy is calculated using the occupied square feet and total GLA for each month in the measurement period. Average in-place occupancy rates for the three months ended December 31, 2023 was 91.5%.

As at	Count	Committed Occupancy	In-place Occupancy	
		December 31, 2023	December 31, 2023	December 31, 2022
Shopping centres ¹	22	93.7%	92.6%	90.9%
Acquisitions ²	4	96.2%	90.1%	—
Other properties ³	13	95.0%	95.6%	92.7%
Portfolio occupancy	39	94.2%	92.4%	91.1%
Portfolio average in-place occupancy⁴				
Three months ended	35		91.5%	91.0%
Year to date	35		90.7%	88.3%

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

² Acquisitions includes 2 enclosed malls and 2 other properties (see Section 7.3, "Acquisitions").

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

⁴ Average occupancy rates exclude the Acquisitions.

Same Properties in-place occupancy was 92.7% at December 31, 2023, an increase of 1.8% from December 31, 2022.

As at	Count	Committed Occupancy	In-place Occupancy	
		December 31, 2023	December 31, 2023	December 31, 2022
Shopping centres ¹	22	93.7%	92.6%	90.9%
Other properties ²	12	93.7%	93.6%	91.7%
Same Properties occupancy³	34	93.7%	92.7%	90.9%
Acquisitions ⁴	4	96.2%	90.1%	—
Property under redevelopment ⁵	1	100.0%	94.8%	96.3%
Portfolio occupancy	39	94.2%	92.4%	91.1%

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

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

³ Properties owned throughout the entire 24 months ended December 31, 2023, excluding properties under development or major redevelopment, are referred to as "Same Properties".

⁴ Acquisitions includes 2 enclosed malls and 2 other properties (see Section 7.3, "Acquisitions").

⁵ Northland Village, Calgary, Alberta.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Primaris' tenant base includes:

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

The following chart illustrates the breakdown of in-place occupancy, between CRU and large format tenants, for the Same Properties shopping centres.

As at	GLA Proportions	In-place Occupancy	
	December 31, 2023	December 31, 2023	December 31, 2022
CRU tenants	42.0%	91.7%	91.9%
Large format tenants	58.0%	93.3%	90.1%
Same Properties shopping centres	100.0%	92.6%	90.9%

8.2 Weighted Average Net Rent

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

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

(per occupied square foot unless otherwise indicated)	Weighted Average Net Rent	Change in Weighted Average Net Rent	Change in Occupied GLA (in thousands of square feet)	Weighted Average Net Rent
As at	December 31, 2023			December 31, 2022
CRU tenants	\$ 42.62	\$ 0.40	845	\$ 42.22
Large format tenants	\$ 14.13	\$ (0.05)	709	\$ 14.18
Weighted average net rent¹	\$ 25.14	\$ 0.91	1,554	\$ 24.23

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

Weighted average net rent per occupied square foot was positively impacted in 2023 by the increase in the proportion of CRU tenants comprising total occupied GLA. This increase includes tenants moving from percent rent in lieu leasing structures to net leases. Excluding the impact of the Acquisitions, weighted average net rent per occupied square foot would have been \$24.54 as at December 31, 2023.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

8.3 Leasing Activity

During the three months ended December 31, 2023, Primaris completed 178 leasing deals totaling 0.5 million square feet. This leasing activity has primarily impacted the Trust's committed occupancy rate as, for the most part, the lease agreements have future commencement dates. Rising rent spreads on renewing leases reflect rising tenant demand for space and the recovery in tenant sales performance.

(unaudited)									
For the three months ended December 31, 2023	Count	GLA (in thousands of square feet)	Weighted Average Lease term (in years)	Weighted Average Net Rent ¹ (per occupied square foot)	Weighted Average Spread on Renewing Rents	Tenant Allowances and Leasing Costs			
						Count	Costs per square foot		
CRU									
New tenants	27	55	7.9	\$	37.40				
Renewing tenants	103	214	3.9	\$	36.60	1.5%			
	130	269		\$	36.80		18	\$ 50	
Large format									
New tenants	2	30	10.0	\$	26.30				
Renewing tenants	2	163	7.5	\$	9.30	0.7%			
	4	193		\$	12.00		2	\$ 41	
Office									
New tenants	—	—	—	\$	—				
Renewing tenants	5	14	4.8	\$	18.30	6.2%			
	5	14		\$	18.30		—	\$ —	
Short-term ² and percent rent in lieu	39	73	N/A		N/A				
Total leasing	178	549							
Renewing tenants only	110	391				1.5%			

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

² Leases with an original term of less than one year.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

During the year ended December 31, 2023, Primaris completed 626 leasing deals totaling 2.0 million square feet.

(unaudited)							
For the year ended December 31, 2023	Count	GLA (in thousands of square feet)	Weighted Average Lease term (in years)	Weighted Average Net Rent ¹ (per occupied square foot)	Weighted Average Spread on Renewing Rents	Tenant Allowances and Leasing Costs	
						Count	Costs per square foot
CRU							
New tenants	121	251	7.8	\$ 34.70			
Renewing tenants	333	721	4.1	\$ 37.80	3.9%		
	454	972		\$ 37.00		85	\$ 58
Large format							
New tenants	6	104	9.2	\$ 28.50			
Renewing tenants	19	604	5.0	\$ 12.60	6.8%		
	25	708		\$ 14.90		6	\$ 99
Office							
New tenants	3	7	6.0	\$ 15.90			
Renewing tenants	10	28	4.4	\$ 14.00	4.7%		
	13	35		\$ 14.40		2	\$ 47
Short-term² and percent rent in lieu	134	319	N/A	N/A			
Total leasing	626	2,034					
Renewing tenants only	362	1,353			4.6%		

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

² Leases with an original term of less than one year.

Included in the leasing activity for the three months and year ended December 31, 2023, were 39 and 134, respectively, new leases that were for a lease term of less than one year, or for percentage rent in lieu of base rent. While these lease structures have always been a tool to manage tenant relocations and the timing of development plans, during the pandemic, leases structured as percentage rent in lieu of base rent were more prevalent to assist tenants and to maintain occupancy rates. As these leases mature, management anticipates moving tenants back to traditional lease structures.

At December 31, 2023, percentage rent in lieu of base rent leases were in place for 0.6 million square feet of GLA, or 4.8% of in-place leases with an average remaining lease term of approximately 2.1 years.

Percentage Rent in Lieu of Base Rent Leases		
As at	Number of Leases	Portion of Leases by Count ¹
December 31, 2023²	122	4.8 %
September 30, 2023 ³	121	5.3 %
June 30, 2023	128	5.9 %
March 31, 2023	155	7.1 %
December 31, 2022	169	7.7 %
September 30, 2022	177	8.1 %
June 30, 2022	181	8.3 %
March 31, 2022	184	8.5 %

¹ Lease count excludes short-term leases.

² Includes 6 leases from the Halifax Shopping Complex acquisition.

³ Includes 10 leases from the Conestoga Mall acquisition.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

8.4 Tenant Sales

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

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

For the rolling twelve-month periods ended			December 31, 2023		December 31, 2022 ³	
(\$ thousands and \$ thousands per square foot) (unaudited)		In-place Occupancy ¹	All Stores Sales Volume ²	Same Stores Sales Productivity ²	All Stores Sales Volume ²	Same Stores Sales Productivity ²
Cataraqui Town Centre	Kingston, ON	79.2 %	\$ 84,777	\$ 594	\$ 80,660	\$ 594
Devonshire Mall	Windsor, ON	95.7 %	165,173	687	157,866	643
Dufferin Mall	Toronto, ON	98.9 %	107,400	659	93,902	615
Grant Park Shopping Centre	Winnipeg, MB	97.9 %	24,990	504	24,155	484
Kildonan Place	Winnipeg, MB	91.1 %	81,346	583	83,586	585
Lansdowne Place	Peterborough, ON	88.8 %	77,561	725	72,837	647
Marlborough Mall	Calgary, AB	90.9 %	42,284	425	40,430	379
McAllister Place	Saint John, NB	93.4 %	62,828	515	58,248	493
Medicine Hat Mall	Medicine Hat, AB	90.4 %	43,680	478	43,027	460
New Sudbury Centre	Sudbury, ON	93.9 %	107,589	737	101,003	719
Orchard Park Shopping Centre	Kelowna, BC	98.8 %	194,480	813	186,469	788
Park Place Mall	Lethbridge, AB	76.2 %	94,362	729	87,207	687
Peter Pond Mall	Fort McMurray, AB	95.8 %	69,212	812	66,258	729
Place D'Orleans Shopping Centre	Orleans, ON	88.9 %	78,028	519	73,962	445
Place du Royaume	Chicoutimi, QC	92.0 %	90,144	507	84,883	492
Quinte Mall	Belleville, ON	94.8 %	80,304	577	75,837	568
Regent Mall	Fredericton, NB	100.0 %	93,723	684	83,217	647
Sherwood Park Mall	Sherwood Park, AB	96.5 %	39,226	542	37,792	477
St. Albert Centre	St. Albert, AB	94.1 %	33,482	516	29,467	495
Stone Road Mall	Guelph, ON	99.0 %	109,351	608	102,421	602
Sunridge Mall	Calgary, AB	95.0 %	95,369	545	86,713	492
Same Properties enclosed malls		93.2 %	\$ 1,775,309	\$ 624	\$ 1,669,940	\$ 589
Conestoga Mall	Waterloo, ON	96.4 %	175,588	924	—	—
Halifax Shopping Centre	Halifax, NS	74.0 %	261,670	1,019	—	—
Total enclosed malls		92.3 %	\$ 2,212,567	\$ 672	\$ 1,669,940	\$ 589

¹ In-place occupancy as at December 31, 2023.

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

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

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

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

8.5 Lease Maturities

As at December 31, 2023, the weighted average lease term for the portfolio was 4.3 years (December 31, 2022 – 4.5 years), 3.4 years for CRU tenants and 6.0 years for large format tenants. The weighted average lease term for the Acquisitions was 3.7 years. The following table sets out the lease maturity profile for the Trust's portfolio.

	Number of leases	Occupied GLA (in thousands of square feet)	% of Occupied GLA	Weighted average net rent per occupied square foot ²
Portfolio:				
Short-term ¹	107	182	1.6%	\$ 39.21
2024	641	1,414	12.3%	\$ 36.04
2025	418	1,329	11.5%	\$ 29.43
2026	295	1,244	10.8%	\$ 26.40
2027	244	1,242	10.8%	\$ 26.40
2028	298	1,245	10.8%	\$ 27.61
Thereafter	575	4,876	42.2%	\$ 22.71
Total portfolio	2,578	11,532	100.0%	\$ 26.73
CRU tenants only:				
Short-term ¹	107	182	1.6%	\$ 39.21
2024	623	1,016	8.8%	\$ 42.20
2025	400	768	6.7%	\$ 41.12
2026	274	453	3.9%	\$ 48.91
2027	207	365	3.2%	\$ 47.29
2028	268	458	4.0%	\$ 49.85
Thereafter	469	1,597	13.8%	\$ 43.43
Total CRU tenants	2,348	4,839	42.0%	\$ 44.06

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

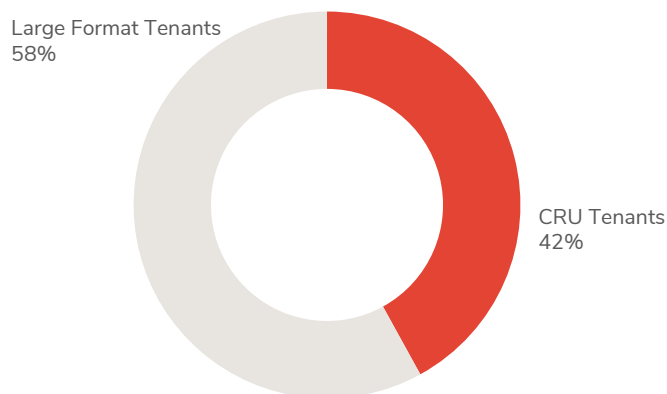
	Number of leases	Occupied GLA (in thousands of square feet)	% of Occupied GLA	Weighted average net rent per occupied square foot ²
Large format tenants only				
Short-term ¹	—	—	—%	\$ —
2024	18	398	3.5%	\$ 19.16
2025	18	561	4.9%	\$ 11.94
2026	21	791	6.9%	\$ 12.49
2027	37	877	7.6%	\$ 17.53
2028	30	787	6.8%	\$ 14.64
Thereafter	106	3,279	28.3%	\$ 15.74
Total large format tenants	230	6,693	58.0%	\$ 15.35

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

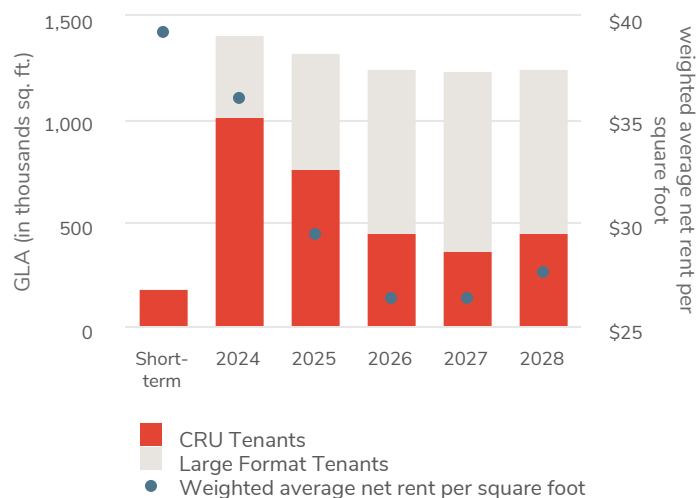
² Section 1, "Basis of Presentation" - "Use of Operating Metrics". Based on rental rates in the last term of the lease.

While CRU tenants comprise approximately 42% of the portfolio's occupied GLA, they represented approximately 69% of the average minimum rent (based on the weighted average net rental rates in the last term of the expiring leases).

GLA by Tenant Type



Lease Maturity Profile



PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

8.6 Top 30 Tenants

As at December 31, 2023, 46.6% of Primaris' annualized minimum rent came from a group of 30 tenants (December 31, 2022 - 48.9%). Primaris' top 10 tenants represent many of Canada's leading national value, staples and necessity based retailers.

	Top Tenants ¹	Tenant Sector	Annualized Minimum Rent (% of Total)	Store Count (all banners)	Total GLA	% of occupied GLA	WALT ² (in years)	Credit Ratings (S&P/ Moody's/ DBRS)
1	Canadian Tire	Value Retail	5.2%	32	808,194	7.0%	3.8	BBB / - / BBB
2	Walmart	Value Retail	3.8%	8	1,050,234	9.1%	7.2	AA / Aa2 / AA
3	Loblaws	Grocery	3.2%	19	401,671	3.5%	5.3	BBB / - / BBB(H)
4	TJX	Value Retail	2.8%	21	509,506	4.4%	4.6	A / A2 / -
5	Bell Canada	Telecom	2.3%	101	75,080	0.7%	1.9	BBB+ / Baa2 / BBB
6	Cineplex	Entertainment	2.2%	10	336,338	2.9%	7.0	-
7	Gap	Apparel	1.8%	19	241,759	2.1%	2.7	BB / Ba2 / -
8	Comark	Apparel	1.7%	36	114,999	1.0%	1.7	-
9	Rogers	Telecom	1.6%	90	39,604	0.3%	2.3	BBB+ / Baa1 / BBB(H)
10	Telus	Telecom	1.6%	59	44,639	0.4%	3.4	BBB+ / Baa1 / BBB(H)
Top 10 tenants			26.2%	395	3,622,024	31.4%		
11	Dollarama	Value Retail	1.6%	21	221,722	1.9%	5.9	BBB / Baa2 / BBB
12	Indigo Books & Music	Other Retail	1.4%	15	182,829	1.6%	4.2	BBB/-/-
13	HBC	Dept Store	1.4%	7	720,008	6.2%	5.5	-
14	Empire	Grocery	1.3%	8	212,283	1.8%	9.6	BBB- / - / BBB(L)
15	American Eagle Outfitters	Apparel	1.2%	18	90,631	0.8%	2.1	-
16	Best Buy	Other Retail	1.2%	15	152,066	1.3%	3.3	BBB+ / A3 / -
17	MTY Group	Food	1.1%	48	21,991	0.2%	3.6	-
18	YM	Apparel	1.1%	57	311,230	2.7%	2.6	-
19	Luxottica Retail	Personal Care	1.0%	30	58,309	0.5%	3.3	A / A2 / -
20	La Vie en Rose	Apparel	1.0%	28	68,399	0.6%	4.6	-
21	H&M	Apparel	0.9%	12	203,848	1.8%	3.5	BBB / - / -
22	Foot Locker	Apparel	0.9%	15	56,173	0.5%	2.7	- / Ba1 / -
23	Goodlife	Personal Care	0.8%	8	151,257	1.3%	5.5	-
24	Dynamite	Apparel	0.8%	24	77,222	0.7%	4.1	-
25	Recipe Unlimited	Food	0.8%	25	44,991	0.4%	4.3	-
26	Zale Canada	Apparel	0.8%	17	25,364	0.2%	1.7	-
27	Limited Brands	Apparel	0.8%	20	66,373	0.6%	2.6	BB / Ba3 / -
28	CIBC	Financial Services	0.8%	10	55,699	0.5%	3.7	A+ / Aa2 / AA
29	Soft Moc	Apparel	0.8%	19	46,213	0.4%	4.3	-
30	Ardene	Apparel	0.7%	19	148,774	1.3%	4.4	-
Top 30 tenants			46.6%	811	6,537,406	56.7%		

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

² Weighted average lease term ("WALT").

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

8.7 Operating Capital Expenditures

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

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

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

Total operating capital expenditures and total capital expenditures for the three months and years ended December 31, 2023 and 2022 were as follows:

(\$ thousands unless otherwise indicated) (unaudited)				
For the periods ended December 31,	Three months		Year end	
	2023	2022	2023	2022
Recoverable and non-recoverable costs	\$ 6,984	\$ 5,934	\$ 16,222	\$ 11,496
Tenant allowances and external leasing costs	4,832	3,347	18,106	13,741
Total operating capital expenditures	11,816	9,281	34,328	25,237
Operating capital expenditures per square foot			\$ 3.12	\$ 2.32
Building improvements	832	261	3,016	921
Redevelopment	11,112	18,754	66,846	51,091
Capitalized interest	1,143	1,182	4,782	3,926
Total capital expenditures	\$ 24,903	\$ 29,478	\$ 108,972	\$ 81,175

The normalized average operating capital costs per square foot is a supplementary financial measure, see Section 1, "Basis of Presentation" - "Use of Operating Metrics". Based on the historic performance of the Primaris Properties, normalized average operating capital costs per square foot were approximately \$2.25 per square foot per year. Primaris calculated the normalized average operating capital costs per square foot based on 8 years of historical spending for properties under continuous management, adjusted to exclude the impact of the Target and Sears exits (in 2015 and 2018, respectively). The calculation also excludes expenditures at Northland Village, which is currently under redevelopment, and at the HOOPP Properties. Management calculates the normalized average operating capital costs per square foot to manage future cash flow requirements. The normalized average operating capital costs per square foot, calculated based on historical costs, may not be indicative of future expenditures.

For the 2023 fiscal year, operating capital spending per square foot of approximately \$3.15 was higher than the historical average driven by leasing costs related to positive absorption as spaces vacated during the pandemic were leased, completion of previously delayed maintenance projects, and the impacts of inflation. Management estimates similar impacts for the 2024 fiscal year with operating capital expenditures anticipated in the range of \$44 million to \$48 million, or \$2.55 to \$2.90 per square foot. This level of operating capital expenditure is elevated compared to a stabilized rate and is expected to be above a stabilized rate as the portfolio returns to a stabilized long-term occupancy of >95%.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

9. RESULTS FROM OPERATIONS

(\$ thousands) (unaudited)	Three months		Year end	
For the periods ended December 31,	2023	2022	2023	2022
Rental Revenue				
Base rent	\$ 60,846	\$ 52,607	\$ 225,860	\$ 210,466
Percent rent in lieu of base rent	5,186	6,265	16,322	17,028
Property tax and insurance recoveries	17,029	13,401	64,928	58,832
Operating cost recoveries	20,148	19,134	72,414	68,479
Percentage rent	2,374	1,204	6,355	3,372
Straight-line rent	1,509	639	3,456	4,492
Lease surrender revenue	394	826	3,047	1,238
Specialty leasing revenue	5,782	5,283	15,926	13,767
Parking and other sundry revenue	542	445	2,662	2,390
	113,810	99,804	410,970	380,064
Property Operating Costs				
Property tax and insurance expense	(23,395)	(20,159)	(87,056)	(80,765)
Recoverable operating costs	(22,361)	(21,141)	(83,205)	(79,287)
Non-recoverable operating costs	(2,146)	(2,730)	(5,232)	(6,241)
Ground rent	(496)	(716)	(1,852)	(1,984)
	(48,398)	(44,746)	(177,345)	(168,277)
Net Operating Income **	65,412	55,058	233,625	211,787
Other Income and Expenses				
Interest and other income	2,263	1,002	7,887	3,657
Net interest and other financing charges	(19,532)	(10,518)	(59,457)	(33,400)
General and administrative expenses	(8,571)	(8,465)	(31,012)	(27,826)
Impairment of long-term asset	(2,115)	—	(2,115)	—
Amortization of other assets	(398)	(375)	(1,521)	(1,142)
Net Income before adjustments to fair value	37,059	36,702	147,407	153,076
Adjustments to fair value of derivative instruments	(8,590)	(240)	(540)	(240)
Adjustments to fair value of unit-based compensation	(267)	(890)	901	827
Adjustments to fair value of Convertible Preferred LP Units	(4,842)	—	(5,066)	—
Adjustments to fair value of land held for development	(33,000)	—	(33,000)	—
Adjustments to fair value of income-producing properties	23,493	(61,342)	(7,431)	(165,743)
Net income (loss)	\$ 13,853	\$ (25,770)	\$ 102,271	\$ (12,080)

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

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

9.1 Components of Net Income (Loss)

Rental Revenue

(\$ thousands) (unaudited)		Three months		Year end	
For the periods ended December 31,	Count	2023	2022	2023	2022
Shopping centres ¹	22	\$ 93,935	\$ 92,214	\$ 362,294	\$ 350,527
Other properties ²	12	6,280	5,747	23,409	22,705
Same Properties ³	34	100,215	97,961	385,703	373,232
Acquisitions ⁴	4	11,780	—	18,053	—
Property under redevelopment ⁵	1	1,815	1,843	7,214	6,832
Rental revenue	39	\$ 113,810	\$ 99,804	\$ 410,970	\$ 380,064

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

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

³ Properties owned for the entire 24 months ended December 31, 2023, excluding properties under development or major redevelopment, are referred to as "Same Properties".

⁴ Acquisitions includes 2 enclosed malls and 2 other properties (see Section 7.3, "Acquisitions").

⁵ Northland Village, Calgary, Alberta.

Three Months

The \$14.0 million, or 14.0%, increase in rental revenue was primarily driven by a \$11.8 million, or 11.8%, contribution from the Acquisitions and revenue increases at the shopping centres of \$1.7 million, or 1.7%. The increase in the shopping centres was primarily attributable to growth in base rent, percentage rent, and operating cost recovery revenue, partially offset by a decline in percentage rent in lieu of base rent.

In addition, completed redevelopment projects contributed \$0.5 million incremental base rent to the shopping centres (see Section 7.4, "Redevelopment and Development").

Year End

The \$30.9 million, or 8.1%, increase in rental revenue was primarily driven by a \$18.1 million, or 4.7%, contribution from the acquisitions and revenue increases at the shopping centres of \$11.8 million, or 3.1%. The increase in the shopping centres was primarily attributable to growth in base rent, percentage rent, specialty leasing, and operating cost recovery revenue, partially offset by a decline in percentage rent in lieu of base rent.

In addition, completed redevelopment projects contributed \$2.0 million incremental base rent to the shopping centres (see Section 7.4, "Redevelopment and Development").

Rental revenue included a \$2.4 million contribution from the recovery of property taxes from prior years (2022 - \$1.9 million).

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

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

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Property Operating Costs

(\$ thousands) (unaudited)	Three months		Year end	
For the periods ended December 31,	2023	2022	2023	2022
Shopping centres	\$ 41,289	\$ 41,791	\$ 159,514	\$ 157,992
Other properties	2,142	2,236	8,403	8,252
Same Properties	43,431	44,027	167,917	166,244
Acquisitions	4,728	—	7,343	—
Property under redevelopment	239	719	2,085	2,033
Property operating costs	\$ 48,398	\$ 44,746	\$ 177,345	\$ 168,277

Three Months

The \$3.7 million, or 8.2%, increase in property operating costs was primarily driven by a \$4.7 million, or 10.6%, contribution from the Acquisitions.

The operating costs for the Same Properties were lower in the current quarter than in the prior year primarily due to timing of expenses, such as snow removal, and bad debt expense which was \$0.3 million less than the prior year.

Year End

The \$9.1 million, or 5.4%, increase in property operating costs was primarily driven by a \$7.3 million, or 4.4% contribution from the Acquisitions.

Property operating costs included bad debt expense of \$0.5 million, \$1.5 million less than the prior year (2022 - bad debt expense \$2.0 million).

The remaining \$3.3 million increase was primarily due to the impacts of inflation on operating expenses.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Net Operating Income**

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

(\$ thousands) (unaudited)	Three months		Year end	
For the periods ended December 31,	2023	2022	2023	2022
Shopping centres	\$ 52,646	\$ 50,423	\$ 202,780	\$ 192,535
Other properties	4,138	3,511	15,006	14,453
Same Properties ¹	56,784	53,934	217,786	206,988
Acquisitions	7,052	—	10,710	—
Property under redevelopment	1,576	1,124	5,129	4,799
Net Operating Income**	\$ 65,412	\$ 55,058	\$ 233,625	\$ 211,787

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

¹ Properties owned for the entire 24 months ended December 31, 2023, excluding properties under development or major redevelopment, are referred to as "Same Properties".

Three Months

The \$10.4 million, or 18.8%, increase in NOI** was primarily attributable to a \$7.1 million, or 12.8%, contribution from the Acquisitions and a \$2.2 million, or 4.0%, increase from shopping centres. The growth in the shopping centres' NOI** was primarily attributable to increases in base rent, percentage rent, and net operating cost recoveries, partially offset by a decline in percentage rent in lieu of base rent.

Year End

The \$21.8 million increase, or 10.3%, in NOI** was primarily attributable to a \$10.7 million, or 5.1%, contribution from the Acquisitions and a \$10.2 million, or 4.8%, increase from the shopping centres. The growth in the shopping centres' NOI** was primarily attributable to increases in base rent, percentage rent, specialty leasing and net operating cost recoveries and a decrease in bad debt expense. This growth was partially offset by a decline in percentage rent in lieu of base rent.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Cash NOI** and Same Properties Cash NOI**

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

(\$ thousands) (unaudited)	Three months		Year end	
For the periods ended December 31,	2023	2022	2023	2022
Rental revenue	\$ 113,810	\$ 99,804	\$ 410,970	\$ 380,064
Property operating costs	(48,398)	(44,746)	(177,345)	(168,277)
Net Operating Income**	65,412	55,058	233,625	211,787
Exclude:				
Straight-line rent	(1,509)	(639)	(3,456)	(4,492)
Lease surrender revenue	(394)	(826)	(3,047)	(1,238)
Cash Net Operating Income**	\$ 63,509	\$ 53,593	\$ 227,122	\$ 206,057
Cash NOI** Margin	56.8 %	54.5 %	56.2 %	55.0 %

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

Three Months

Cash NOI** was \$9.9 million, or 18.5%, higher than the same period of the prior year. The Acquisitions contributed \$6.9 million, or 12.9%, to the increase. The Cash NOI** Margin was 56.8%, or 2.3%, higher than the prior year reflecting the impact of new leasing leading to the growth in base rent and the improvement in the recovery of operating costs.

Year End

Cash NOI** was \$21.1 million, or 10.2%, higher than the same period of the prior year driven by growth in rental revenue. The Acquisitions contributed \$10.4 million or 5.1%, to the increase. The Cash NOI** Margin was 56.2%, or 1.2%, higher than the prior year reflecting the growth in base rent and the improvement in the recovery of operating costs.

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

(\$ thousands) (unaudited)	Three months		Year end	
For the periods ended December 31,	2023	2022	2023	2022
Shopping centres	\$ 820	\$ 568	\$ 2,156	\$ 4,264
Other properties	131	87	593	290
Same Properties	951	655	2,749	4,554
Acquisitions	159	—	273	—
Property under redevelopment	399	(16)	434	(62)
Straight-line rent	\$ 1,509	\$ 639	\$ 3,456	\$ 4,492

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

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

(\$ thousands) (unaudited)	Three months		Year end	
For the periods ended December 31,	2023	2022	2023	2022
Shopping centres	\$ 96	\$ 826	\$ 2,749	\$ 1,080
Other properties	298	—	298	158
Same Properties	394	826	3,047	1,238
Acquisitions	—	—	—	—
Property under redevelopment	—	—	—	—
Lease surrender revenue	\$ 394	\$ 826	\$ 3,047	\$ 1,238

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

(\$ thousands) (unaudited)	Three months		Year end	
For the periods ended December 31,	2023	2022	2023	2022
Cash Net Operating Income** from:				
Shopping centres	\$ 51,730	\$ 49,029	\$ 197,875	\$ 187,191
Other properties	3,709	3,424	14,115	14,005
Same Properties Cash NOI**¹	55,439	52,453	211,990	201,196
Same Properties Growth	5.7 %		5.4 %	
Acquisitions	6,893	—	10,437	—
Property under redevelopment	1,177	1,140	4,695	4,861
Cash Net Operating Income**	\$ 63,509	\$ 53,593	\$ 227,122	\$ 206,057

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

¹ Properties owned for the entire 24 months ended December 31, 2023, excluding properties under development or major redevelopment, are referred to as "Same Properties".

Three Months

Same Properties Cash NOI** was \$3.0 million, or 5.7%, higher than the same period of the prior year. Cash NOI** for the Same Properties shopping centres increased \$2.7 million, or 5.5%, over the same period of the prior year.

The increase in Same Properties Cash NOI** from the shopping centres' operations was primarily driven by higher revenues from base rent, percentage rent, and net operating cost recoveries, partially offset by a decline in percentage rent in lieu of base rent. Completed redevelopment projects contributed \$0.5 million incremental base rent to the shopping centres (see Section 7.4, "Redevelopment and Development").

Year End

Same Properties Cash NOI** was \$10.8 million, or 5.4%, higher than the same period of the prior year. Cash NOI** for the Same Properties shopping centres increased \$10.7 million, or 5.7%, over the same period of the prior year.

The increase in Same Properties Cash NOI** from the shopping centres' operations was driven by higher revenues from base rent, percentage rent, specialty leasing and net operating cost recoveries and a decrease in bad debt expense. This growth was partially offset by a decline in percentage rent in lieu of base rent. Completed redevelopment projects contributed \$2.0 million incremental base rent to the shopping centres (see Section 7.4, "Redevelopment and Development").

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Interest and Other Income

(\$ thousands) (unaudited)	Three months		Year end	
For the periods ended December 31,	2023	2022	2023	2022
Interest income	\$ 1,588	\$ 277	\$ 5,263	\$ 319
Property management fees	675	725	2,624	3,338
Interest and other income	\$ 2,263	\$ 1,002	\$ 7,887	\$ 3,657

Primaris earned \$3.1 million in interest income during the year ended December 31, 2023 on the note receivable from its co-ownership partner (2022 - \$242). The balance of the interest income was earned from cash balances.

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

Net Interest and Other Financing Charges

(\$ thousands) (unaudited)	Three months		Year end	
For the periods ended December 31,	2023	2022	2023	2022
Interest on mortgages payable	\$ 2,919	\$ 2,375	\$ 11,012	\$ 14,924
Interest on senior unsecured debentures	10,058	3,906	29,317	11,804
Bank interest and charges on unsecured credit facilities	4,184	4,934	17,593	8,940
Subtotal (for use in financial condition calculations) ¹	17,161	11,215	57,922	35,668
Distributions on Convertible Preferred LP Units	1,845	—	2,908	—
Finance charge - lease liability	87	104	361	306
Amortization of financing costs	1,463	418	2,929	1,661
Amortization of debt discount	119	—	119	—
Amortization of mark-to-market adjustments	—	(37)	—	(309)
Less capitalized interest	(1,143)	(1,182)	(4,782)	(3,926)
Net interest and other financing charges	\$ 19,532	\$ 10,518	\$ 59,457	\$ 33,400

¹ See Section 10.4, "Capital Structure".

Three Months

The \$9.0 million increase in net interest and other financing charges was primarily attributable to the year over year increase in interest rates, and higher average borrowings primarily driven by the acquisition activity.

In 2023, Primaris recognized an additional \$0.9 million amortization expense relating to the amendment and restatement of its unsecured revolving credit facility (see Section 10.3, "Components of Total Debt" - "Unsecured credit facilities").

Year End

The \$26.1 million increase in net interest and other financing charges was primarily attributable to the year over year increase in interest rates, and higher average borrowings primarily driven by the acquisition activity. At December 31, 2023 the weighted average interest rate was 5.11% as compared to 4.87% at December 31, 2022.

In 2023, Primaris recognized an additional \$0.9 million amortization expense relating to the amendment and restatement of its unsecured revolving credit facility (see Section 10.3, "Components of Total Debt" - "Unsecured credit facilities").

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

General and Administrative Expenses

(\$ thousands) (unaudited)	Three months		Year end	
For the periods ended December 31,	2023	2022	2023	2022
Salaries, benefits and employee costs	\$ 6,806	\$ 6,893	\$ 24,450	\$ 22,929
Unit-based compensation costs	1,344	1,036	4,776	3,566
Professional fees	485	764	2,108	2,753
Information technology costs	418	608	2,259	1,996
Investor relations and other public entity costs	330	389	1,579	2,111
Occupancy costs	818	439	2,469	1,523
Other	720	637	2,385	1,916
	10,921	10,766	40,026	36,794
Less: Allocations to recoverable operating costs	(2,350)	(2,301)	(9,014)	(8,968)
General and administrative expenses	\$ 8,571	\$ 8,465	\$ 31,012	\$ 27,826
Internal expenses for leases	(2,331)	(1,606)	(8,017)	(5,861)
General and administrative expenses impacting FFO**	\$ 6,240	\$ 6,859	\$ 22,995	\$ 21,965
Rental revenue	\$ 113,810	\$ 99,804	\$ 410,970	\$ 380,064
General and administrative expenses impacting FFO** as a percent of rental revenue	5.5%	6.9%	5.6%	5.8%

The general and administrative expenses incurred in the year ended December 31, 2023 may not be indicative of the expenses that will be incurred in future years.

Three Months

General and administrative expenses were flat compared to the same period in 2022.

Included in the general and administrative expenses are costs relating to full-time leasing staff that can be reasonably and directly attributed to signed leases, and that would otherwise be capitalized if incurred from external sources. During the three months ended December 31, 2023, these internal leasing costs totaled \$2.3 million (2022 - \$1.6 million).

Year End

General and administrative expenses were higher by \$3.2 million than for the same period in 2022. The increase was primarily attributable to personnel costs, the growing cost of the unit-based compensation program and occupancy.

Included in the general and administrative expenses are costs relating to full-time leasing staff that can be reasonably and directly attributed to signed leases, and that would otherwise be capitalized if incurred from external sources. During the year ended December 31, 2023, these internal leasing costs totaled \$8.0 million (2022 - \$5.9 million).

Impairment of Long-Term Asset

In the fourth quarter of 2023, Primaris incurred a charge of \$2.1 million for the impairment of a right of use asset as a result of subletting a portion of its excess head office space. The sublease was effective November 1, 2023 for a term of 12 years. Over this term, Primaris anticipates cash flow savings of approximately \$0.7 million, annually.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Adjustments to Fair Value and Net Income (Loss)

(\$ thousands) (unaudited)	Three months		Year end	
For the periods ended December 31,	2023	2022	2023	2022
Net Income before adjustments to fair value	\$ 37,059	\$ 36,702	\$ 147,407	\$ 153,076
Adjustments to fair value of derivative instruments	(8,590)	(240)	(540)	(240)
Adjustments to fair value of unit-based compensation	(267)	(890)	901	827
Adjustments to fair value of Convertible Preferred LP Units	(4,842)	—	(5,066)	—
Adjustments to fair value of land held for development	(33,000)	—	(33,000)	—
Adjustments to fair value of income-producing properties	23,493	(61,342)	(7,431)	(165,743)
Net Income (Loss)	\$ 13,853	\$ (25,770)	\$ 102,271	\$ (12,080)

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

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

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

Convertible Preferred LP Units are considered debt instruments and are required to be recorded as liabilities and adjusted to fair value, with the adjustment impacting net income. The model to value the 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 applied to the risk free rate, and the expected Trust Unit price volatility. The model also includes a number of inputs such as the closing value of the Trust Units. Adjustments to fair value incurred in the past are not predictors of future adjustments.

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

Three Months

Net income was \$39.6 million higher than the loss from the same period in 2022. Net income before adjustments to fair value was \$0.4 million higher than the same period in 2022, primarily due to a \$10.4 million increase to NOI** for the portfolio and a \$1.3 million increase to interest and other income, partially offset by a \$9.0 million increase in net interest and other financing charges and the \$2.1 million impairment charge.

Year End

Net income was \$114.4 million higher than the loss from the same period in 2022. Net income before adjustments to fair value was \$5.7 million lower than the same period in 2022, primarily due to a \$26.1 million increase in net interest and other financing charges, a \$3.2 million increase in general and administrative expenses and the \$2.1 million impairment charge, partially offset by a \$21.8 million increase to NOI** for the portfolio and a \$4.2 million increase to interest and other income.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

9.2 FFO** and AFFO**

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

(\$ thousands except per unit amounts) (unaudited)				
For the periods ended December 31,	Three months		Year end	
	2023	2022	2023	2022
Net income (loss)	\$ 13,853	\$ (25,770)	\$ 102,271	\$ (12,080)
Reverse:				
Distribution on Convertible Preferred LP Units	1,845	—	2,908	—
Adjustments to fair value of derivative instruments	8,590	240	540	240
Adjustments to fair value of unit-based compensation	267	890	(901)	(827)
Adjustments to fair value of Convertible Preferred LP Units	4,842	—	5,066	—
Adjustments to fair value of land held for development	33,000	—	33,000	—
Adjustments to fair value of income-producing properties	(23,493)	61,342	7,431	165,743
Internal expenses for leases	2,331	1,606	8,017	5,861
Funds from Operations**	\$ 41,235	\$ 38,308	\$ 158,332	\$ 158,937
FFO** per unit ¹ - average basic	\$ 0.405	\$ 0.390	\$ 1.602	\$ 1.589
FFO** per unit ¹ - average diluted	\$ 0.402	\$ 0.387	\$ 1.588	\$ 1.580
FFO Payout Ratio** - Target 45% - 50%	52.1 %	52.1 %	52.1 %	50.7 %
Funds from Operations**	\$ 41,235	\$ 38,308	\$ 158,332	\$ 158,937
Reverse:				
Internal expenses for leases	(2,331)	(1,606)	(8,017)	(5,861)
Straight-line rent	(1,509)	(639)	(3,456)	(4,492)
Deduct:				
Recoverable and non-recoverable costs	(6,984)	(5,934)	(16,222)	(11,496)
Tenant allowances and external leasing costs	(4,832)	(3,347)	(18,106)	(13,741)
Adjusted Funds from Operations**	\$ 25,579	\$ 26,782	\$ 112,531	\$ 123,347
AFFO** per unit ¹ - average basic	\$ 0.251	\$ 0.272	\$ 1.138	\$ 1.233
AFFO** per unit ¹ - average diluted	\$ 0.249	\$ 0.271	\$ 1.129	\$ 1.226
AFFO Payout Ratio**	84.0 %	74.5 %	73.3 %	65.4 %
Distributions declared per Trust Unit	\$ 0.207	\$ 0.202	\$ 0.822	\$ 0.802
Distributions declared per Convertible Preferred LP Unit	0.002	—	0.005	—
Total distributions declared per unit ²	\$ 0.209	\$ 0.202	\$ 0.827	\$ 0.802
Weighted average units outstanding ¹ - basic (in thousands)	101,743	98,296	98,861	100,047
Weighted average units outstanding ¹ - diluted (in thousands)	102,659	98,945	99,714	100,597
Number of units outstanding ¹ - end of period (in thousands)	106,058	97,713	106,058	97,713

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

¹ Units outstanding and weighted average units outstanding assumes the exchange of Convertible Preferred LP Units for Trust Units. See Section 10.6, "Unit Equity and Distributions".

² Distributions declared per unit used in calculating the FFO* and AFFO* Payout Ratios include distributions declared on Convertible Preferred LP Units at 6% per annum. See Section 10.6, "Unit Equity and Distributions".

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

The calculation of AFFO** considers the impact of operating capital expenditures that are necessary to maintain the productive capacity of the portfolio properties. Expenditures for recoverable and non-recoverable capital projects are impacted by seasonality. Tenant allowances and external leasing costs are not impacted by seasonality but do vary from quarter to quarter depending on the underlying terms of lease agreements completed during the quarter. In addition, during years of positive absorption, leasing costs will be higher. The operating capital expenditures from the three months and year ended December 31, 2023 should not be taken as indicative of future results.

The results from the three months and year ended December 31, 2023 include certain expenses that may not be indicative of future expenses. In particular, during the fourth quarter of 2023, Primaris incurred a charge of \$2.1 million for the impairment of a right of use asset as a result of subletting a portion of its excess head office space and recognized an additional \$0.9 million amortization expense relating to the amending and restating of its unsecured revolving credit facility. The table below illustrates the impact of such expenses.

(\$ thousands except per unit amounts) (unaudited)								
For the periods ended December 31,	Three months				Year end			
	2023		2022		2023		2022	
FFO** and FFO** per unit ¹	\$ 41,235	\$0.402	\$ 38,308	\$0.387	\$158,332	\$1.588	\$158,937	\$1.580
Reverse impact of:								
Impairment of long-term asset	2,115	0.021	—	—	2,115	0.021	—	—
Accelerated amortization of credit facility finance fees	943	0.009	—	—	943	0.009	—	—
	\$ 44,293	\$0.431	\$ 38,308	\$0.387	\$161,390	\$1.619	\$158,937	\$1.580
FFO Payout Ratio**	52.1 %	48.5 %	52.1 %	— %	52.1 %	51.1 %	50.7 %	— %
AFFO** and AFFO** per unit ¹	\$ 25,579	\$0.249	\$ 26,782	\$0.271	\$112,531	\$1.129	\$123,347	\$1.226
Reverse impact of:								
Impairment of long-term asset	2,115	0.021	—	—	2,115	0.021	—	—
Accelerated amortization of credit facility finance fees	943	0.009	—	—	943	0.009	—	—
	\$ 28,637	\$0.279	\$ 26,782	\$0.271	\$115,589	\$1.159	\$123,347	\$1.226
AFFO Payout Ratio**	84.0 %	75.1 %	74.5 %	— %	73.3 %	71.3 %	65.4 %	— %

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

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

Excluding an expense of \$0.021 per unit as a result of the sublet and an expense of \$0.009 per unit as a result of amending and restating the unsecured revolving credit facility (see Section 9.1, "Components of Net Income (Loss)", FFO** per unit and the FFO Payout Ratio** for the three months ended December 31, 2023 would have been \$0.431 and 48.5%, respectively. For the year ended December 31, 2023, the FFO** per unit and FFO Payout Ratio** would have been \$1.619 and 51.1%, respectively, excluding charges that are not necessarily indicative of future expenses.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Analysis of the Quarter

The table below compares the composition of FFO** and illustrates the drivers of the changes for the three months ended December 31, 2023 as compared to the same period in 2022.

(\$ thousands except per unit amounts) (unaudited) For the three months ended December 31,	2023		2022		Change	
	Contribution	per unit ¹	Contribution	per unit ¹	Contribution	per unit ¹
NOI** from:						
Same Properties	\$ 56,784	\$0.553	\$ 53,934	\$ 0.545	\$ 2,850	\$ 0.029
Acquisitions	7,052	0.069	—	—	7,052	0.071
Property under redevelopment	1,576	0.015	1,124	0.011	452	0.005
Interest and other income	2,263	0.022	1,002	0.010	1,261	0.013
Net interest and other financing charges (excluding distributions on Convertible Preferred LP Units)	(17,687)	(0.172)	(10,518)	(0.106)	(7,169)	(0.072)
General and administrative expenses (net of internal expenses for leases)	(6,240)	(0.061)	(6,859)	(0.069)	619	0.006
Impairment of long-term asset	(2,115)	(0.020)	—	—	(2,115)	(0.021)
Amortization	(398)	(0.004)	(375)	(0.004)	(23)	—
Impact from variance of units outstanding	—	—	—	—	—	(0.015)
FFO** and FFO** per unit - average diluted¹	\$ 41,235	\$0.402	\$ 38,308	\$ 0.387	\$ 2,927	\$ 0.015
FFO Payout Ratio**	52.1 %		52.1 %		0.1 %	

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

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

FFO** for the three months ended December 31, 2023 was \$0.015 per unit higher, or 3.8%, than the same period of the prior year. NOI** from Same Properties increased \$0.029 per unit and NOI** from Acquisitions increased \$0.071 per unit. These increases were partially offset by the \$0.072 per unit decrease due to higher net interest and other financing charges and a \$0.015 per unit decrease due to the net change in the units outstanding (unit issuance for the Acquisitions partially offset by NCIB activity).

The quarter included an expense of \$0.021 per unit as a result of subletting a portion of Primaris' excess head office space and an expense of \$0.009 per unit as a result of amending and restating the unsecured revolving credit facility (see Section 9.1, "Components of Net Income (Loss)"). Excluding these expenses, FFO** per unit would have been \$0.431 and the FFO Payout Ratio** for the quarter would have been 48.5%, within Primaris' established target.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

The table below compares the composition of AFFO** and illustrates the drivers of the changes for the three months ended December 31, 2023 as compared to the same period in 2022.

(\$ thousands except per unit amounts) (unaudited) For the three months ended December 31,	2023		2022		Change	
	Contribution	per unit ¹	Contribution	per unit ¹	Contribution	per unit ¹
FFO*	\$ 41,235	\$ 0.402	\$ 38,308	\$ 0.387	\$ 2,927	\$ 0.030
Internal expenses for leases	(2,331)	(0.023)	(1,606)	(0.016)	(725)	(0.007)
Straight-line rent	(1,509)	(0.015)	(639)	(0.006)	(870)	(0.009)
Recoverable and non-recoverable costs	(6,984)	(0.068)	(5,934)	(0.060)	(1,050)	(0.011)
Tenant allowances and leasing costs	(4,832)	(0.047)	(3,347)	(0.034)	(1,485)	(0.015)
Impact from variance of units outstanding	—	—	—	—	—	(0.010)
AFFO** and AFFO** per unit - average diluted¹	\$ 25,579	\$ 0.249	\$ 26,782	\$ 0.271	\$ (1,203)	\$ (0.022)
AFFO Payout Ratio**	84.0 %		74.5 %		9.6 %	

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

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

AFFO** for the three months ended December 31, 2023 was \$0.022 per unit lower than the same period of the prior year. The decrease was driven by higher operating capital spending in the current period and an increase in the number of diluted units outstanding.

The quarter included an expense of \$0.021 per unit as a result of subletting a portion of Primaris' excess head office space and an expense of \$0.009 per unit as a result of amending and restating the unsecured revolving credit facility (see Section 9.1, "Components of Net Income (Loss)"). Excluding these expenses, AFFO** per unit would have been \$0.279 and the AFFO Payout Ratio** for the quarter would have been 75.1%.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

The table below compares the composition of FFO** for the three months ended December 31, 2023 to the prior quarter ended September 30, 2023 and illustrates the drivers of the quarter-over-quarter changes.

(\$ thousands except per unit amounts) (unaudited) For the three months ended December 31,	December 31, 2023		September 30, 2023		Change	
	Contribution	per unit ¹	Contribution	per unit ¹	Contribution	per unit ¹
NOI** from:						
Same Properties	\$ 56,784	\$ 0.553	\$ 55,636	\$ 0.551	\$ 1,148	\$ 0.011
Acquisitions	7,052	0.069	3,658	0.036	3,394	0.034
Property under redevelopment	1,576	0.015	1,190	0.012	386	0.004
Interest and other income	2,263	0.022	2,028	0.020	235	0.002
Net interest and other financing charges (excluding distributions on Convertible Preferred LP Units)	(17,687)	(0.172)	(14,213)	(0.141)	(3,474)	(0.034)
General and administrative expenses (net of internal expenses for leases)	(6,240)	(0.061)	(5,368)	(0.053)	(872)	(0.009)
Impairment of long-term asset	(2,115)	(0.020)	—	—	(2,115)	(0.021)
Amortization	(398)	(0.004)	(374)	(0.004)	(24)	—
Impact from variance of units outstanding	—	—	—	—	—	(0.006)
FFO** and FFO** per unit - average diluted¹	\$ 41,235	\$ 0.402	\$ 42,557	\$ 0.421	\$ (1,322)	\$ (0.019)
FFO Payout Ratio**	52.1 %		49.4 %		2.7 %	

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

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

FFO** for the three months ended December 31, 2023 was \$0.019 per unit lower than the prior quarter ended September 30, 2023. Excluding the impact of \$0.021 per unit as a result of subletting a portion of its excess head office space and an expense of \$0.009 per unit as a result of amending and restating the unsecured revolving credit facility (see Section 9.1, "Components of Net Income (Loss)"), the FFO** per unit would have been \$0.431 and the FFO Payout Ratio** for the quarter would have been 48.5% within Primaris' established target.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Analysis of the Year to Date

The table below compares the composition of FFO** and illustrates the drivers of the changes for the year ended December 31, 2023 as compared to the same period in 2022.

(\$ thousands except per unit amounts) (unaudited) For the years ended December 31,	2023		2022		Change	
	Contribution	per unit ¹	Contribution	per unit ¹	Contribution	per unit ¹
NOI** from:						
Same Properties	\$ 217,786	\$ 2.184	\$ 206,988	\$ 2.057	\$ 10,798	\$ 0.107
Acquisitions	10,710	0.108	—	—	10,710	0.106
Property under redevelopment	5,129	0.051	4,799	0.048	330	0.003
Interest and other income	7,887	0.079	3,657	0.036	4,230	0.042
Net interest and other financing charges (excluding distributions on Convertible Preferred LP Units)	(56,549)	(0.567)	(33,400)	(0.332)	(23,149)	(0.230)
General and administrative expenses (net of internal expenses for leases)	(22,995)	(0.231)	(21,965)	(0.218)	(1,030)	(0.010)
Impairment of long-term asset	(2,115)	(0.021)	—	—	(2,115)	(0.021)
Amortization	(1,521)	(0.015)	(1,142)	(0.011)	(379)	(0.004)
Impact from variance of units outstanding	—	—	—	—	—	0.014
FFO** and FFO** per unit - average diluted¹	\$ 158,332	\$ 1.588	\$ 158,937	\$ 1.580	\$ (605)	\$ 0.008
FFO Payout Ratio**	52.1 %		50.7 %		1.4 %	

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

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

FFO** for the year ended December 31, 2023 was \$0.008 per unit higher than the 2022 year. NOI** increased \$0.107 per unit from Same Properties and \$0.106 per unit from the Acquisitions. Interest and other income increased \$0.042 per unit primarily due to the interest income earned on the note receivable from a co-ownership partner. In addition, the net change in the units outstanding resulted in a \$0.014 per unit increase to FFO** per unit (NCIB activity partially offset by issuances for the Acquisitions). These increases were partially offset by higher net interest and other financing charges of \$0.230 per unit and higher general and administrative expenses of \$0.010 per unit.

2023 was also negatively impacted by \$0.021 per unit as a result of subletting a portion of its excess head office space and an expense of \$0.009 per unit as a result of amending and restating the unsecured revolving credit facility (see Section 9.1, "Components of Net Income (Loss)"). Excluding these expenses, FFO** per unit would have been \$1.619 and the FFO Payout Ratio** would have been 51.1%.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

The table below compares the composition of AFFO** and illustrates the drivers of the changes for the year ended December 31, 2023 as compared to the same period in 2022.

(\$ thousands except per unit amounts) (unaudited) For the years ended December 31,	2023		2022		Change	
	Contribution	per unit ¹	Contribution	per unit ¹	Contribution	per unit ¹
AFFO**	\$ 158,432	\$ 1.589	\$ 158,937	\$ 1.580	\$ (505)	\$ (0.005)
Internal expenses for leases	(8,017)	(0.080)	(5,861)	(0.058)	(2,156)	(0.021)
Straight-line rent	(3,456)	(0.035)	(4,492)	(0.045)	1,036	0.010
Recoverable and non-recoverable costs	(16,222)	(0.163)	(11,496)	(0.114)	(4,726)	(0.047)
Tenant allowances and leasing costs	(18,106)	(0.181)	(13,741)	(0.137)	(4,365)	(0.043)
Impact from variance of units outstanding	—	—	—	—	—	0.010
AFFO** and AFFO** per unit - average diluted¹	\$ 112,631	\$ 1.130	\$ 123,347	\$ 1.226	\$ (10,716)	\$ (0.096)
AFFO Payout Ratio**	73.3 %		65.4 %		7.9 %	

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

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

AFFO** for the year ended December 31, 2023 was \$0.096 per unit lower than the 2022 year. The decrease was driven by higher operating capital spending.

2023 included an expense of \$0.021 per unit as a result of subletting a portion of Primaris' excess head office space and an expense of \$0.009 per unit as a result of amending and restating the unsecured revolving credit facility (see Section 9.1, "Components of Net Income (Loss)"). Excluding these expenses, AFFO** per unit would have been \$1.159 and the AFFO Payout Ratio** would have been 71.3%.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Impact of NCIB Activity on FFO** per unit

Disciplined capital allocation is a key pillar of Primaris' strategy. To this end, management is continuously evaluating source and uses of capital, and assessing return versus risk. To capitalize on the Trust Unit price trading below NAV** per unit, the Trust purchased units for cancellation, on a leverage neutral basis (see Section 10.7, "Normal Course Issuer Bid").

To capitalize on the Trust Units trading at a price below the NAV** per unit, Primaris continued to purchase Trust Units for cancellation under its NCIB program. During the year ended December 31, 2023, Primaris purchased 4,409,100 Units for cancellation at an average value per unit of \$13.75 representing a discount of 36.2% to NAV** per unit (year ended December 31, 2022 - 3,885,700, \$13.89 and 35.4%, respectively).

The table below illustrates the estimated positive impact of NCIB activity on FFO** per unit assuming the capital allocated to unit repurchases was instead applied to debt repayment.

(\$ thousands except per unit amounts) (unaudited)		
For the years ended December 31,	2023	2022
Funds from Operations**	\$ 158,332	\$ 158,937
Estimated potential interest savings	4,369	1,250
Estimated FFO** excluding NCIB spending	\$ 162,701	\$ 160,187
FFO** per unit ¹ - average diluted	\$ 1.588	\$ 1.580
Estimated FFO** per unit ¹ - average diluted - excluding NCIB activity	1.542	1.568
Estimated FFO** per unit¹ impact of NCIB activity	\$ 0.046	\$ 0.012
Weighted average units outstanding ¹ - diluted (in thousands)	99,714	100,597
Reverse NCIB activity of the prior year	3,886	—
Reverse weighted average NCIB activity in current year	1,883	1,550
Weighted average units outstanding ¹ - excluding NCIB activity	105,483	102,147

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

¹ Units outstanding and weighted average units outstanding assumes the exchange of Convertible Preferred LP Units for Trust Units. See Section 10.6, "Unit Equity and Distributions".

By purchasing Units at a discount, management crystallized the opportunity to increase Unitholders' value with low risk and to positively impact FFO** and AFFO** per unit. For the years ending December 31, 2023 and 2022, the positive contribution to FFO** per unit delivered by the impact of the NCIB activity offsets the negative impacts of refinancing debt as higher interest rates.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

The chart below illustrates the potential interest expense savings if the capital allocated to unit repurchases was instead applied to debt repayment for the years ended December 31, 2023 and 2022.

(\$ thousands) (unaudited) For the periods	NCIB Spend in the Quarter		Cumulative NCIB Spend	Weighted Average Interest Rate at the Quarter End	Estimated Potential Interest Savings for the Quarter	
Q1 2022	\$	2,494	\$ 2,494	3.68 %	\$	23
Q2 2022		17,408	\$ 19,902	3.87 %		193
Q3 2022		16,927	\$ 36,829	4.07 %		375
Q4 2022		17,298	\$ 54,127	4.87 %		659
2022 Year	\$	54,127			\$	1,250
Q1 2023		17,800	\$ 71,927	4.76 %	\$	856
Q2 2023		4,104	\$ 76,031	4.77 %		907
Q3 2023		15,934	\$ 91,965	4.96 %		1,140
Q4 2023		22,797	\$ 114,762	5.11 %		1,466
2023 Year	\$	60,635			\$	4,369

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

10. LIQUIDITY AND CAPITAL RESOURCES

10.1 Major Cash Flow Components

(\$ thousands) (unaudited)	Three months		Year end	
For the periods ended December 31,	2023	2022	2023	2022
Cash and cash equivalents, beginning of period	\$ 1,281	\$ 14	\$ 10,954	\$ 5,636
Cash flows provided by (used in):				
Operating activities	42,144	36,928	166,367	156,216
Financing activities	215,767	32,128	334,522	(46,381)
Investing activities	(214,869)	(58,116)	(467,520)	(104,517)
Cash and cash equivalents, end of the period	\$ 44,323	\$ 10,954	\$ 44,323	\$ 10,954

Cash flows provided by (used in) operating activities

Three Months

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

Year End

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

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

Cash flows provided by (used in) financing activities

Three Months

The increase in cash flows from financing activities in 2023 over the same period of 2022 was primarily due to the issuance of debentures in the quarter in excess of the repayment of draws on the unsecured revolving credit facility.

Year End

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

Cash flows provided by (used in) investing activities

Three Months

The increase in cash flows used in investing activities was primarily due to the \$207.5 million cash consideration paid in connection with the Halifax Shopping Complex acquisition.

Year End

The increase in cash flows used in investing activities was primarily due to the \$377.7 million cash consideration paid in connection with the Acquisitions.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

10.2 Liquidity and Unencumbered Assets

Primaris manages its liquidity in order to fund its ongoing operations, finance future growth, and refinance or meet maturing payment obligations. Sources of liquidity primarily consist of cash flows from operations, cash and cash equivalents, and available capacity under Primaris' unsecured credit facilities. Refinancing encumbered assets is another source of liquidity. There is also the potential to refinance low leverage assets at higher levels to access additional liquidity. If necessary, Primaris is also able to obtain financing on its unencumbered assets. Liquidity from the balance of cash and cash equivalents, and the undrawn balances on Primaris' various unsecured credit facilities at December 31, 2023 were as follows:

(\$ thousands) (unaudited)		Liquidity		Liquidity	
As at		December 31, 2023	December 31, 2022	Change	
Cash and cash equivalents		\$ 44,323	\$ 10,954	\$ 33,369	
Unsecured credit facilities:	Facility Limit:				
Unsecured syndicated revolving term ¹	\$600,000	600,000	156,000	444,000	
Unsecured syndicated non-revolving term	\$200,000	—	—	—	
Unsecured revolving demand	\$10,000	10,000	10,000	—	
Liquidity		\$ 654,323	\$ 176,954	\$ 477,369	

¹ Liquidity calculation excludes the impact of outstanding letters of credit as at December 31, 2023 of \$742 (December 31, 2022 - \$892) The facility limit for the revolving term was \$400 million at December 31, 2022..

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

(\$ thousands) (unaudited)		Target Ratio		December 31, 2023		December 31, 2022		Change	
As at									
Unencumbered assets - number				33		30		3	
Unencumbered assets - value				\$ 3,362,901		\$ 2,863,844		\$ 499,057	
Unencumbered assets as a percentage of the investment properties				88.8%		91.8%		(3.0)%	
Secured debt to Total Debt**	<40%			19.7%		21.4%		(1.7)%	
Unsecured Debt				\$ 1,200,000		\$ 794,000		\$ 406,000	
Unencumbered assets to unsecured debt				2.8x		3.6x		(0.8)x	
Unencumbered assets in excess of unsecured debt				\$ 2,162,901		\$ 2,069,844		\$ 93,057	
Percent of Cash NOI** generated by unencumbered assets				85.4%		90.2%		(4.8)%	

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

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

10.3 Components of Total Debt

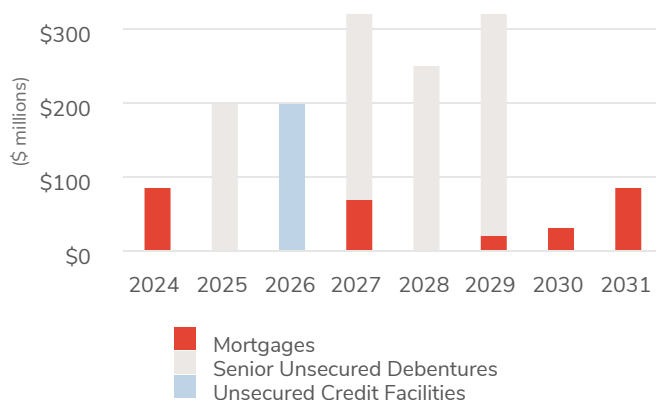
The weighted average term to maturity for the Total Debt** outstanding is 3.6 years. The breakdown of Primaris' future principal repayments as at December 31, 2023 and for the years ended December 31 are as follows:

(\$ thousands) (unaudited)	Senior Unsecured Debentures	Rate	Mortgages Payable	Rate	Unsecured Credit Facilities	Rate ²	Total Debt	Rate
2024	\$ —		\$ 91,177	3.04%	\$ —		\$ 91,177	3.04%
2025	200,000	4.27%	3,975	3.66%	—		203,975	4.26%
2026	—		4,120	3.66%	200,000	4.94%	204,120	4.91%
2027	250,000	4.82% ¹	64,810	3.83%	—		314,810	4.62%
2028	250,000	5.93%	2,017	3.46%	—		252,017	5.91%
Thereafter	300,000	6.37% ¹	127,704	4.88%	—		427,704	5.93%
Total Debt**	\$ 1,000,000	5.45%	\$ 293,803	4.03%	\$ 200,000	4.94%	\$ 1,493,803	5.11%
Unamortized:								
Debt discounts	(4,651)		—		—		(4,651)	
Financing costs	(3,747)		(629)		—		(4,376)	
	\$ 991,602		\$ 293,174		\$ 200,000		\$ 1,484,776	

¹ Effective interest rate after accounting for any discounts to the face amount of the debt at the time of issuance.

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

Debt Maturity Profile



Exposure to Floating Interest Rates



PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Senior unsecured debentures

As at December 31, 2023, the Trust's senior unsecured debentures had a weighted average effective interest rate of 5.45%, 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 3.8 years (December 31, 2022 - 4.46% and 3.1 years).

2023

On November 22, 2023, Primaris completed a private placement of \$400 million aggregate principal amount of senior unsecured debentures, consisting of i) \$300 million aggregate principal amount of Series D debentures due June 30, 2029, and ii) \$100 million aggregate principal amount reopening of the Series A debentures due March 30, 2027.

The Series D debentures were issued at a price equal to \$999.88 per thousand principal amount and 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 additional Series A debentures were issued at a price of \$952.30 per thousand principal amount, with an effective yield to maturity of 6.325% and otherwise have the same terms and conditions and constitute part of the same series as the \$150 million aggregate principal amount of the Series A debentures issued by the Trust on March 30, 2022.

On March 29, 2023, Primaris completed a private placement of \$250 million aggregate principal amount of Series C senior unsecured debentures due March 29, 2028. The Series C debentures bear interest at a fixed annual rate of 5.934%, with semi-annual installments of interest due on March 29th and September 29th until maturity, unless redeemed at an earlier date. The Series A debentures and Series B debentures bear interest at a fixed annual rate of 4.727% and 4.267%, respectively, with semi-annual installments of interest due on March 30th and September 30th in each year until maturity, unless redeemed at an earlier date.

2022

On March 30, 2022, Primaris completed a private placement of \$350 million aggregate principal amount of senior unsecured debentures, consisting of a (i) \$150 million aggregate principal amount of Series A debentures due March 30, 2027, and (ii) \$200 million aggregate principal amount of Series B debentures due March 30, 2025. The Series A debentures and Series B debentures bear interest at a fixed annual rate of 4.727% and 4.267%, respectively, with semi-annual installments of interest due on March 30th and September 30th in each year until maturity, unless redeemed at an earlier date.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Mortgages payable

At December 31, 2023, Primaris had \$293.8 million (December 31, 2022 - \$215.7 million) mortgages payable bearing interest at fixed rates with a weighted average effective interest rate of 4.03% (December 31, 2022 - 3.40%) and a weighted term to maturity of 4.1 years (December 31, 2022 - 3.8 years).

(\$ thousands) unaudited)				As at	
Property	Location	Maturity	Contractual Interest	December 31, 2023	December 31, 2022
Cataraqui Town Centre	Kingston, ON	January 2024	3.16%	\$ 37,389	\$ 39,018
Place d'Orleans Shopping Centre	Ottawa, ON	August 2024	2.85%	49,953	51,502
Place du Royaume	Chicoutimi, QC	November 2027	3.80%	69,322	71,319
Edinburgh Market Place	Guelph, ON	March 2029	3.45%	20,869	21,571
McAllister Place	Saint John, NB	January 2030	3.41%	31,270	32,270
Stone Road Mall	Guelph, ON	March 2031	5.52%	85,000	—
			4.03%	\$ 293,803	\$ 215,680

Primaris repaid the mortgage on Cataraqui Town Centre in Kingston, Ontario that matured in January 2024, with the intention to place new debt on the property.

Unsecured credit facilities

On December 22, 2023, Primaris amended and restated its unsecured syndicated revolving term facility increasing the commitment to \$600 million (from \$400 million) 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. In connection with the amendment, unamortized finance fees of \$0.9 million were expensed in the quarter and Primaris incurred \$1.3 million of finance fees.

As at December 31, 2023, Primaris had no amount drawn on its \$600 million unsecured syndicated revolving term facility (December 31, 2022 - \$244 million drawn on the \$400 million facility).

As at December 31, 2023, Primaris was fully drawn on its \$200 million unsecured syndicated non-revolving term facility maturing February 5, 2026. The non-revolving credit facility bears interest at variable rates of the Canadian Dollar Offered Rate ("CDOR") plus 1.25% per annum. All proceeds were used to repay maturing mortgages. The non-revolving facility's maturity date may be extended for two-years, subject to lenders' approval.

Primaris economically hedged \$200 million drawn on the credit facilities, swapping the underlying variable rate for a fixed rate of 3.685% per annum until October 18, 2027.

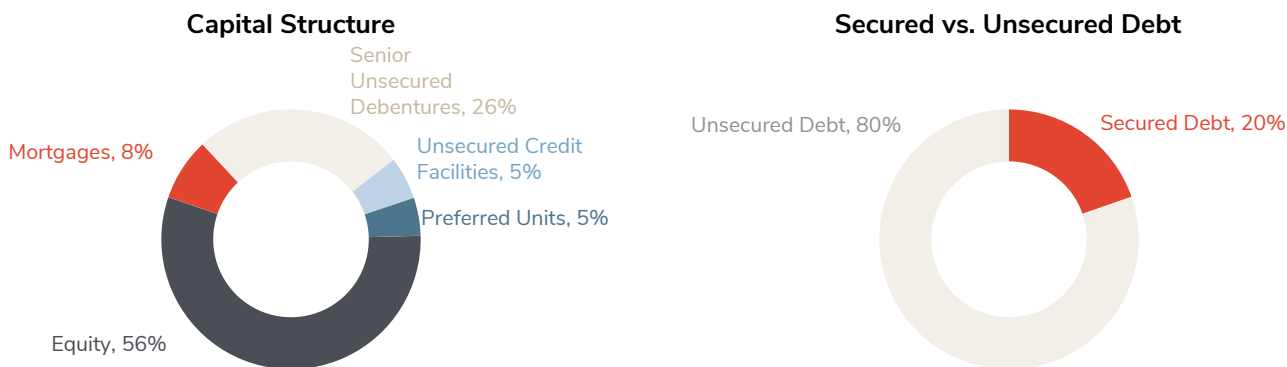
Primaris also has a \$10 million unsecured revolving demand facility to finance temporary overdraft positions bearing interest at Prime plus 0.50% per annum. Nothing was drawn on this facility at December 31, 2023 (December 31, 2022 – nil).

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

10.4 Capital Structure

The Trust is subject to certain financial and non-financial covenants under its senior unsecured debentures and credit facilities that include maintaining certain leverage and interest coverage ratios. As at December 31, 2023, Primaris is compliant with all of its applicable financial covenants. It is a strategic objective of management to maintain a highly differentiated financial model that includes a strong balance sheet and conservative capital structure.



Debt Metrics

Primaris has a strong balance sheet with a conservative capital structure and a low Average Net Debt** to Adjusted EBITDA** ratio.

(\$ thousands) (unaudited) For the years ended December 31,	2023	2022	Change
Adjusted EBITDA**	\$ 206,242	\$ 187,541	\$ 18,701
Average Net Debt**	\$ 1,153,843	\$ 937,150	\$ 216,692
Average Net Debt** to Adjusted EBITDA** ² Target 4.0x - 6.0x	5.6x	5.0x	0.6x
Interest expense ¹	\$ 57,922	35,668	22,254
Interest Coverage** ²	3.6x	5.3x	(1.7)x
Principal repayments	\$ 6,877	\$ 16,106	\$ (9,229)
Interest expense ¹	\$ 57,922	\$ 35,668	\$ 22,254
Debt Service Coverage** ²	3.2x	3.6x	(0.4)x

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

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

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

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

The table below reconciles net income (loss) to Adjusted EBITDA** for the three months and years ended December 31, 2023 and 2022.

(\$ thousands) (unaudited)	Three months		Year end	
For the periods ended December 31,	2023	2022	2023	2022
Net income (loss)	\$ 13,853	\$ (25,770)	\$ 102,271	\$ (12,080)
Interest income ¹	(775)	(35)	(2,143)	(77)
Net interest and other financing charges	19,532	10,518	59,457	33,400
Amortization	398	375	1,521	1,142
Adjustments to fair value of derivative instruments	8,590	240	540	240
Adjustments to fair value of unit-based compensation	267	890	(901)	(827)
Adjustments to fair value of Convertible Preferred LP Units	4,842	—	5,066	—
Adjustments to fair value of land held for development	33,000	—	33,000	—
Adjustments to fair value of investment properties	(23,493)	61,342	7,431	165,743
Adjusted EBITDA**	\$ 56,214	\$ 47,560	\$ 206,242	\$ 187,541

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

¹ Interest income earned on cash balances.

The tables below illustrate the calculation of Adjusted EBITDA** for the years ended December 31, 2023 and 2022.

(\$ thousands) (unaudited)	Year ended				
For the periods	December 31, 2023	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Adjusted EBITDA**	\$ 206,242	56,214	54,649	48,964	46,415

(\$ thousands) (unaudited)	Year ended				
For the periods	December 31, 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Adjusted EBITDA**	\$ 187,541	47,560	48,840	47,388	43,753

The tables below illustrate the calculation of Average Net Debt** for the years ended December 31, 2023 and 2022 based on the average of the Net Debt** at the beginning of the period and each quarter end during the period included in the calculation of Adjusted EBITDA**.

(\$ thousands) (unaudited)	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
As at					
Total Debt**	\$ 1,493,803	\$ 1,227,544	\$ 1,097,270	\$ 1,098,982	\$ 1,009,680
less: Cash	(44,323)	(1,282)	(42,206)	(59,301)	(10,954)
Net Debt**	\$ 1,449,480	\$ 1,226,262	\$ 1,055,064	\$ 1,039,681	\$ 998,726
Average Net Debt**	\$ 1,153,843				

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

(\$ thousands) (unaudited)	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
As at					
Total Debt**	\$ 1,009,680	\$ 940,158	\$ 926,178	\$ 924,924	\$ 923,210
less: Cash	(10,954)	(14)	—	(21,795)	(5,636)
Net Debt**	\$ 998,726	\$ 940,144	\$ 926,178	\$ 903,129	\$ 917,574
Average Net Debt**	\$ 937,150				

The tables below illustrate interest expense, for the calculation of the Interest Coverage** and Debt Service Coverage** ratios, for the years ended December 31, 2023 and 2022.

(\$ thousands) (unaudited)	Year ended				
For the periods	December 31, 2023	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Interest expense ¹	\$ 57,922	17,161	14,911	13,414	12,436

(\$ thousands) (unaudited)	Year ended				
For the periods	December 31, 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Interest expense ¹	\$ 35,668	11,215	9,292	8,577	6,584

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

The tables below illustrate principal repayments, for the calculation of the Debt Service Coverage** ratio, for the years ended December 31, 2023 and 2022.

(\$ thousands) (unaudited)	Year ended				
For the periods	December 31, 2023	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Principal repayments	\$ 6,877	1,741	1,726	1,712	1,698

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

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Net Asset Value**

Management believes that NAV** and NAV** per unit are useful measures of the intrinsic value of the Trust.

(\$ thousands) (unaudited)					
As at	December 31, 2023	December 31, 2022	Change	Change	per unit
Investment properties	\$ 3,695,435	\$ 3,118,590	\$ 576,845	\$	5.90
Investment properties classified as held for sale	89,912	—	89,912		0.92
Cash	44,323	10,954	33,369		0.34
Other assets	69,964	72,237	(2,273)		(0.02)
Total assets	3,899,634	3,201,781	697,853		7.14
Mortgages payable	(293,803)	(215,680)	(78,123)		(0.80)
Senior unsecured debentures	(1,000,000)	(350,000)	(650,000)		(6.65)
Unsecured credit facilities	(200,000)	(444,000)	244,000		2.50
Debt or Total Debt**	(1,493,803)	(1,009,680)	(484,123)		(4.95)
Other liabilities	(122,754)	(104,472)	(18,282)		(0.19)
Reverse: Obligation for purchase of Trust Units under automatic share purchase plan ¹	1,800	12,508	(10,708)		(0.11)
Impact from variance of units outstanding					(1.84)
Net Asset Value**	\$ 2,284,877	\$ 2,100,137	\$ 184,740	\$	0.05
Net Asset Value** per unit outstanding	\$ 21.54	\$ 21.49	\$ 0.05		
Total Debt** to Total Assets** ²	38.3%	31.5%	6.8%		
Number of units outstanding ³ - end of period (in thousands)	106,058	97,713	8,345		

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

¹ Liability recorded for the obligation to purchase Units during the blackout period after December 31, 2023 under the automatic share purchase plan, but respective Trust Units not yet cancelled.

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

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

NAV** per unit of \$21.54 as at December 31, 2023 was \$0.05 per unit higher than as at December 31, 2022. The increase in NAV** per unit was primarily attributable to a \$6.82 per unit increase to the value of investment properties (including \$6.42 per unit for the value of the Acquisitions at December 31, 2023). This increase was partially offset by a decline of \$4.61 per unit from the increase in Total Debt** net of cash, and a \$1.84 decrease per unit from the change in units outstanding (issuances for the Acquisitions partially offset by NCIB repurchases).

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Impact of NCIB Activity on NAV** per unit

To capitalize on the Trust Units trading at a price below the NAV** per unit, Primaris continued to purchase Trust Units for cancellation under its NCIB program, on a leverage neutral basis (see Section 10.7, "Normal Course Issuer Bid"). During the year ended December 31, 2023, Primaris purchased 4,409,100 Units for cancellation at an average value per unit of \$13.75 representing a discount of 36.2% to NAV** per unit (year ended December 31, 2022 - 3,885,700, \$13.89 and 35.4%, respectively).

The tables below illustrate the excess of Net Asset Value** acquired over the cost of the NCIB program. This calculation is a conservative view which only captures the benefit of the discount to NAV** at the time of purchase reflecting the minimum accretive benefit of the NCIB program to NAV** per unit.

(\$ thousands except per unit amounts) (unaudited)	2023 Year End	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
NAV** per unit		\$ 21.54	\$ 21.76	\$ 21.90	\$ 21.74	\$ 21.49
Trust Units repurchased under NCIB (in thousands)	4,409	1,710	1,181	314	1,204	
Value of Trust Units repurchased at the average of NAV** per unit in the quarter ²	\$ 95,684	37,022	25,781	6,851	26,030	
Cost of repurchased units under NCIB	\$ 60,635	22,797	15,934	4,104	17,800	
Excess value over repurchase cost	\$ 35,049	14,225	9,847	2,747	8,230	—
Excess value repurchased per unit	\$ 0.35	\$ 0.13	\$ 0.10	\$ 0.03	\$ 0.09	
Units outstanding at the end of the period (in thousands) ¹		106,058	99,949	96,243	96,508	97,713

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

¹ Units outstanding assumes the exchange of Convertible Preferred LP Units for Trust Units. See Section 10.6, "Unit Equity and Distributions".

² Average NAV** per unit for the purposes of this table is calculated as a simple average of the NAV** per unit over two quarters.

(\$ thousands except per unit amounts) (unaudited)	2022 Year End	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
NAV** per unit		\$ 21.49	\$ 21.86	\$ 22.16	\$ 22.44	\$ 22.11
Trust Units repurchased under NCIB (in thousands)	3,886	1,213	1,255	1,257	161	
Value of Trust Units repurchased at the average of NAV** per unit in the quarter ²	\$ 85,539	26,298	27,623	28,031	3,587	
Cost of repurchased units under NCIB	\$ 53,968	17,297	16,768	17,408	2,495	
Excess value over repurchase cost	\$ 31,571	9,001	10,855	10,623	1,092	—
Excess value repurchased per unit	\$ 0.32	\$ 0.09	\$ 0.11	\$ 0.11	\$ 0.01	
Units outstanding at the end of the period (in thousands)		97,713	98,926	100,181	101,437	101,558

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

² Average NAV** per unit for the purposes of this table is calculated as a simple average of the NAV** per unit over two quarters.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

The table below illustrates the positive impact of NCIB activity on NAV** per unit assuming units outstanding as the only variable changing. This calculation captures the combined impact of the drivers of change to NAV** including factors such as growth in NOI**, changes in the discount and terminal capital rates used in the valuation of the investment properties and the impact of retained free cash flow.

(\$ thousands except per unit amounts) (unaudited)		
For the years ended December 31,	2023	2022
Impact of NCIB activity on the number of units outstanding:		
Number of units outstanding ¹ - end of period (in thousands)	106,058	97,713
Number of Trust Units canceled under the NCIB in the year (in thousands)	4,409	3,886
Number of units outstanding ¹ - excluding NCIB activity (in thousands)	110,467	101,599
Impact of NCIB on NAV** per unit considering the change to units outstanding:		
Net Asset Value**	\$ 2,284,977	\$ 2,100,137
NAV** per unit outstanding	\$ 21.54	\$ 21.49
NAV** per unit outstanding - excluding NCIB activity	20.68	20.67
NAV** per unit impact of change in units outstanding only	\$ 0.86	\$ 0.82

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

¹ Units outstanding at December 31, 2023 assumes the exchange of Convertible Preferred LP Units for Trust Units. See Section 10.6, "Unit Equity and Distributions".

10.5 Credit Rating

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

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

The following table sets out the rating attributed to the Trust and its senior unsecured debentures as at December 31, 2023:

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

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

10.6 Unit Equity and Distributions

As at February 14, 2024, there were 96,454,736 Trust Units outstanding, or 105,927,168 assuming the exchange of the Convertible Preferred LP Units to 9,472,432 Trust Units. There are no Special Voting Units outstanding (which are only issued concurrently with or in relation to the issuance of exchangeable units).

Convertible Preferred LP Units

As part of the Conestoga Mall acquisition consideration, a subsidiary limited partnership of the Trust issued \$80.0 million of Convertible Preferred LP Units which are entitled to a preferred distribution of 6.0% per annum payable quarterly. 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 \$125.0 million of Convertible Preferred LP Units which are entitled to a preferred distribution of 6.0% per annum payable quarterly. 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.

Distributions

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

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

On November 2, 2023, the Board of Trustees approved management's recommendation to increase the distribution rate from \$0.82 to \$0.84 per unit per annum, or 2.4%. The increase was effective for distributions declared December 31, 2023 and paid January 15, 2024.

In the year ended December 31, 2023, Primaris declared \$79.3 million in distributions on the Trust Units. The monthly distributions reflect an annualized distribution of \$0.8216 per unit (year ended December 31, 2022 - \$80.0 million and \$0.802 per unit).

In the year ended December 31, 2023, Primaris declared \$2.9 million in distributions on the Convertible Preferred LP Units. The distributions reflect a 6.0% annual rate (year ended December 31, 2022 - nil).

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

The tables below summarize the excess of certain GAAP and non-GAAP measures over the distributions declared for the three months and years ended December 31, 2023 and 2022.

(\$ thousands) (unaudited)	Three months		Year end	
For the periods ended December 31,	2023	2022	2023	2022
Cash flows provided by operating activities	\$ 42,144	\$ 36,928	\$ 166,367	\$ 156,216
Less: Distributions declared on Trust Units	(19,916)	(19,792)	(79,342)	(80,118)
Less: Distributions declared on Convertible Preferred LP Units	(1,845)	—	(2,908)	—
Excess of cash flows provided by operating activities over distributions	\$ 20,383	\$ 17,136	\$ 84,117	\$ 76,098

(\$ thousands) (unaudited)	Three months		Year end	
For the periods ended December 31,	2023	2022	2023	2022
AFFO**	\$ 25,579	\$ 26,782	\$ 112,531	\$ 123,347
Less: Distributions declared on Trust Units	(19,916)	(19,792)	(79,342)	(80,118)
Less: Distributions declared on Convertible Preferred LP Units	(1,845)	—	(2,908)	—
Excess of AFFO** over distributions	\$ 3,818	\$ 6,990	\$ 30,281	\$ 43,229

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

Distributions per unit

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

(\$ thousands, except per unit amounts, and units in thousands) (unaudited)									
For the periods ended	January 31, 2023	February 28, 2023	March 31, 2023	Q1 2023	April 30, 2023	May 31, 2023	June 30, 2023	Q2 2023	
Distributions declared on Trust Units	\$ 6,643	\$ 6,621	\$ 6,592	\$ 19,856	\$ 6,585	\$ 6,581	\$ 6,573	\$ 19,739	
Distributions declared on Convertible Preferred LP Units	—	—	—	—	—	—	—	—	
Total distributions	\$ 6,643	\$ 6,621	\$ 6,592	\$ 19,856	\$ 6,585	\$ 6,581	\$ 6,573	\$ 19,739	
Total distributions - year to date				\$ 19,856				\$ 39,595	
Trust Units outstanding	97,315	96,938	96,508		96,413	96,352	96,243		
Convertible Preferred LP Units outstanding	—	—	—		—	—	—		
Total units outstanding	97,315	96,938	96,508		96,413	96,352	96,243		
Distributions per unit	\$ 0.0683	\$ 0.0683	\$ 0.0683	\$ 0.205	\$ 0.0683	\$ 0.0683	\$ 0.0683	\$ 0.205	
Distributions per unit - year to date				\$ 0.205				\$ 0.410	

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

(\$ thousands, except per unit amounts, and units in thousands) (unaudited)									
For the periods ended	July 31, 2023	August 31, 2023	September 30, 2023	Q3 2023	October 31, 2023	November 30, 2023	December 31, 2023	Q4 2023	
Distributions declared on Trust Units	\$ 6,646	\$ 6,613	\$ 6,572	\$ 19,831	\$ 6,529	\$ 6,626	\$ 6,761	\$ 19,916	
Distributions declared on Convertible Preferred LP Units	263	400	400	1,063	400	421	1,025	1,846	
Total distributions	\$ 6,909	\$ 7,013	\$ 6,972	\$ 20,894	\$ 6,929	\$ 7,047	\$ 7,786	\$ 21,762	
Total distributions - year to date				\$ 60,489				\$ 82,251	
Trust Units outstanding	97,306	96,822	96,226		95,596	97,006	96,586		
Convertible Preferred LP Units outstanding	3,723	3,723	3,723		3,723	9,472	9,472		
Total units outstanding	101,029	100,545	99,949		99,319	106,478	106,058		
Distributions per unit	\$ 0.0684	\$ 0.0697	\$ 0.0698	\$ 0.208	\$ 0.0698	\$ 0.0662	\$ 0.0734	\$ 0.209	
Distributions per unit - year to date				\$ 0.618				\$ 0.827	

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

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

Taxation of Trust Unit Distributions

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

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

10.7 Normal Course Issuer Bid

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

On March 9, 2023, Primaris entered into a new ASPP in respect of the renewed NCIB permitting the Trust's broker to continue purchasing Units in accordance with certain prearranged trading parameters, during periods when Primaris would not ordinarily be active in the market because of internal trading blackout periods insider trading rules or otherwise.

During the year ended December 31, 2023, Primaris purchased for cancellation 4,409,100 Trust Units under its NCIB program for aggregate consideration of \$60.6 million at an average value per unit of approximately \$13.75.

(Unaudited)	Units	Capital	Average	NAV** per unit	Discount from	Impact on
For the periods ended,	Repurchased for Cancellation	Allocated to NCIB	Price per unit	(as at period end date)	NAV** per unit (as at period end date)	NAV** per unit outstanding ¹
Year ended December 31, 2022	3,885,700	\$ 54,127	\$ 13.89	\$ 21.49	35.4 %	\$ 0.82
Quarter ended March 31, 2023	1,204,400	17,800	\$ 14.78	\$ 21.74	32.0 %	0.27
Quarter ended June 30, 2023	314,200	4,104	\$ 13.06	\$ 21.90	40.4 %	0.07
Quarter ended September 30, 2023	1,180,500	15,934	\$ 13.50	\$ 21.76	38.0 %	0.18
Quarter ended December 31, 2023	1,710,000	22,797	\$ 13.33	\$ 21.54	38.1 %	0.34
Repurchased to December 31, 2023	8,294,800	\$ 114,762	\$ 13.82	\$ 21.54	35.8 %	\$ 1.68
Repurchased subsequent to December 31, 2023	131,000	1,808	\$ 13.80	\$ 21.54	35.9 %	
Total repurchases under the NCIB program from inception through February 14, 2024⁵	8,425,800	\$ 116,570	\$ 13.82	\$ 21.54	35.8 %	

¹ The number of units outstanding was the only variable changed in the analysis.

At December 31, 2023, Primaris recorded an obligation in liabilities of \$1.8 million for the commitment to purchase Units under the ASPP. As at February 14, 2024, Primaris purchased an additional 131,000 Units under the ASPP at an average per unit price of \$13.80.

Primaris continues to believe that, from time to time, the market price for the Units may not fully reflect their intrinsic value, and in such circumstances, using the NCIB to repurchase Units is an attractive use of capital until other investment opportunities are available that meet Primaris' disciplined capital allocation approach. For the impact of NCIB activity on FFO** per unit and NAV** per unit, see Section 9.2, "FFO** and AFFO**" and Section 10.4, "Capital Structure", respectively.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

10.8 Off-Balance Sheet Arrangements

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

Primaris has co-owners on various properties. As a rule, Primaris does not provide guarantees or indemnities for these co-owners because should such guarantees be provided, recourse would be available against the Trust in the event of a default of the co-owners. In such case, Primaris would have a claim against the underlying real estate investment. However, in certain circumstances, subject to compliance with the Trust's amended and restated declaration of trust dated December 15, 2021 (the "Declaration of Trust") and the determination of management that the fair value of the co-owner's investment is greater than the mortgages payable which require Primaris' guarantee, such guarantees will be provided. As at December 31, 2023, Primaris had issued guarantees relating to co-owners' share of mortgage liabilities amounting to \$89,322 (December 31, 2022 - \$91,319), which expire between 2024 and 2027 (December 31, 2022 - 2024 and 2027).

10.9 Contractual Obligations

The undiscounted future repayments on Primaris' debt instruments, and other contractual obligations, as at December 31, 2023 were as follows:

(\$ thousands) (unaudited)	2024	2025	2026	2027	2028	Thereafter	Total
Senior unsecured debentures	\$ 54,308	\$ 247,908	\$ 45,775	\$ 286,911	\$ 272,831	\$ 309,561	\$ 1,217,294
Mortgages payable - principal and interest	101,200	12,785	12,798	73,145	8,156	139,211	347,295
Unsecured credit facilities ¹	—	—	200,000	—	—	—	200,000
Interest on hedges	7,370	7,370	7,370	5,856	—	—	27,967
Other ²	19,164	7,101	955	955	955	6,589	35,719
Total obligation	\$ 182,042	\$ 275,164	\$ 266,898	\$ 366,867	\$ 281,942	\$ 455,361	\$ 1,828,274

¹ Excludes interest on credit facilities and letters of credit.

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

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

11. QUARTERLY RESULTS OF OPERATIONS

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

(in thousands of Canadian dollars unless otherwise indicated)	Fourth Quarter 2023	Third Quarter 2023	Second Quarter 2023	First Quarter 2023	Fourth Quarter 2022	Third Quarter 2022	Second Quarter 2022	First Quarter 2022
Number of investment properties	39	36	35	35	35	35	35	35
GLA (in millions of sq. ft.)	12.5	11.5	10.9	10.9	10.9	10.9	11.3	11.3
In-place occupancy	92.4%	91.0%	89.8%	90.6%	91.1%	90.7%	86.5%	85.9%
Committed occupancy	94.2%	92.8%	91.0%	91.3%	91.5%	91.7%	87.4%	87.5%
Total assets (in millions)	\$ 3,900	\$ 3,508	\$ 3,299	\$ 3,277	\$ 3,202	\$ 3,181	\$ 3,220	\$ 3,258
Total liabilities (in millions)	\$ 1,796	\$ 1,411	\$ 1,195	\$ 1,181	\$ 1,114	\$ 1,025	\$ 1,006	\$ 1,004
Rental revenue	\$113,810	\$104,826	\$ 95,965	\$ 96,369	\$ 99,804	\$ 94,151	\$ 94,337	\$ 91,772
Cash NOI**	\$ 63,509	\$ 58,263	\$ 54,163	\$ 51,187	\$ 53,593	\$ 53,103	\$ 52,463	\$ 46,898
Net income (loss)	\$ 13,853	\$ 20,230	\$ 32,602	\$ 35,586	\$ (25,770)	\$ (20,498)	\$ 4,157	\$ 30,031
Trust Units outstanding (in thousands)	96,586	96,226	96,243	96,508	97,713	98,926	100,181	101,437
Distribution per Trust Units	\$ 0.207	\$ 0.205	\$ 0.205	\$ 0.205	\$ 0.202	\$ 0.200	\$ 0.200	\$ 0.200
Cash provided by operating activities	\$ 42,144	\$ 53,316	\$ 51,082	\$ 22,887	\$ 47,948	\$ 50,900	\$ 29,118	\$ 34,968
Operating capital expenditures	\$ 11,816	\$ 9,971	\$ 10,340	\$ 2,201	\$ 9,281	\$ 6,821	\$ 3,976	\$ 5,159
FFO**	\$ 41,235	\$ 42,557	\$ 38,443	\$ 36,097	\$ 38,308	\$ 41,217	\$ 40,488	\$ 38,924
FFO** per unit ³ - average diluted	\$ 0.402	\$ 0.421	\$ 0.395	\$ 0.369	\$ 0.387	\$ 0.411	\$ 0.399	\$ 0.381
FFO Payout Ratio**	52.1%	49.4%	51.9%	55.5%	52.1%	48.6%	50.1%	52.5%
AFFO**	\$ 25,579	\$ 29,884	\$ 25,852	\$ 31,216	\$ 26,782	\$ 31,956	\$ 33,691	\$ 30,918
AFFO** per unit ³ - average diluted	\$ 0.249	\$ 0.296	\$ 0.266	\$ 0.319	\$ 0.271	\$ 0.319	\$ 0.332	\$ 0.303
Total Debt** to Total Assets** ¹	38.3%	35.0%	33.3%	33.5%	31.5%	29.6%	28.8%	28.4%
Average Net Debt** to Adjusted EBITDA** ^{1,2}	5.6x	5.3x	5.2x	5.1x	5.0x	5.0x	5.1x	5.2x
Secured debt to Total Debt**	19.7%	24.1%	27.1%	27.2%	21.4%	36.7%	51.2%	62.2%
Weighted average term to debt maturity of Total Debt** (in years)	3.6	3.6	3.6	3.9	3.2	2.9	2.8	2.7
Weighted average interest rate of Total Debt**	5.11%	4.96%	4.77%	4.76%	4.87%	4.07%	3.87%	3.68%
NAV** per unit outstanding	\$ 21.54	\$ 21.76	\$ 21.90	\$ 21.74	\$ 21.49	\$ 21.86	\$ 22.16	\$ 22.44
Unit market price - closing	\$ 13.80	\$ 13.49	\$ 13.47	\$ 13.51	\$ 14.64	\$ 12.79	\$ 12.23	\$ 15.49

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

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

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

³ Distributions declared per unit used in calculating the FFO* and AFFO* Payout Ratios include distributions declared on Convertible Preferred LP Units at 6% per annum. See Section 10.6, "Unit Equity and Distributions".

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Factors impacting quarterly results of operations

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

Fourth quarter 2023: Total Debt** to Total Assets** and secured debt to Total Debt** increased in the quarter due to the issuance of \$400.0 million aggregate principal of senior unsecured debentures.

Fourth quarter 2023: Quarterly results of operations were impacted by the November 30, 2023 acquisition of the Halifax Shopping Complex for aggregate consideration comprised of \$200.0 million of cash, the issuance of \$45.0 million of Trust Units at an issue price of \$21.74 per unit, and the issuance of \$125.0 million of 6.0% Convertible Preferred LP Units exchangeable into Trust Units in certain circumstances at an exchange price equal to \$21.74 per unit, subject to customary adjustments.

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

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

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

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

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

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

12. NON-GAAP MEASURES

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

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

Non-GAAP Measure	Description	Reconciliation
Net Operating Income (NOI)	Defined as rental revenue, as calculated under GAAP, less property operating costs, as calculated under GAAP. The calculation excludes certain expenses such as interest in order to reflect properties' operations regardless of how they are financed. Management believes that NOI is an important measure of the income generated from the income-producing properties and is used by the Trust in evaluating the performance of the portfolio. It is also a key input in determining the value of the income-producing portfolio.	Section 9.1, "Components of Net Income (Loss)"
Cash NOI	Defined as NOI net of revenue from straight-line rent and lease surrender revenue. Straight-line rent results from the difference between cash rent received and revenue recognized on a straight-line basis over the full term of the lease for accounting purposes. This is a non-cash amount. Lease surrender revenue is earned when a tenant returns space to Primaris before the completion of the lease term. These amounts are not earned evenly over any calendar year and are not predictable. Management believes excluding non-cash revenue from straight-line rent and inconsistently earned lease surrender revenue from the Cash NOI calculation provides further insights to the operations of the income-producing property portfolio.	Section 9.1, "Components of Net Income (Loss)"
Cash NOI Margin	Cash NOI Margin is a ratio calculated based on Cash NOI as a percentage of rental revenue excluding the impact of straight-line rent and lease surrender revenue. Management believes that Cash NOI Margin is an important measure of the percentage of income generated from the income-producing properties and is used to evaluate the performance of the portfolio.	Section 9.1, "Components of Net Income (Loss)"
Same Properties NOI / Cash NOI	Same Properties NOI / Cash NOI is used to assess the period-over-period performance of those income-producing properties owned and operated by Primaris in both periods, excluding properties under development or major redevelopment. NOI / Cash NOI from properties that have been acquired, disposed or are subject to significant change as a result of new development, redevelopment, expansion or demolition are excluded from the determination of Same Properties NOI / Cash NOI. Management believes Same Properties NOI / Cash NOI is useful in evaluating the realization of contractual rental rate changes embedded in lease agreements, and understanding the impact of period-over-period changes in occupancy, rental rates and operating costs on income-producing property performance.	Section 9.1, "Components of Net Income (Loss)"

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Non-GAAP Measure	Description	Reconciliation
Funds from Operations (FFO) / FFO per unit	Primaris calculates FFO as defined by REALPAC. In calculating FFO, net income (or loss) is adjusted for items that do not arise from operating activities. Management believes that FFO is a useful measure of operating performance that, when compared period over period, reflects the impact on operations of trends in occupancy levels, rental rates, acquisition activity, and financing costs. FFO per unit is a non-GAAP ratio calculated by dividing FFO by the weighted average units, basic or diluted, outstanding during the period. The calculation for the units outstanding assumes the exchange of Convertible Preferred LP Units for Trust Units.	Section 9.2, "FFO** and AFFO***"
Adjusted Funds from Operations (AFFO) / FFO per unit	Primaris calculates AFFO as defined by REALPAC. In calculating AFFO, FFO is adjusted for capital expenditures incurred to maintain the existing productive capacity of the property portfolio and eliminates the impact of straight-line rent. AFFO is impacted by the seasonality inherent in the timing of executing operating capital projects. Management believes that AFFO is a useful measure of operating performance. AFFO per unit is a non-GAAP ratio calculated by dividing AFFO by the weighted average units, basic or diluted, outstanding during the period. The calculation for the units outstanding assumes the exchange of Convertible Preferred LP Units for Trust Units.	Section 9.2, "FFO** and AFFO***"
FFO and AFFO Payout Ratios	FFO and AFFO Payout Ratios are supplementary measures calculated as cash distributions per unit divided by FFO and AFFO per diluted unit, respectively. Distributions per unit considers distributions paid on both the Trust Units and the Convertible Preferred LP Units. Primaris uses these ratios to assess the sustainability of the Trust's distribution payments.	Section 9.2, "FFO** and AFFO***"
Secured debt to Total Debt	Secured debt to Total Debt is a non-GAAP ratio calculated as total secured debt divided by total debt. This ratio is a useful measure of the Trust's relative exposure to secured and unsecured debt in relation to total debt.	Section 10.2, "Liquidity and Unencumbered Assets "
Unencumbered Assets to Unsecured Debt	Unencumbered Assets to Unsecured Debt is a non-GAAP ratio calculated as the carrying value of all investment properties that have not been pledged as security for debt divided by total unsecured indebtedness. This ratio is a useful measure of the investment properties available to satisfy unsecured debt obligations.	Section 10.2, "Liquidity and Unencumbered Assets "
Debt or Total Debt	Debt (or Total Debt), as defined for use in certain financial ratios, is calculated as total outstanding debt from senior unsecured debentures, mortgages payable and credit facilities, excluding deferred financing costs and mark-to-market adjustments.	Section 10.4, "Capital Structure"
Net Debt	Net Debt is calculated as Total Debt less cash balances.	Section 10.4, "Capital Structure"
Average Net Debt	The average of Net Debt outstanding is utilized in this MD&A for the calculation of Average Net Debt to Adjusted EBITDA. Unless otherwise indicated, Average Net Debt is calculated as the average of Net Debt at the beginning of the period and each quarter end during the period corresponding to the rolling four-quarters included in the calculation of Adjusted EBITDA.	Section 10.4, "Capital Structure"
Total Debt to Total Assets	Total Debt to Total Assets is determined by dividing Total Debt as defined above by total assets as presented on the consolidated statement of financial position. Management believes this ratio is useful in evaluating the Trust's flexibility to incur additional financial leverage.	Section 10.4, "Capital Structure"

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Non-GAAP Measure	Description	Reconciliation
Net Asset Value (NAV) / NAV per unit	NAV is calculated as total assets less total liabilities as calculated under IFRS with the exception of excluding any outstanding Convertible Preferred LP Units or amounts accrued under the ASPP from total liabilities. NAV per unit is a non-GAAP ratio calculated by dividing NAV by the Units outstanding at end of the period.	Section 10.4, "Capital Structure"
Adjusted Earnings before Income, Tax, Depreciation and Amortization (Adjusted EBITDA)	Adjusted EBITDA is calculated as net income (loss) reversing, where applicable, interest expense, income taxes, depreciation expense, amortization expense and adjustments to fair value. Adjusted EBITDA is used by management as an input in several debt metrics and financial ratios to assess the Trust's ability to satisfy obligations, including servicing debt, financing capital expenditures and providing distributions to Unitholders. Due to seasonality of net operating income, management generally considers Adjusted EBITDA on a rolling four-quarters basis.	Section 10.4, "Capital Structure"
Average Net Debt to Adjusted EBITDA	Management uses the ratio of Average Net Debt to Adjusted EBITDA to assess the Trust's ability to service debt requirements and gauge the strength of the Trust's financial condition.	Section 10.4, "Capital Structure"
Interest Coverage	Interest Coverage, defined in the Trust Indentures, is calculated as Adjusted EBITDA divided by interest expense on Total Debt. This excludes amortization of deferred financing costs and mark-to-market adjustments. Management calculates Interest Coverage to assess the Trust's ability to service the interest requirements of the outstanding debt.	Section 10.4, "Capital Structure"
Debt Service Coverage	Debt Service Coverage, defined in the Trust Indenture, is calculated as Adjusted EBITDA divided by the sum of interest expense and regularly scheduled principal payments on Total Debt. Interest expense excludes amortization of deferred financing costs and mark-to-market adjustments and principal payments exclude balloon, bullet or similar principal payments at maturity. Management calculates Debt Service Coverage to assess the Trust's ability to meet obligations of the outstanding debt.	Section 10.4, "Capital Structure"

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

13. ENTERPRISE RISKS AND RISK MANAGEMENT

Primaris is exposed to various risks and uncertainties, many of which are beyond its control, the occurrence of which could materially and adversely affect the Trust's investments, prospects, cash flows, results of operations or financial condition and the ability to make cash distributions to Unitholders and negatively affect the value of the Units.

The Trust is committed to the practice of enterprise risk management ("ERM") to identify and manage the potential events that represent risks to Primaris achieving its strategic objectives. Good governance practices are the foundation of the risk governance. The Board of Trustees sets the tone from the top of the organization by reinforcing the importance of risk management.

Management believes the risk factors described below and in Primaris' Annual Information Form are the most material risks that are faced by Primaris; however, they are not the only ones. Additional risk factors not presently known to management, or that management currently believes are immaterial could also materially and adversely affect the Trust's investments, prospects, cash flows, results of operations or financial condition, ability to make cash distributions to Unitholders and negatively affect the value of the Units.

13.1 Risks Associated with Owning and Operating Real Property

All real property investments are subject to a degree of risk and uncertainty. Such investments are affected by various factors including general economic conditions, local real estate markets, demand for leased premises, competition from other available premises, and various other factors.

The value of real property, and any improvements thereto, may also depend on the credit and financial stability of the tenants. Distributable cash and the Trust's income would be adversely affected if one or more key tenants or a significant number of tenants were to become unable to meet their obligations under their leases or if a significant amount of available space in the properties, in which the Trust has an interest, is not able to be leased on economically favourable lease terms. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting the Trust's investment may be incurred. Furthermore, at any time, a tenant of any of the properties in which the Trust has an interest may seek the protection of bankruptcy, insolvency, or similar laws that could result in the rejection and termination of such tenant's lease and thereby cause a reduction in the cash flow available to the Trust.

The Trust may, in the future, be exposed to a general decline of demand by tenants for space in properties. As well, certain of the leases of the properties held by the Trust have early termination provisions which, if exercised, would reduce the average lease term. However, such termination rights are generally exercisable only at a cost to the tenant and the amount of space in the Trust's portfolio of properties which could be affected is not significant.

The ability to rent unleased space in the properties in which the Trust has an interest will be affected by many factors and costs may be incurred in making improvements or repairs to property required by a new tenant. A prolonged deterioration in economic conditions could increase and exacerbate the foregoing risks. The failure to rent unleased space on a timely basis or at all would likely have an adverse effect on the Trust's financial condition.

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether the property is producing any income. If the Trust is unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale.

A mortgage on any one property may, from time to time, exceed the estimated current market value of the related property. The cash flow from such a property may not be sufficient to cover debt servicing for that property. The cash flow from the portfolio of properties currently held by the Trust is, however, expected by management to be sufficient to cover any cash flow shortfalls on such a property.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Current economic environment

The Trust will be subject to risks involving the economy in general, including inflation, deflation or stagflation, recession, depression, rising interest rates, unemployment, geopolitical issues and a local, regional, national or international outbreak of a contagious disease. Poor economic conditions could adversely affect the Trust's ability to generate revenues, thereby reducing its operating income and earnings. It could also have an adverse impact on the ability of the Trust to maintain occupancy rates which could harm the Trust's financial condition. In weak economic environments, the Trust's tenants may be unable to meet their rental payments and other obligations due to the Trust, which could have a material and adverse effect on the Trust. In addition, fluctuation in interest rates or other financial market volatility may adversely affect the Trust's ability to refinance existing indebtedness on its maturity or on terms that are as favourable as the terms of existing indebtedness, which may impact negatively on the Trust's performance, may restrict the availability of financing for future prospective purchasers of the Trust's investments, and could potentially reduce the value of such investments, and/or may adversely affect the ability of the Trust to complete acquisitions on financially desirable terms.

Real property valuations

Valuations of real property reflect an assessment of value based on the facts and circumstances as of the date the valuations were made. Such valuations may not have incorporated all relevant facts or may have relied on incorrect assumptions which may have been too optimistic or not sufficiently optimistic. Furthermore, valuations conducted at one point in time may not be reflective of value at another point in time, nor may the valuation be reflective of the value that could be obtained on a sale or other transaction.

Land leases

To the extent that the properties in which the Trust has or will have an interest are located on leased land, the land leases may be subject to periodic rate resets that may fluctuate. This may result in significant rental rate adjustments and therefore have a potential negative effect on the cash flow of the Trust.

Geographic concentration

The Trust's portfolio of properties is limited to Canadian retail properties, the majority of which are located in Ontario and Alberta. As a result, the Trust's performance, the market value of the properties and the income generated by the Trust are particularly sensitive to changes in the economic condition and regulatory environment of Ontario and Alberta. Adverse changes in the economic condition or regulatory environment of Ontario and Alberta may have a material adverse effect on the Trust's business, cash flows, financial condition and results of operations and its ability to make distributions.

Credit risk and tenant concentration

The Trust will be exposed to credit risk as an owner of real estate in that tenants may become unable to pay the contracted rents. Management mitigates this risk by carrying out appropriate credit checks and related due diligence on its significant tenants. In addition, management ensures that no tenant or related group of tenants, other than investment grade tenants, accounts for a significant portion of the cash flow.

In that regard, the Declaration of Trust restricts the leasing or subleasing of real property, premises or space to any person where that person and its affiliates would, after the contemplated lease or sublease, be leasing or subleasing real property, premises or space having a fair market value net of encumbrances in excess of 20% of Total Assets (as defined in the Declaration of Trust), unless the lease or sublease is for a renewal or where the lessee or sublessee is, or the lease or sublease is guaranteed by, the Government of Canada, the Government of the United States, any province or territory of Canada, any state of the United States, any municipality or city in Canada or the United States, or any agency or crown corporation thereof, and certain issuers, the securities of which meet stated investment criteria or are investment grade,

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

or a Canadian chartered bank or trust company or insurance company registered or licensed federally or under the laws of a province of Canada.

Reliance on anchor tenants and tenant bankruptcies

Retail shopping centres have traditionally relied on anchor tenants (department stores, discount department stores, and grocery stores), and therefore they are subject to the risk of such anchor tenants either moving out of the property or going out of business. Anchor tenants generally occupy large amounts of leasable area, pay a significant portion of the total rents at a property, and contribute to the success of other tenants by drawing significant numbers of customers to a property. Certain of the Trust's anchor tenants are permitted to cease operating from their leased premises at any time at their option, however they remain liable to pay all remaining rent in accordance with their leases. Other anchor tenants are permitted to cease operating from their leased premises or to terminate their leases if certain events occur. The exercise of such rights by an anchor tenant may have a negative effect on a property. There can be no assurance that such rights will not be exercised by an anchor tenant in the future.

The Trust's profit could be adversely affected in the event of a downturn in the business or the bankruptcy, or insolvency of any anchor tenant. The closing of one or more anchor stores at a multi-tenant property could have an adverse effect on that property. At a multi-tenant property, vacated anchor tenant space tends to adversely affect the entire shopping centre because of the loss of the departed anchor tenant's power to draw customers to the property, which in turn may cause other tenants' operations to suffer and adversely affect such other tenants' ability to pay rent or perform any other obligations under their leases. Moreover, a lease termination by an anchor tenant or a failure by that anchor tenant to occupy the premises may entitle other tenants of the property to cease operating from their premises, to a reduction of rent payable under their leases, and/or to terminate their leases. No assurance can be given that the Trust will be able to quickly re-lease space vacated by an anchor tenant on favourable terms, if at all. If any anchor tenant were to leave a property, the property could be negatively affected, which could have an adverse effect on the Trust's financial condition and results of operations, and could decrease the amount of cash available to pay distributions.

Bankruptcy filings by retailers occur periodically in the normal course of operations for reasons such as increased competition, outdated business models, internet sales, changing demographics, poor economic conditions, rising costs, and changing shopping trends. The Trust continually seeks to re-lease vacant space resulting from any tenant bankruptcies.

Lease rollover risk

Lease rollover risk arises from the possibility that the Trust may experience difficulty renewing leases as they expire, or in re-leasing space vacated by tenants upon lease expiry, or that the Trust may not achieve rental rate increases upon such renewals. In order to mitigate this risk, management's strategy is to sign creditworthy tenants to leases that are long-term in nature, have staggered lease maturities and use built-in rental escalations, each of which assists in the Trust's pursuit to maintain predictable cash flow. The ability to rent unleased space in the properties in which the Trust has an interest will be affected by many factors. The failure to rent unleased space on a timely basis, or at all, or to achieve rental rate increases would likely have an adverse effect on the Trust's financial condition, and could decrease the amount of cash available for distribution.

Competition

The real estate business is competitive. Numerous other developers, managers, and owners of properties compete with the Trust in seeking tenants. Some of the properties that compete with the Trust's properties may be newer, better located, less levered, or have stronger anchor tenants than the Trust's properties. Some property owners with properties that compete with the Trust's properties may be better capitalized and stronger financially, and hence better able to withstand an economic downturn. Competitive pressures in such markets could have a negative effect on the Trust's ability to lease space in its properties, and on the rents charged or concessions granted, which could have an adverse

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

effect on the Trust's financial condition and results of operation and decrease the amount of cash available for distribution.

The Trust competes for suitable real property investments with individuals, corporations, other real estate investment trusts, and institutions (both Canadian and foreign) which are presently seeking, or which may seek in the future, real property investments similar to those desired by the Trust. Many of these investors have greater financial resources than the Trust, or operate without the Trust's investment restrictions, or according to more flexible conditions. An increase in the availability of investment funds and interest in real property investments, would tend to increase competition for real property investments, thereby increasing purchase prices and reducing the yields thereon.

Asset class concentration

The Trust's portfolio of retail properties is primarily comprised of leading enclosed shopping centre properties, with the remainder of the properties comprised of unenclosed shopping centres, mixed-use properties and one industrial centre. Significant deterioration of the retail shopping centre market in general, or the financial health of key tenants in particular, could have an adverse effect on the Trust's business, financial condition or results of operations. As well, shifting consumer preferences toward e-commerce may result in a decrease in the demand for physical space by retail tenants. The failure of the Trust to adapt to changes in the retail landscape, including finding new tenants to replace any lost income stream from existing tenants that reduce the amount of physical space they lease from the Trust could adversely affect the Trust's financial performance.

Construction risks

It is likely that the Trust will be involved in various development projects. The Trust's obligations in respect of properties under construction, or which are to be constructed, are subject to risks which include (i) the potential insolvency of a third-party developer (where the Trust is not the developer); (ii) a third-party developer's failure to use advanced funds in payment of construction costs; (iii) construction or other unforeseeable delays; (iv) cost overruns; (v) the failure of tenants to occupy and pay rent in accordance with existing lease agreements, some of which are conditional; (vi) the incurring of construction costs before ensuring rental revenues will be earned from the project; and (vii) increases in interest rates during the period of the development. Management strives to mitigate these risks where possible by entering into fixed price construction contracts with general contractors (and, to the extent possible, on a bonded basis) and by attempting to obtain long-term financing as early as possible during construction.

Operating capital expenditures

Operating capital expenditures are incurred in irregular amounts and may exceed actual cash available from operations during certain periods. The Trust may be required to use part of its debt capacity or reduce distributions in order to accommodate such expenditures. Operating capital outlays for recoverable improvements may exceed recovery of amounts from tenants.

Co-ownership interest in properties

In certain situations, the Trust may be adversely affected by a default by a co-owner of a property under the terms of a mortgage, lease, or other agreement. Although all co-owners' agreements, to which the Trust is or may in the future become a party, provide for remedies to the Trust in such circumstances, such remedies may not be exercisable in all circumstances, or may be insufficient or delayed, and may not cure a default in the event that such default by a co-owner is deemed to be a default of the Trust.

Potential acquisition, investment and disposition opportunities and joint venture arrangements

The Trust regularly evaluates business and growth opportunities and is expected to consider a number of acquisition, investment and disposition opportunities and joint venture arrangements to achieve its business and growth strategies. In the normal course, the Trust may have outstanding non-binding letters of intent and/or conditional agreements or may

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

otherwise be engaged in discussions with respect to potential acquisitions and financing of new assets, the refinancing of existing assets, potential dispositions, establishment of new joint venture arrangements, the viability and status of its joint venture arrangements, and changes to its capital structure, each of which, individually or in the aggregate, may or may not be material if they were to progress. However, there can be no assurance that any of these discussions will result in a definitive agreement and, if they do, what the terms or timing of any acquisition, investment or disposition would be or that such acquisition, investment, or disposition will be completed by the Trust. Similarly, there can be no assurance that the Trust will enter into new joint venture arrangements or continue any existing joint venture arrangements. If the Trust does complete such transactions, the Trust cannot provide assurance that they will ultimately strengthen its competitive position or that they will not be viewed negatively by customers, securities analysts, or investors. Such transactions may also involve significant commitments of the Trust's financial and other resources. Any such activity may not be successful in generating revenue, income or other returns to the Trust, and the resources committed to such activities will not be available to the Trust for other purposes.

Acquisitions of properties by the Trust are subject to the normal commercial risks and satisfaction of closing conditions that may include, among other things, lender approval, Competition Act (Canada) approval, receipt of estoppel certificates, and obtaining title insurance. Such acquisitions may not be completed or, if completed, may not be on terms that are exactly the same as initially negotiated. In the event that the Trust does not complete an acquisition, it may have an adverse effect on the operations and results of the Trust in the future and its cash available for distributions.

Potential undisclosed liabilities associated with acquisitions

The Trust is expected to acquire properties that are subject to existing liabilities, some of which may be unknown at the time of the acquisition or which the Trust may fail to uncover in its due diligence. Unknown liabilities might include liabilities for cleanup or remediation of undisclosed environmental conditions, claims by tenants, suppliers of goods and services, or other persons dealing with the vendor or predecessor entities (that have not been asserted or threatened to date), and accrued but unpaid liabilities incurred in the ordinary course of business. Representations and warranties given by third parties to the Trust regarding acquired properties may not adequately protect against these liabilities and any recourse against third parties may be limited by the financial capacity of such third parties. While in some instances the Trust may have the right to seek reimbursement against an insurer or another third party for certain of these liabilities, the Trust may not have recourse for all of these liabilities.

Public health crises

The Trust's business, cash flows, financial condition and results of operations could be materially adversely affected by the outbreak of epidemics or pandemics or other health crises beyond the Trust's control, including future waves of the COVID-19 outbreak. Reactions to the spread or worsening of an outbreak may lead to, among other things, significant restrictions on travel, business closures, quarantines, social distancing and other containment measures and a general reduction in consumer activity. While these effects may be temporary, the duration of any business disruptions and related financial impact cannot be reasonably estimated, and may be instituted, terminated and re-instituted from time to time as an outbreak worsens or waves of an outbreak occur from time to time. Certain aspects of the Trust's business and operations that could potentially be impacted by such an event include rental income, occupancy, tenant inducements, future demand for space and market rents, changes in the preferences of tenants and prospective tenants, temporary or long-term labour shortages or disruptions, temporary or long-term impacts on domestic and global supply chains, increased risks to IT systems and networks, impairments and/or write-downs of assets, and the deterioration of worldwide credit and financial markets that could limit the Trust's ability to access capital and financing on acceptable terms or at all.

Cyber security risk

Cyber security has become an increasingly problematic issue for issuers and businesses in Canada and around the world. Cyber-attacks against large organizations are increasing in sophistication and are often focused on financial fraud,

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

compromising sensitive data for inappropriate use, or disrupting business operations. A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity, or availability of the Trust's information resources. More specifically, a cyber-incident is an intentional attack or an unintentional event that can include gaining unauthorized access to information systems to disrupt operations, corrupt data, or steal confidential information. As the Trust's reliance on technology has increased, so have the risks posed to its systems. The Trust's primary risks that could directly result from the occurrence of a cyber-incident include operational interruption, damage to its reputation, damage to the Trust's business relationships with its tenants, disclosure of confidential information regarding its tenants, employees and third parties with whom the Trust interacts, and may result in negative consequences, including remediation costs, loss of revenue, additional regulatory scrutiny, and litigation. The Trust has implemented processes, procedures, and controls to help mitigate these risks, but these measures, as well as its increased awareness of a risk of a cyber-incident, do not guarantee that its financial results will not be negatively impacted by such an incident.

Data governance and decision support

Primaris depends on relevant and reliable information to operate its business. As the volume of data being generated and reported continues to increase, data accuracy, quality, and governance are required for effective decision making. Failure by Primaris to leverage data in a timely manner may adversely affect its ability to execute its strategy and therefore impact its financial performance.

Environmental and climate change risk

As an owner of interests in real property in Canada, the Trust is subject to various Canadian federal, provincial, and municipal laws relating to environmental matters. These laws impose a liability for the cost of removal and remediation of certain hazardous materials released or deposited on properties owned by the Trust or adjacent properties.

In accordance with best management practices, Phase I environmental audits are completed on all properties prior to acquisition. Further investigation will be conducted if Phase I tests indicate a potential problem. The Trust has operating policies to monitor and manage risk. In addition, the standard lease utilized requires tenants to comply with environmental laws and regulations and restricts tenants from carrying on environmentally hazardous activities or having environmentally hazardous substances on site.

Natural disasters and severe weather such as floods, ice storms, blizzards, and rising temperatures may result in damage to the Trust's properties. The extent of the Trust's casualty losses and loss in net operating income in connection with such events is a function of the severity of the event and the total amount of exposure in the affected area. The Trust is also exposed to risks associated with inclement winter weather, including increased need for maintenance and repair of the Trust's buildings. In addition, climate change, to the extent it causes changes in weather patterns, could have effects on the Trust's business by increasing the cost to recover and repair the Trust's properties and/or by increasing property insurance costs to insure a property against natural disasters and severe weather events.

The Trust has taken proactive steps to mitigate the risk of climate change on its business and its properties and to address the Trust's environmental impact.

Dependence on key personnel, talent management and succession planning

Primaris' continued growth is dependent on its ability to hire, retain and develop its leaders and other key personnel. Any failure to effectively attract and retain talented and experienced employees and to establish adequate succession planning and retention strategies could result in a lack of requisite knowledge, skill and experience. This could erode the Trust's competitive position or result in increased costs and competition for, or high turn-over of, employees. Any of the foregoing could have an adverse effect on the Trust.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Potential conflicts of interest

The Trust may be subject to various conflicts of interest because of the fact that members of management and the Trustees may be engaged in a wide range of real estate and other business activities and the Trust may become involved in transactions which conflict with the interests of the foregoing.

Management of the Trust and the Trustees may from time-to-time deal with persons, firms, institutions, or corporations with which the Trust may be dealing, or which may be seeking investments similar to those desired by the Trust. The interests of these persons could conflict with those of the Trust. In addition, from time to time, these persons may be competing with the Trust for available investment opportunities.

Any decisions regarding the enforcement by the Trust of the terms of any agreement entered into by the Trust with a non-independent Trustee or with an associate of a non-independent Trustee may be made by a majority of the independent Trustees. There is a risk that non-independent Trustees may attempt to influence the independent Trustees in this regard.

Litigation and regulatory risk

Primaris' operations are subject to a wide variety of laws and regulations across all of its operating jurisdictions and Primaris faces risks associated with legal and regulatory changes and litigation. In the normal course of operations, Primaris may become involved in various legal actions, including claims relating to personal injury, property damage, property taxes, land rights, and contractual and other commercial disputes and the resolution of such actions may have an adverse effect on the Trust's financial position or results of operations. Primaris retains external legal consultants to assist it in remaining current and compliant with legal and regulatory changes and to respond to litigation.

Uninsured losses

Primaris carries comprehensive general liability, environmental, fire, flood, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. There are, however, certain types of risks (including, but not limited to, environmental contamination or catastrophic events such as war, insurrection, rebellion, revolution, civil war, usurped power, or action taken by a government authority in hindering, combating or defending against such an event, nuclear reaction or nuclear radiation or radioactive contamination or acts of terrorism) which are either uninsurable, in whole or in part, or not insurable on an economically viable basis. Should an uninsured or under-insured loss occur, the Trust could lose its investment in, and anticipated profits and cash flows from, one or more of its properties, and the Trust would continue to be obliged to repay any recourse mortgage indebtedness on such properties.

13.2 Risks Relating to Financial Markets and Liquidity

Interest rate and other debt-related risks

The Trust will be exposed to financing risk on maturing debt and interest rate risk on its borrowings. It will minimize this risk by negotiating fixed rate term debt with staggered maturities targeting less than 20% of total debt maturing in any one year. Consistent with a debt strategy employing significant unsecured financings, the Trust will strive to maintain undrawn credit facility capacity to accommodate 18-24 months of forward debt maturities.

If the Trust indebtedness is replaced by new debt that has less favourable terms or if the Trust is unable to secure adequate funding, distributions by the Trust to Unitholders may be adversely impacted. In addition, failure by the Trust to comply with its obligations under the documents governing such indebtedness (including in the case of the credit facilities, the failure to meet certain financial ratios and financial conditions tests) may adversely impact cash distributions on the Units.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Liquidity risk

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relationship with demand for and the perceived desirability of such investments. Such illiquidity will tend to limit the Trust's ability to vary its portfolio promptly in response to changing economic or investment conditions. If, for whatever reason, liquidation of assets is required, there is a risk that sale proceeds realized might be less than the previously estimated market value of the Trust's investments or that market conditions, including the impact of geopolitical events, would prevent prompt disposition of assets.

Ability to access capital markets

As the Trust distributes a portion of its income to Unitholders, the Trust may need to obtain additional capital through capital markets and the Trust's ability to access the capital markets through equity issues and forms of secured or unsecured debt financing may affect the operations of the Trust as such financing may be available only on disadvantageous terms, if at all. If financing is not available on acceptable terms, acquisitions or ongoing development projects may be curtailed and cash available for distributions or to fund future commitments may be adversely affected.

Credit Rating Risk

Any credit rating that is assigned to the Trust's senior unsecured debentures may not remain in effect for any given period of time or may be lowered, withdrawn or revised by one or more of the rating agencies if, in their judgment, circumstances so warrant. Any lowering, withdrawal or revision of a credit rating may have an adverse effect on the market price of the debentures and the other securities of the Trust, may adversely affect a securityholder's ability to sell its debentures or other securities of the Trust and may adversely affect the Trust's access to financial markets and its cost of borrowing.

13.3 Risks Relating to Securities of the Trust

Prices of Primaris securities

Publicly traded Units will not necessarily trade at values determined solely by reference to the underlying value of Trust assets. Accordingly, Units may trade at a premium or a discount to the underlying value of the assets of the Trust.

One of the factors that may influence the quoted price of Units is the annual yield on Units. Accordingly, an increase in market interest rates may lead investors in Units to demand a higher annual yield which could adversely affect the quoted price of Units. In addition, the quoted price of Units may be affected by changes in general market conditions, fluctuations in the markets for equity securities and numerous other factors beyond the control of the Trust.

Challenging market conditions, the health of the economy as a whole and numerous other factors beyond the control of the Trust, including geopolitical events, may have a material effect on the business, financial condition, liquidity, and results of operations of the Trust. Financial markets have previously experienced significant price and volume fluctuations that have particularly affected the market prices of securities of issuers and that have often been unrelated to the operating performance, underlying asset values, or the prospects of such issuers. There can be no assurance that such fluctuations in price and volume will not occur again. Accordingly, the market price of Units may decline even if the Trust's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such increased levels of volatility and market turmoil occur, the Trust's operations could be adversely impacted, and the trading price of Units may be adversely affected.

Availability of cash for distributions

Although the Trust intends to make distributions of its available cash to Unitholders in accordance with its distribution policy, these cash distributions may be reduced or suspended. The actual amount distributed by the Trust will depend on

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

numerous factors including capital market conditions, the financial performance of the Trust's properties, the Trust's debt covenants and other obligations (including payment of distributions on the Convertible Preferred LP Units), its working capital requirements, its future capital requirements, its development commitments, and fluctuations in interest rates. Cash available to the Trust for distributions may be reduced from time to time because of items such as principal repayments on debt, tenant allowances, leasing commissions, capital expenditures, or any other business needs that Trustees deem reasonable. The Trust may be required to use part of its debt capacity in order to accommodate any or all of the above items. The market value of Units may decline significantly if the Trust suspends or reduces distributions. Trustees retain the right to re-evaluate the distribution policy from time to time as they consider appropriate.

Tax risk

The Tax Act includes rules (referred to herein as the "SIFT Rules") which effectively tax certain income of a publicly traded trust that is distributed to its investors or of a publicly traded partnership on the same basis as would have applied had the income been earned through a taxable corporation and distributed by way of dividend to its shareholders. The SIFT Rules apply only to "SIFT trusts", "SIFT partnerships" (each as defined in the Tax Act) and their investors. A trust that qualifies as a "real estate investment trust" (as defined in the Tax Act) for a taxation year will not be considered to be a SIFT trust in that year (the "REIT Exemption").

Based on a review of the Trust's assets and revenues, management believes that the Trust will satisfy the tests to qualify for the REIT Exemption for its current taxation year and intends to conduct the affairs of the Trust so that it will continue to qualify for the REIT Exemption at all future times. However, as the REIT Exemption includes complex revenue and asset tests, no assurances can be provided that the Trust will qualify for the REIT Exemption for the current taxation year or any subsequent taxation year. A subsidiary trust or partnership of the Trust will not be subject to the SIFT Rules provided it is an "excluded subsidiary entity", which among other things, requires that only specified persons own units of such subsidiary trust or partnership. Two of the Trust's lower-tier subsidiary partnerships, each holding a single recently acquired property, do not presently qualify as excluded subsidiary entities. Management nonetheless does not believe that such subsidiaries are subject to the SIFT Rules, or that such subsidiaries would be subject to a material amount of tax under the SIFT Rules if that were not the case, but there can be no assurances in this regard.

The likely effect of the SIFT Rules on the market for Units, and on the REIT's ability to finance future acquisitions through the issue of Units or other securities, is unclear. If the SIFT Rules were to apply to the REIT or any of its subsidiaries, they may adversely affect the marketability of the Units, the amount of cash available for distributions and the after-tax return to investors.

The Trust currently qualifies as a mutual fund trust for purposes of the Tax Act. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the Canada Revenue Agency, including in respect of the treatment of mutual fund trusts or SIFT trusts and SIFT partnerships will not be changed in a manner which adversely affects the Trust, or its subsidiaries, or holders of Units. If the Trust does not qualify as a "mutual fund trust" under the Tax Act or were to cease to so qualify, the income tax considerations applicable to the Trust and an investment in Units of the Trust would be materially and adversely different. In particular, if the Trust were to cease to qualify as a mutual fund trust and Units cease to be listed on a designated stock exchange (which currently includes the TSX), Units would cease to be qualified investments for registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, deferred profit sharing plans, tax free savings accounts, and first home savings accounts, each as defined in the Tax Act (collectively, "Exempt Plans").

On November 28, 2023, the Minister of Finance released revised proposals ("Tax Proposals") to amend the Tax Act (the "EIFEL Proposals") that are intended, where applicable, to limit the deductibility of interest and other financing-related expenses by an entity to the extent that such expenses, net of interest and other financing-related income, exceed a fixed ratio of the entity's tax EBITDA. The Trust does not expect the EIFEL Proposals to have an adverse impact on the Trust or its Unitholders, but there can be no assurances in this regard. If these rules were to apply to restrict deductions

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

otherwise available to the Trust, the taxable component of distributions paid by the Trust to Unitholders may be increased, which could reduce the after-tax return associated with an investment in Units. The EIFEL Proposals are proposed to be effective for taxation years beginning on or after October 1, 2023.

The Tax Proposals released on November 28, 2023 also include a proposed tax on repurchases of equity, which is proposed to be effective for transactions that occur on or after January 1, 2024 (the "Equity Repurchase Rules"). Under these proposals, a trust the equity of which is listed on a "designated stock exchange" (which currently includes the TSX) that is a real estate investment trust for purposes of the Tax Act will be subject to a 2% tax on the value of the trust's net equity repurchases (which would include purchases of Units by the Trust under the NCIB) in a taxation year, as calculated in accordance with the detailed rules contained in the proposals, subject to a de minimis exception where the trust's gross equity repurchases in the year does not exceed \$1,000,000. If the Trust is required to pay tax under the Equity Repurchase Rules, the amount of cash available for distribution to investors would be reduced.

If the Trust experiences a "loss restriction event", as defined in the Tax Act, (i) it will be deemed to have a year-end for tax purposes (which would result in an unscheduled distribution of undistributed net income and net realized capital gains, if any, at such time to Unitholders to the extent necessary to ensure that the Trust is not liable for income tax on such amounts under Part I of the Tax Act), and (ii) it will become subject to the loss restriction rules generally applicable to a corporation that experiences an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on its ability to carry forward unused losses to future taxation years. Generally, the Trust will be subject to a loss restriction event if a person becomes a "majority-interest beneficiary", or a group of persons becomes a "majority-interest group of beneficiaries", of the Trust, each as defined in the affiliated persons rules contained in the Tax Act, with certain modifications. Generally, a majority-interest beneficiary of a trust is a beneficiary of the trust whose beneficial interests in the income or capital of the trust, as the case may be, together with the beneficial interests in the income or capital of the trust, as the case may be, of persons and partnerships with whom such beneficiary is affiliated for the purposes of the Tax Act, represent greater than 50% of the fair market value of all the interests in the income or capital of the trust, as the case may be.

Dilution

The number of Units the Trust is authorized to issue is unlimited. The Trustees have the discretion to issue additional Units in certain circumstances, including under the Trust's Unit Option Plan and Incentive Unit Plan. In addition, the Trust may issue Units pursuant to any distribution reinvestment plan and/or unit purchase plan adopted in the future. Any issuance of Units may have a dilutive effect on the investors of Units.

Unitholder liability

The Declaration of Trust provides that no Unitholder, Special Voting Unitholder, or annuitant under a plan of which a Unitholder or Special Voting Unitholder acts as trustee or carrier will be held to have any personal liability as such, and that no resort shall be had to, nor shall recourse or satisfaction be sought from, the private property of any Unitholder, Special Voting Unitholder, or annuitant for any liability whatsoever, in tort, contract or otherwise, to any person in connection with property of the Trust or the affairs of the Trust including, without limitation, for satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of the Trust or of the Trustees or any obligation which a Unitholder, Special Voting Unitholder, or annuitant would otherwise have to indemnify the Trustee for any personal liability incurred by the Trustee as such. Only assets of the Trust are intended to be liable and subject to levy or execution for satisfaction of such liability.

Notwithstanding the foregoing, personal liability may arise in respect of claims against the Trust that do not arise under contracts, including claims in tort, claims for taxes and possibly certain other statutory liabilities. The possibility of any personal liability of this nature arising is considered remote as the nature of the Trust's activities are such that most of its obligations arise by contract and non-contractual risks are largely insurable. In the event that payments of the Trust's

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

obligations were to be made by a Unitholder or Special Voting Unitholder, such holder would be entitled to reimbursement from the available assets of the Trust.

The Trustees will cause the activities of the Trust to be conducted with the advice of counsel, in such a way and in such jurisdictions as to avoid, to the extent they determine to be practicable and consistent with their fiduciary duty to act in the best interests of the Unitholders and Special Voting Unitholders, any material risk of liability on the Unitholders and Special Voting Unitholders for claims against the Trust.

Legislation has been enacted in the Province of Ontario and certain other provinces that is intended to provide unitholders in those provinces with limited liability. The *Trust Beneficiaries' Liability Act, 2004* (Ontario) provides that unitholders of a trust that is a reporting issuer and governed by the laws of Ontario are not liable, as beneficiaries, for any act, default, obligation, or liability of the trust or any of its trustees that arise after the legislation came into force. A trust is considered governed by the laws of Ontario if its declaration of trust or other constating instrument contains the customary provision to that effect. Primaris' Declaration of Trust contains such a provision, and accordingly, the Unitholders and Special Voting Unitholders are protected by this legislation. However, there remains a risk, which the Trust considers to be remote in the circumstances, that a Unitholder and Special Voting Unitholder could be held personally liable for the Trust's obligations to the extent that claims are not satisfied out of the Trust's assets. It is intended that the Trust's affairs will be conducted to seek to minimize such risk wherever possible.

Redemption right

Unitholders are entitled to have their Units redeemed at any time on demand. It is anticipated that this redemption right will not be the primary mechanism for holders of Units to liquidate their investments. The entitlement of holders of Units to receive cash upon the redemption of their Units is subject to the limitations that: (i) the total amount payable by the Trust in respect of those Units and all other Units tendered for redemption in the same calendar month does not exceed \$50,000 (subject to certain adjustments and provided that the Trustees may waive this limitation at their sole discretion); (ii) at the time such Units are tendered for redemption, the outstanding Series A Units shall be listed for trading or quoted on a stock exchange or traded or quoted on another market which in the sole discretion of the Trustees, provides representative fair market value prices for the Units; and (iii) the normal trading of Units is not suspended or halted on any stock exchange on which Units are listed (or, if not so listed, on any market on which Units are quoted for trading) on the Redemption Date (as defined in the Declaration of Trust available on SEDAR+) or for more than five trading days during the ten-day trading period commencing immediately prior to such date. In certain circumstances, the Declaration of Trust provides for the *in specie* distribution of property of the Trust and/or Redemption Notes (as defined in the "Declaration of Trust" available on SEDAR+), in the event of a redemption of Units. The Redemption Notes which may be distributed *in specie* to Unitholders in connection with a redemption will not be listed on any stock exchange and are not expected to be qualified investments for Exempt Plans, no established market is expected to develop for such notes, and they may be subject to resale restrictions under applicable securities laws.

Investment eligibility

The Tax Act imposes penalties for the acquisition or holding of non-qualified or prohibited investments (as defined in the Tax Act) by certain Exempt Plans. The Trust will endeavour to ensure that Units continue to be qualified investments for Exempt Plans, but there can be no assurances in this regard. Holders, annuitants, and subscribers of Exempt Plans should consult their own tax advisors with respect to whether Units would be prohibited investments having regard to their particular circumstances.

Statutory remedies

The Trust is not a legally recognized entity within the relevant definitions of the *Bankruptcy and Insolvency Act*, the *Companies' Creditors Arrangement Act* and, in some cases, the *Winding Up and Restructuring Act*. As a result, in the

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

event a restructuring of the Trust were necessary, the Trust would not be able to access the remedies available thereunder.

The rights granted in the Declaration of Trust are granted as contractual rights afforded to securityholders of the Trust ("Securityholders"). Similar to other existing rights contained in the Declaration of Trust (e.g. take-over bid provisions and conflict of interest provisions), making these rights and remedies and certain procedures available by contract is structurally different from the manner in which the equivalent rights and remedies or procedures (including the procedure for enforcing such remedies) are made available to shareholders of a corporation, who benefit from those rights and remedies or procedures by the corporate statute that governs the corporation, such as the *Canada Business Corporations Act*. As such, there is no certainty how these rights, remedies or procedures may be treated by the courts in the non-corporate context or that a Securityholder will be able to enforce the rights and remedies in the manner contemplated by the Declaration of Trust. Furthermore, how the courts will treat these rights, remedies and procedures will be at the discretion of the court, and a court may choose to not accept jurisdiction to consider any claim contemplated in the Declaration of the Trust.

14. OTHER DISCLOSURES

14.1 Future Changes in Accounting Standards

Primaris monitors the changes proposed by the International Accounting Standards Board ("IASB") and analyzes the effect that changes in the standards may have on disclosures. Standards issued, but not effective up to the date of issuance of the Financial Statements, which Primaris reasonably expects to be applicable to its operations, are described below. Primaris intends to adopt these standards when they become effective.

Amendment to IAS 1, "Presentation of Financial Statements"

In January 2020, the IASB issued amendments to IAS 1 to clarify the requirements for classifying liabilities as current or non-current. The amendments specify 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. The amendments are effective for annual periods beginning on or after January 1, 2024, with early adoption permitted. The amendments are to be applied retrospectively. Management is still assessing the potential impact on disclosures and classification of liabilities in the notes to the financial statements on the adoption of this amendment.

14.2 Critical Accounting Judgements, Estimates and Assumptions

The preparation of the Financial Statements requires management to make significant judgments in the process of applying Primaris' accounting policies that affect the carrying amounts of assets and liabilities, and the reported amounts of revenues and expenses. In addition, estimates and assumptions are used, mainly in determining the measurement of balances recognized or disclosed in the Financial Statements, that are based on a set of underlying data that may include management's historical experience, knowledge of current events and conditions, and other factors that are believed to be reasonable under the circumstances. Management continually evaluates the estimates and judgments it uses.

In the process of applying Primaris' accounting policies, management was required to apply judgment in the areas discussed below.

Investment Properties

Judgements made in application of accounting policy

Judgment is required in determining whether certain costs represent additions to the carrying amount of the investment properties versus a charge to repairs and maintenance expense. Judgment is also required in distinguishing whether amounts expended under leasing obligations are tenant allowances or incentives. Primaris also applied judgement in

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

determining whether the investment properties it acquires are considered to be asset acquisitions or business combinations.

Use of estimates and assumptions

The fair value of income-producing properties is dependent on future significant assumptions including future cash flows over the holding period, terminal capitalization rates and discount rates applicable to those assets. The estimation of future cash flows involves assumptions relating to occupancy, rental rates and residual value. In addition to estimating future cash flows, management assesses changes in the business climate and other factors, which may affect the future cash flows. A change to any of these assumptions may significantly alter the fair value of an investment property.

It is not possible to forecast with certainty the duration and scope of impacts from macroeconomic factors such as inflation, or changes in interest rates on the Trust's business and operations. Certain aspects of the Trust's business and operations that could potentially be impacted include rental income, occupancy, future demand for space and market rents, which all ultimately impact the underlying valuation of its investment properties.

Joint operations

Judgements made in application of accounting policy

Primaris makes judgments in determining the appropriate accounting for co-owned properties. Such judgments include assessing the level of control or influence Primaris has and determining whether Primaris' rights and obligations are directly related to the assets and liabilities of the arrangement or to the net assets of the arrangement. In determining that Primaris has rights and obligations directly related to the assets and liabilities of the arrangement, Primaris will record its proportionate share of assets, liabilities, revenues, expenses and cash flows.

Leases

Judgements made in application of accounting policy

Primaris makes judgements in determining whether certain leases, in particular tenant leases where the Trust is the lessor, are either operating or finance leases. When Primaris determines, based on an evaluation of terms and conditions of the lease, that the Trust retains all the significant risks and rewards of ownership of the property under the lease agreement with a tenant, the lease will be recorded as an operating lease.

Primaris also makes judgements when recording the right-of-use asset and lease liability for leases where Primaris is the lessee. Primaris considers all factors to determine if it is reasonably certain that an extension options will be exercised or not. The Trust uses its incremental borrowing rate to account for leases with third party landlords as the implicit rates in the lease are not readily available information for the lessor. Primaris determines the incremental borrowing rate as the rate of interest that it would pay to borrow over a similar term and with similar security.

Income taxes

Judgements made in application of accounting policy

Primaris uses judgement to interpret income tax rules and regulations and in determining that it meets all the REIT Conditions prescribed under the Tax Act. Primaris has determined that it qualifies as a REIT for the current year and expects to continue to qualify. However, should it no longer qualify, it would not be able to flow through its taxable income to Unitholders and would therefore be subject to income tax.

Convertible Preferred LP Units

Judgments made in application of accounting policy and use of estimates and assumptions

Primaris uses judgement to complete the model to value the Convertible Preferred LP Units including assumptions on the risk-free interest rate for the expected life of the Convertible Preferred LP Units, the credit spread and ranking concession

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

reflecting the Convertible Preferred LP Units subordination to other debt applied to the risk free rate, and the expected Trust Unit price volatility.

Expected credit loss

Use of estimates and assumptions

Primaris assesses, on a tenant-by-tenant basis, expected losses with its rent receivables. In determining the provision for credit loss, Primaris considers the payment history, and future expectations of potential abatements to be granted through negotiation or tenant default events. Primaris' assessment is subjective due to its forward-looking nature. As a result, the provision for credit loss is subject to a degree of uncertainty which is compounded by macroeconomic factors such as inflation or changes in interest rates.

Liability for unit-based compensation

Use of estimates and assumptions

The fair value of the liability for Trust Unit Options is valued using the Black-Scholes model which includes assumptions on the expected distribution yield; the expected Trust Unit price volatility; the weighted average expected life of the Options; and the risk-free interest rate for the expected life of the Options. A change to any of these inputs may impact the fair value of the liability. For the fair value of Performance Trust Units, the performance market conditions are also taken into consideration.

14.3 Internal Control Over Financial Reporting, and Disclosure Controls and Procedures

Internal Control Over Financial Reporting

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

The Chief Executive Officer and Chief Financial Officer have caused the effectiveness of internal control over financial reporting to be evaluated using the framework established in "Internal Control - Integrated Framework" (2013) published by The Committee of Sponsoring Organizations of the Treadway Commission, as required by National Instrument 52-109 "Certification of Disclosure in Issuers' Annual and Interim Filings" ("NI 52-109"). Based on that evaluation, they have concluded that the design and operation of the Trust's internal control over financial reporting were effective as at December 31, 2023.

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

Disclosure Controls and Procedures

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

The Chief Executive Officer and Chief Financial Officer have caused the effectiveness of the disclosure controls and procedures to be evaluated, as required by NI 52-109. Based on that evaluation, they have concluded that the design and operation of the system of disclosure controls and procedures were effective as at December 31, 2023.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis

Change in Internal Control Over Financial Reporting

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

14.4 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 December 31, 2023, HOOPP continued to own in excess of 10% of the Trust Units.

14.5 Subsequent Events

Subsequent to December 31, 2023, Primaris purchased additional 131,000 Trust Units under the ASPP for consideration of \$1.8 million as of February 14, 2024.

Subsequent to December 31, 2023, Primaris repaid the mortgage on Cataraqui Town Centre in Kingston, Ontario that matured in January 2024, with the intention to place new debt on the property.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Financial Results

TABLE OF CONTENTS

Management's Responsibility	102
Independent Auditor's Report	103
Consolidated Statements of Financial Position	107
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)	108
Consolidated Statements of Changes in Unitholders' Equity	109
Consolidated Statements of Cash Flows	110
Notes to the Consolidated Financial Statements	111
1. Statement of Compliance and Basis of Preparation	111
2. Material Accounting Policies	112
3. Critical Judgments, Estimates and Assumptions	119
4. Acquisitions	121
5. Investment Properties	122
6. Joint Operations	124
7. Note Receivable	125
8. Rent Receivables and Other Assets	125
9. Long-Term Debt	126
10. Unsecured Credit Facilities	128
11. Trade Payables and Other Liabilities	129
12. Convertible Preferred LP Units	130
13. Unitholders' Equity	131
14. Unit-based Compensation	132
15. Income Taxes	134
16. Net Property Income	135
17. Interest and Other Income	136
18. Net Interest Expense and Other Financing Charges	136
19. General and Administrative Expenses	136
20. Financial Instruments	137
21. Financial Risk Management	137
22. Capital Management	139
23. Contingencies and Commitments	140
24. Related Party Transactions	140
25. Employee Benefit	141
26. Supplemental Cash Flow Information	141

PRIMARIS REAL ESTATE INVESTMENT TRUST

Management's Responsibility for Financial Reporting

The management of Primaris Real Estate Investment Trust ("Primaris" or the "Trust") is responsible for the preparation and fair presentation of the accompanying consolidated financial statements (the "Financial Statements") and Management's Discussion and Analysis ("MD&A"). The Financial Statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. All financial information in the MD&A is consistent with the Financial Statements.

The Financial Statements and information in the MD&A include amounts based on best estimates and judgments by management of the expected effects of current events and transactions with the appropriate consideration to materiality. In addition, in preparing this financial information, management must make determinations about the relevancy of information to be included, and estimates and assumptions that affect the reported information. The MD&A also includes information regarding the impact of current transaction and events, sources of liquidity and capital resources, operating trends, risks and uncertainties. Actual results in the future may differ materially from management's present assessment of this information because future events and circumstances may not occur as expected.

Management is also responsible for providing reasonable assurance that assets are safeguarded, and that relevant and reliable financial information is produced. Management meets these objectives of internal control on a cost effective basis through the prudent selection and training of personnel and third-party consultants, adoption and communication of appropriate policies, and employment of a controls testing program. Management is required to certify, under National Instrument 52-109 "Certification of Disclosure in Issuers' Annual and Interim Filings" ("52-109"), as to the design and operating effectiveness of internal control over financial reporting. There were no limitations to the scope of certification under 52-109 for the years ended December 31, 2023 or 2022.

The Board of Trustees oversees management's responsibility for financial reporting through an Audit Committee, which is composed entirely of independent Trustees. The Audit Committee reviews Primaris' Financial Statements and MD&A with management before such statements are approved by the Board of Trustees. Other responsibilities of the Audit Committee include selecting Primaris' independent auditor, approving the auditor's remuneration and terms of the engagement, and monitoring Primaris' existing systems of internal controls. The Audit Committee also meets with the independent auditors without the presence of management. The independent auditors have unrestricted access to the Audit Committee, as do the personnel and third-party consultants performing controls testing.

KPMG LLP, the independent auditors of Primaris, have audited the consolidated financial statements for the years ending December 31, 2023 and 2022 and have expressed their opinion upon the completion of such examination in the following report to Unitholders.

Alex Avery

Alex Avery

Chief Executive Officer

Rags Davloor

Rags Davloor

Chief Financial Officer

Toronto, Ontario
February 14, 2024

PRIMARIS REAL ESTATE INVESTMENT TRUST

Independent Auditor's Report



KPMG LLP
Bay Adelaide Centre
333 Bay Street, Suite 4600
Toronto, ON M5H 2S5
Canada
Tel 416-777-8500
Fax 416-777-8818

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Primaris Real Estate Investment Trust

Opinion

We have audited the consolidated financial statements of Primaris Real Estate Investment Trust ("the Entity"), which comprise:

- the consolidated statements of financial position as at December 31, 2023 and December 31, 2022;
- the consolidated statements of income (loss) and comprehensive income (loss) for the years ended December 31, 2023 and December 31, 2022;
- the consolidated statements of changes in unitholders' equity for the years ended December 31, 2023 and December 31, 2022;
- the consolidated statements of cash flows for the years ended December 31, 2023 and December 31, 2022;
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Independent Auditor's Report

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Evaluation of the fair value of income-producing properties

Description of the matter

We draw attention to Notes 2 (c), 3 (a) and 5 of the financial statements. Investment properties include income-producing properties and land held for development. The Entity has recorded income-producing properties for an amount of \$3,634,347 thousand (including investment properties classified as held for sale). Income-producing properties are recorded at fair value, determined based on available market evidence at each reporting date. The fair value of income-producing properties is dependent on significant assumptions including future cash flows over the holding period, terminal capitalization rates and discount rates applicable to those assets.

Why the matter is a key audit matter

We identified the evaluation of the fair value of income-producing properties as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of the fair value of income-producing properties and the high degree of estimation uncertainty in determining the fair value of income-producing properties. In addition, significant auditor judgment and specialized skills and knowledge were required in performing, and evaluating the results of, our audit procedures due to the sensitivity of the fair value of income-producing properties to minor changes in significant assumptions.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

For a selection of income-producing properties, we assessed the Entity's ability to accurately forecast cash flows by comparing the Entity's future cash flows to be generated by the income-producing properties used in the prior year's estimate of the fair value of income-producing properties to actual results.

For a selection of income-producing properties, we compared the future cash flows used by Entity's internal valuation team and external independent appraisers to the actual historical cash flows. We considered changes in conditions and events affecting the income-producing properties to assess the fair value adjustments, or lack of fair value adjustments, made by the Entity's internal valuation team and external independent appraisers in arriving at those future cash flows.

We involved valuations professionals with specialized skills and knowledge, who assisted in evaluating the appropriateness of the terminal capitalization rates and discount rates selected by the Entity's internal valuation team and external independent appraisers. These rates were stratified by asset class and evaluated by comparing them to published reports of real estate industry commentators, and where available recent sales of similar properties while considering the attributes of the specific income-producing properties.

We evaluated the competence, capabilities and objectivity of the external independent appraisers by:

- Inspecting evidence that the appraisers are in good standing with the Appraisal Institute of Canada
- Considering whether the appraisers have appropriate knowledge in relation to the specific type of income-producing properties

PRIMARIS REAL ESTATE INVESTMENT TRUST

Independent Auditor's Report

- Reading the reports of the external independent appraisers which refers to their independence.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions; and
- the information, other than the financial statements and the auditor's report thereon, included in a document entitled "2023 Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions and the information other than the financial statements and the auditor's report thereon, included in a document entitled "2023 Annual Report" as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Independent Auditor's Report

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is Farah Bundeali,

Toronto, Canada

February 14, 2024

PRIMARIS REAL ESTATE INVESTMENT TRUST

Consolidated Statements of Financial Position

		As at	
(in thousands of Canadian dollars)	Note	December 31, 2023	December 31, 2022
Assets			
Investment properties	5	\$ 3,695,435	\$ 3,118,590
Investment properties classified as assets held for sale	5	89,912	—
Rent receivables and other assets	8	29,124	31,397
Note receivable	7	40,840	40,840
Cash and cash equivalents		44,323	10,954
Total assets		\$ 3,899,634	\$ 3,201,781
Liabilities and Equity			
Liabilities			
Senior unsecured debentures	9	\$ 991,602	\$ 348,307
Mortgages payable	9	293,174	215,208
Unsecured credit facilities	10	200,000	444,000
Convertible Preferred LP Units	12	179,150	—
Trade payables and other liabilities	11	131,781	106,637
Total liabilities		1,795,707	1,114,152
Equity			
Unitholders' equity		2,103,927	2,087,629
Total liabilities and equity		\$ 3,899,634	\$ 3,201,781

Contingencies and commitments (Note 23)

Subsequent event (Note 9)

See accompanying notes to these 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

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

		Year ended	Year ended
(in thousands of Canadian dollars)	Note	December 31, 2023	December 31, 2022
Net property income			
Rental revenue	16	\$ 410,970	\$ 380,064
Property operating costs	16	(177,345)	(168,277)
		233,625	211,787
Other income and expenses			
Interest and other income	17	7,887	3,657
Net interest and other financing charges	18	(59,457)	(33,400)
General and administrative	19	(31,012)	(27,826)
Amortization of other assets		(1,521)	(1,142)
Impairment of long-term asset	8	(2,115)	—
Adjustment to fair value of derivative instruments	20	(540)	(240)
Adjustments to fair value of unit-based compensation	14	901	827
Adjustments to fair value of Convertible Preferred LP Units	12	(5,066)	—
Adjustments to fair value of investment properties	5	(40,431)	(165,743)
		(131,354)	(223,867)
Net income (loss) and comprehensive income (loss) attributable to Trust Unitholders		\$ 102,271	\$ (12,080)

See accompanying notes to these consolidated financial statements.

PRIMARIS REAL ESTATE INVESTMENT TRUST

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		102,271
Distributions		(79,342)
Units issued for acquisition	13	43,082
Trust Unit issuance costs	13	(415)
Units cancelled under normal course issuer bid	13	(48,127)
Obligation for purchase of Units under automatic share purchase plan	13	(1,800)
Settlement of vested restricted trust units	13	629
Balance, December 31, 2023		\$ 2,103,927

(in thousands of Canadian dollars)	Note	2022
Unitholders' Equity		
Balance, December 31, 2021		\$ 2,191,326
Net income (loss) attributable to Unitholders		(12,080)
Distributions		(80,119)
Units cancelled under normal course issuer bid	13	(54,127)
Obligation for purchase of Units under automatic share purchase plan	13	(12,508)
Settlement of vested restricted trust units	13	159
Conversion of exchangeable units	13	54,978
Balance, December 31, 2022		\$ 2,087,629

See accompanying notes to these consolidated financial statements.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Consolidated Statements of Cash Flows

		Year ended December 31, 2023	Year ended December 31, 2022
(in thousands of Canadian dollars)	Note		
Cash provided by (used in):			
Operating activities:			
Net income (loss)		\$ 102,271	\$ (12,080)
Net interest and other financing charges	18	59,457	33,400
Interest paid		(51,773)	(32,527)
Cash paid on vesting of restricted trust units		(1,439)	(389)
Items not affecting cash	26	49,123	166,132
Change in non-cash operating items	26	8,728	1,680
		166,367	156,216
Financing activities:			
Senior unsecured debentures:			
Borrowings, net of financing costs	9	642,388	347,876
Mortgages payable:			
Borrowings, net of deferred financing costs	9	84,634	(55)
Principal and debt maturity repayments	9	(6,877)	(364,320)
Credit Facilities			
Net advances (repayments)	10	(244,000)	301,000
Financing costs	10	(1,315)	(3,103)
Note payable		—	(200,210)
Trust Unit issuance costs	13	(415)	—
Units cancelled under normal course issuer bid	13	(60,635)	(54,127)
Distributions paid		(79,258)	(73,442)
		334,522	(46,381)
Investing activities:			
Investment properties:			
Acquisitions	4	(377,666)	—
Redevelopment costs	5	(63,373)	(42,676)
Building improvement costs	5	(3,016)	(921)
Recoverable and non-recoverable costs	5	(13,083)	(10,441)
Tenant allowances and leasing costs	5	(10,382)	(15,120)
Proceeds on asset disposition	5	—	5,481
Note receivable	7	—	(40,840)
		(467,520)	(104,517)
Increase (decrease) in cash and cash equivalents		33,369	5,318
Cash and cash equivalents, beginning of year		10,954	5,636
Cash and cash equivalents, end of year		\$ 44,323	\$ 10,954

See accompanying notes to these consolidated financial statements.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the 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 consolidated financial statements have been prepared in accordance with IFRS accounting standards as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements were authorized by the Primaris Board of Trustees (the "Board") on February 14, 2024.

(b) Basis of preparation

The consolidated financial statements are prepared on a going concern basis using the historical cost method except for investment properties (Note 5), Convertible Preferred LP Units (Note 12), liabilities for unit-based compensation plans (Note 14) and derivative instruments (Note 20), each of which is measured at fair value.

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

The Trust presents its 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 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 comparative figures in the consolidated financial statements has been reclassified to conform with the presentation in the current year.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Financial Statements continued

(in thousands of Canadian dollars)

2. Material Accounting Policies

(a) Basis of consolidation

The consolidated financial statements include the accounts of all entities in which Primaris holds a controlling interest. Control is achieved when the Trust has power over the entity, has exposure, or rights, to variable returns from its involvement with the entity, and can use its power to affect its returns. All material intercompany transactions and balances have been eliminated upon consolidation.

Joint operation

Primaris carries out a portion of its activities through joint operations and records its proportionate share of assets, liabilities, revenues, expenses, and cash flows of all joint operations in which it participates. A joint operation is a type of joint arrangement where the Trust makes operating, financial, and strategic decisions over one or more investment properties jointly with another party, and has direct, not net, rights to the assets and obligations for the liabilities relating to the arrangement.

(b) Business combinations

When an investment is acquired, the Trust considers the substance of the assets and activities of the acquisition in determining whether the transaction represents an asset acquisition or a business combination. The transaction is classified as an asset acquisition unless the acquired investment meets the definition of a business, in accordance with IFRS 3, "Business Combinations", being an integrated set of activities and assets that are capable of being managed for the purposes of providing a return to Unitholders.

If the acquisition of an investment does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets acquired, liabilities and contingent liabilities assumed based on their relative fair values at the acquisition date, and no goodwill is recognized. Transaction costs related to the acquisition are capitalized to the investment.

(c) Investment properties

Primaris' investment properties are held to earn rental income or for capital appreciation, or both, but not for sale in the ordinary course of business. The Trust accounts for its investment properties in accordance with International Accounting Standard ("IAS") 40, "Investment Properties". Investment properties include income-producing properties and land held for development.

Upon acquisition, investment properties are initially recorded at cost, comprised of the purchase price and any directly attributable expenditures. Subsequent to initial recognition, Primaris uses the fair value model to account for investment properties. Under the fair value model, investment properties are recorded at fair value, determined based on available market evidence at each reporting date in accordance with the valuation policy discussed in Note 5. The related gain or loss arising from the change in fair value is recognized in net income in the period in which it arises.

Subsequent capital expenditures are capitalized to investment properties only when it is probable that future economic benefits of the expenditure will flow to the Trust and the cost can be measured reliably. These costs include revenue enhancing capital expenditures that result in additional gross leasable area and operating capital expenditures which maintain or improve the existing productive capacity of an income-producing property.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Financial Statements continued

(in thousands of Canadian dollars)

Operating capital includes:

- Recoverable and non-recoverable capital: Expenditures incurred pursuant to a capital plan to maintain the productive capacity of the properties, such as parking lot resurfacing and roof replacements. Tenant leases generally provide for the ability to recover a significant portion of such costs over time.
- Tenant allowances: Amounts expended to meet the Trust's lease obligations which are determined to primarily benefit and/or are owned by the Trust. In such circumstances, the Trust is considered to have acquired an asset which is recorded as an addition to income-producing properties. If benefit of the payment primarily confers to the tenant, the amount is considered a tenant inducement which is amortized on a straight-line basis over the term of the lease as a reduction of revenue.
- Leasing costs: Costs, such as commissions, incurred in negotiating tenant leases are recorded as additions to investment properties.

All other costs are expensed to repairs and maintenance when incurred.

Gains or losses from the disposal of investment properties are determined as the difference between the net disposal proceeds and the carrying amount of the investment property and are recognized in net income in the period of disposal.

(d) 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.

(e) Financial instruments

Financial assets and financial liabilities are recognized in the consolidated statement of financial position when the Trust becomes a party to the contractual provisions of a financial instrument.

Classification and measurement

IFRS 9, "Financial Instruments", requires financial assets to be classified, at the time of recognition, based on the business model in which they are managed and the characteristics of their contractual cash flows. Financial assets are classified and measured based on three categories: (i) amortized cost, (ii) fair value through other comprehensive income ("FVOCI"), or (iii) fair value through profit or loss ("FVTPL"). Financial liabilities are classified and measured based on two categories: (i) amortized cost, or (ii) FVTPL.

All financial instruments are measured at fair value on initial recognition. Transaction costs attributable to the acquisition or issuance of financial assets and financial liabilities, other than those classified as FVTPL, are added to or deducted from the fair value on initial recognition. Transaction costs attributable to the acquisition or issuance of financial assets and financial liabilities classified as FVTPL are recognized immediately in net income. Subsequent measurement for financial assets and financial liabilities is based on either fair value, or amortized cost using the effective interest method, based upon their classification.

The classification and measurement of financial assets is based on the Trust's business model for managing these financial assets and their contractual cash flow characteristics:

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Financial Statements continued

(in thousands of Canadian dollars)

- Assets held for the purpose of collecting contractual cash flows that represent solely payments of principal and/or interest ("SPPI") are measured at amortized cost;
- Assets held within a business model where assets are held for both the purpose of collecting contractual cash flows and selling financial assets prior to maturity, and the contractual cash flows represent solely payments of principal and interest, are measured at FVOCI;
- Assets held within another business model or assets that do not have contractual cash flow characteristics that are SPPI are measured at FVTPL.

Financial derivative instruments

The Trust does not use derivative instruments for speculative purposes. Any embedded derivative instruments that may be identified are separated from their host contract and recorded on the consolidated statement of financial position at fair value. All changes in the fair values of derivative instruments are recorded in net earnings unless the derivative qualifies and is effective as a hedging item in a designated hedging relationship. Primaris has derivative instruments in place which are used to manage exposure to fluctuations in interest rates.

The following summarizes the classification and measurement of financial assets and liabilities:

Financial Asset / Liability	Classification and Measurement
Note receivable	Amortized cost
Rent receivables	Amortized cost
Cash and cash equivalents	Amortized cost
Mortgages payable	Amortized cost
Credit facilities	Amortized cost
Convertible Preferred LP Units	FVTPL
Liability for unit-based compensation plans	FVTPL
Trade payables and other liabilities	Amortized cost
Derivative liabilities	FVTPL

Impairment and derecognition

An allowance for expected credit losses is recognized for all financial assets measured at amortized cost or FVOCI. Impairment losses, if incurred, would be recorded as expenses in net income.

Financial assets are derecognized when the contractual rights to receive cash flows and benefits expire or when a transfer of the asset occurs that qualifies for derecognition. The difference between an asset's carrying value and the sum of the consideration received or receivable is recorded in net income. Financial liabilities are derecognized when obligations under the contract expire, are discharged, or cancelled. The difference between a liability's carrying value and the sum of the consideration paid or payable is recorded in net income.

(f) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in absence of a principal market, in the most advantageous market for the asset or liability that is accessible by Primaris. The Trust uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Financial Statements continued

(in thousands of Canadian dollars)

minimizing the use of unobservable inputs. A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use.

All assets and liabilities, for which fair value is measured or disclosed in the consolidated financial statements, are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement:

Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Valuation process

The following table describes the valuation techniques used by Primaris in the determination of fair value of assets and liabilities:

Asset / Liability	Valuation Approach
Investment properties	Valuation method described in Note 5
Rent receivable, cash and cash equivalents	The carrying amount approximates fair value due to the short-term maturity of these assets
Note Receivable	The carrying amount approximates fair value due to the short-term maturity of the note
Long-term debt	Present value of contractual cash flows, discounted at Primaris' current incremental borrowing rate for similar types of borrowing or, where applicable, quoted market prices
Credit facilities	The carrying amount approximates fair value due to the short-term maturity of these liabilities
Units granted under unit-based compensation plan	Closing market trading price of underlying Units
Trade payables and other liabilities	The carrying amount approximates fair value due to the short-term maturity of these liabilities
Convertible Preferred LP Units	The carrying amount represents estimates for each grant of Convertible Preferred LP Units, at a specific point in time, calculated using financial models based on credit spreads and ranking concessions applied to the risk free rate and the expected Trust Unit volatility.
Derivative liabilities	The carrying amount represents estimates, at a specific point in time, calculated using financial models, based on interest rates that reflect current market conditions, the credit quality of counterparties and interest rate curves.

(g) Rent receivables

Rent receivables are recognized initially at fair value, subsequently at amortized cost and, where relevant, adjusted for the time value of money. The Trust assesses on a forward-looking basis the expected credit losses associated with its rent receivables. A recognition of a loss allowance is made for the lifetime expected credit losses on initial recognition of the receivable. In determining the expected credit losses, the Trust considers any recent payment

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Financial Statements continued

(in thousands of Canadian dollars)

behaviours and future expectations of likely default events. These assessments are made on a tenant-by-tenant basis.

(h) Trust Units

With certain restrictions, the Trust Units are redeemable at the option of the holder, and, therefore, are considered puttable instruments in accordance with IAS 32, "Financial Instruments – Presentation". Puttable instruments are required to be accounted for as financial liabilities, except where certain conditions are met in accordance with IAS 32, in which case, the puttable instruments may be presented as equity.

To be presented as equity, a puttable instrument must meet all of the following conditions: (i) it must entitle the holder to a pro-rata share of the entity's net assets in the event of the entity's dissolution; (ii) it must be in the class of instruments that is subordinate to all other instruments; (iii) all instruments in the class in (ii) above must have identical features; (iv) other than the redemption feature, there can be no other contractual obligations that meet the definition of a liability; and (v) the expected cash flows for the instrument must be based substantially on the profit or loss of the entity or change in fair value of the instrument. The Trust Units meet the conditions of IAS 32 and, accordingly, are presented as equity in the consolidated financial statements.

(i) Convertible Preferred LP Units

Certain Class B limited partnership units of certain subsidiaries of Primaris (together with any accrued and unpaid distributions thereon) are, or may in the future be, exchangeable into publicly traded Trust Units at the option of the holder (the "Convertible Preferred LP Units"). Convertible Preferred LP Units are considered debt instruments and are classified as financial liabilities at fair value through profit or loss. Distributions paid on Convertible Preferred LP Units are accounted for as interest expense.

(j) Unit-based compensation

Primaris has three unit-based compensation plans: the Trust Unit Option ("Option"), Restricted Trust Unit ("RTU"), and Performance Trust Unit ("PTU") plans. The plans are accounted for as cash-settled awards, as the Trust is an open-ended trust making its Trust Units redeemable, and thus requiring its unit-based compensation plans to be recognized as a liability carried at fair value. The RTU and PTU plans provide for the crediting of additional RTUs and PTUs in respect of distributions paid on Units for the period when a RTU or PTU is outstanding. Compensation expense is recognized in net income over the vesting periods of each plan.

(k) Leases

Primaris as a lessee

Leases are recognized as a right-of-use ("ROU") asset and corresponding liability at the commencement date, except for short-term leases of twelve months or less, or low value leases or low value right-of-use assets, which are expensed in net income on a straight-line basis over the lease term.

At the inception of the lease, the ROU asset is measured at cost, comprising initial lease liability, initial direct costs, and any future restoration or refurbishment costs, less any incentives granted by the lessors. The ROU asset is depreciated over the shorter of the asset's useful life and the lease term of the underlying asset on a straight-line basis. The ROU asset is subject to testing for impairment if there is an indicator for impairment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if not determinable, Primaris' incremental borrowing rate, specific to the term of the lease. The lease liability is subsequently measured at amortized cost using the effective interest rate method.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Financial Statements continued

(in thousands of Canadian dollars)

Primaris as a lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. To make this assessment, the Trust considers certain indicators including whether the lease is for the major part of the economic life of the asset or the present value of lease payments is substantially all of the fair value of an underlying asset. Primaris has determined that all its leases with its tenants are operating leases. Revenue is recorded in accordance with Primaris' revenue recognition policy.

(l) Revenue recognition

Primaris has not transferred substantially all the risks and benefits of ownership of its investment properties and, therefore, accounts for leases with its tenants as operating leases. Revenue recognition under a lease commences when the tenant has a right to use the leased asset, which is typically when the space is turned over to the tenant to begin fixturing. Where the Trust is required to make additions to the property in the form of tenant improvements that enhance the value of the property, revenue recognition begins upon substantial completion of those improvements.

Revenue earned from tenants under lease agreements includes both a lease component and a non-lease component.

Minimum base rent, straight-line rent, recovery of realty taxes and insurance, lease surrender revenue and percentage rent are considered lease components in the scope of IFRS 16, "Leases". Certain leases have minimum base rental payments that change over the term of the lease. The total amount of contractual base rent to be received is recognized on a straight-line basis over the term of the lease. A straight-line rent receivable, which is included in the carrying amount of investment properties, is recorded for the difference between the rental revenue recorded and the contractual amount of minimum base rent received or receivable. Lease surrender revenue is earned from tenants in connection with the cancellation or early termination of their remaining lease obligations and is recognized when a lease surrender agreement is signed, and collection is reasonably assured. Percentage rents are recognized when the sales thresholds, set out in the leases, have been met.

Lease agreements allow for the recovery from tenants of costs to maintain and operate the property, and other support services. The property management services are considered to be one performance obligation, meeting the criteria for over time recognition in IFRS 15, "Revenue from Contracts with Customers", and are recognized in the period that recoverable costs are incurred, or services are performed.

Primaris also recognizes revenue from its property management services in connection with co-ownership operations. Fees are generally recognized as revenue over the period of performance of those services and amounts are determined based on agreements in place.

(m) Income tax

Primaris qualifies as a "mutual fund trust" and a real estate investment trust under the *Income Tax Act (Canada)* (the "Tax Act"). Certain legislation relating to the federal income taxation of Specified Investment Flow Through trusts or partnerships ("SIFT") provide that certain distributions from a SIFT will not be deductible in computing the SIFT's taxable income and that the SIFT will be subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations.

Under the SIFT rules, the taxation regime will not apply to a REIT that meets prescribed conditions relating to the nature of its assets and revenue (the "REIT Conditions") and distributions may be deducted against the REIT's taxable income. Primaris has reviewed the SIFT rules and has assessed its interpretation and application to its assets and revenue and has determined that it meets the REIT Conditions. The Board intends to distribute annually

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Financial Statements continued

(in thousands of Canadian dollars)

all taxable income directly earned by Primaris to Unitholders and to deduct such distributions for income tax purposes. Accordingly, except for transactions of a subsidiary of the Trust, no net current income tax expense or deferred income tax assets or liabilities have been recorded in the consolidated financial statements.

(n) Accounting standards adopted during the year

Amendments to IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors"

Effective January 1, 2023, the Trust adopted the amendments to IAS 8, introducing a definition of accounting estimates which were issued by the IASB in February 2021. The amendments were effected to clarify the distinction between changes in accounting estimates, and changes in accounting policies, and the correction of errors. Also, the amendments clarified how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no material impact on the Trust's disclosures.

Amendments to IAS 1 and IFRS Practice Statement 2, "Making Materiality Judgements"

Effective January 1, 2023, the Trust adopted the amendments to IAS 1 and IFRS Practice Statement 2 which were issued by the IASB in February 2021. The amendments were effected to help entities provide accounting policy disclosures that are more useful by replacing the previous requirement for entities to disclose their 'significant' accounting policies with an amended requirement to disclose their 'material' accounting policies and include guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments had no material impact on the Trust's disclosures.

(o) Future changes in accounting standards

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

Amendment to IAS 1, "Presentation of Financial Statements"

In January 2020, the IASB issued amendments to IAS 1 to clarify the requirements for classifying liabilities as current or non-current. The amendments specify 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. The amendments are effective for annual periods beginning on or after January 1, 2024, with early adoption permitted. The amendments are to be applied retrospectively. Management is still assessing the potential impact on disclosures and classification of liabilities in the notes to the financial statements on the adoption of this amendment.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Financial Statements continued

(in thousands of Canadian dollars)

3. Critical Judgments, Estimates and Assumptions

The preparation of Primaris' consolidated financial statements requires management to make significant judgments in the process of applying Primaris' accounting policies (as disclosed in Note 2) that affect the carrying amounts of assets and liabilities, and the reported amounts of revenues and expenses. In addition, estimates and assumptions are used, mainly in determining the measurement of balances recognized or disclosed in the financial statements, that are based on a set of underlying data that may include management's historical experience, knowledge of current events and conditions, and other factors that are believed to be reasonable under the circumstances. Management continually evaluates the estimates and judgments it uses.

In the process of applying Primaris' accounting policies, management was required to apply judgement and estimation in the areas discussed below.

(a) Investment properties

Judgments made in application of accounting policy

Judgment is required in determining whether certain costs represent additions to the carrying amount of the investment properties versus a charge to repairs and maintenance expense. Judgement is also required in distinguishing whether amounts expended under leasing obligations are tenant allowances or incentives. Primaris also applied judgement in determining whether the investment properties it acquires are considered to be asset acquisitions or business combinations.

Use of estimates and assumptions

The fair value of income-producing properties is dependent on future significant assumptions including future cash flows over the holding period, terminal capitalization rates and discount rates applicable to those assets. The estimation of future cash flows involves assumptions relating to occupancy, rental rates and residual value. In addition to estimating future cash flows, management assesses changes in the business climate and other factors, which may affect the future cash flows. A change to any of these assumptions may significantly alter the fair value of an investment property.

It is not possible to forecast with certainty the duration and scope of impacts from macroeconomic factors such as inflation, or changes in interest rates on the Trust's business and operations. Certain aspects of the Trust's business and operations that could potentially be impacted include rental income, occupancy, future demand for space and market rents, which all ultimately impact the underlying valuation of its investment properties.

(b) Joint operations

Judgements made in application of accounting policy

Primaris makes judgments in determining the appropriate accounting for co-owned properties. Such judgments include assessing the level of control or influence Primaris has and determining whether Primaris' rights and obligations are directly related to the assets and liabilities of the arrangement or to the net assets of the arrangement. In determining that Primaris has rights and obligations directly related to the assets and liabilities of the arrangement, Primaris will record its proportionate share of assets, liabilities, revenues, expenses and cash flows.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Financial Statements continued

(in thousands of Canadian dollars)

(c) Leases

Judgements made in application of accounting policy

Primaris makes judgements in determining whether certain leases, in particular tenant leases where the Trust is the lessor, are either operating or finance leases. When Primaris determines, based on an evaluation of terms and conditions of the lease, that the Trust retains all the significant risks and rewards of ownership of the property under the lease agreement with a tenant, the lease will be recorded as an operating lease.

Primaris also makes judgements when recording the right-of-use asset and lease liability for leases where Primaris is the lessee. Primaris considers all factors to determine if it is reasonably certain that an extension options will be exercised or not. The Trust uses its incremental borrowing rate to account for leases with third party landlords as the implicit rates in the lease are not readily available information for the lessor. Primaris determines the incremental borrowing rate as the rate of interest that it would pay to borrow over a similar term and with similar security.

(d) Income taxes

Judgments made in application of accounting policy

Primaris uses judgement to interpret income tax rules and regulations and in determining that it meets all the REIT Conditions prescribed under the Tax Act. Primaris has determined that it qualifies as a REIT for the current year and expects to continue to qualify. However, should it no longer qualify, it would not be able to flow through its taxable income to Unitholders and would therefore be subject to income tax.

(e) Convertible Preferred LP Units

Use of estimates and assumptions

Primaris uses estimation to complete the model to calculate the fair value the Convertible Preferred LP Units including 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.

(f) Expected credit loss

Use of estimates and assumptions

Primaris assesses, on a tenant-by-tenant basis, expected losses with its rent receivables. In determining the provision for credit loss, Primaris considers the payment history, and future expectations of potential abatements to be granted through negotiation or tenant default events. Primaris' assessment is subjective due to its forward-looking nature. As a result, the provision for credit loss is subject to a degree of uncertainty which is compounded by macroeconomic factors such as inflation or changes in interest rates.

(g) Liability for unit-based compensation

Use of estimates and assumptions

The fair value of the liability for Trust Unit Options is valued using the Black-Scholes model which includes assumptions on the expected distribution yield; the expected Trust Unit price volatility; the weighted average expected life of the Options; and the risk-free interest rate for the expected life of the Options. A change to any of these inputs may impact the fair value of the liability. For the fair value of Performance Trust Units, the performance market conditions are also taken into consideration.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Financial Statements continued

(in thousands of Canadian dollars)

4. Acquisitions

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				
3,233,250 Trust Units issued ⁱⁱ	13	15,449	27,633	43,082
9,472,432 Convertible Preferred LP Units issued ⁱⁱⁱ	12	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 includes 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 Consolidated Financial Statements continued

(in thousands of Canadian dollars)

5. Investment Properties

	Note	Year ended December 31, 2023	Year ended December 31, 2022
Balance, beginning of year		\$ 3,118,590	\$ 3,204,188
Acquisitions	4	594,832	—
Building improvements		3,016	921
Operating capital:			
Recoverable and non-recoverable costs		16,222	11,496
Tenant allowances and leasing costs		18,106	13,741
Development capital:			
Redevelopment		66,846	51,091
Capitalized interest	18	4,782	3,926
Amortization of straight-line rent and tenant incentives		3,384	4,451
Proceeds from disposition		—	(5,481)
Adjustment to fair value of investment properties		(40,431)	(165,743)
		\$ 3,785,347	\$ 3,118,590
Less: Investment properties classified as held for sale		(89,912)	—
Balance, end of year		\$ 3,695,435	\$ 3,118,590
Income-producing properties		\$ 3,634,347	\$ 2,934,590
Less: Investment properties classified as held for sale		(89,912)	—
		3,544,435	2,934,590
Land held for development		151,000	184,000
		\$ 3,695,435	\$ 3,118,590

As at December 31, 2023, six investment properties with fair values totaling \$422,446 have been pledged as security for mortgages payable (December 31, 2022 – five and \$254,772, respectively).

Investment properties classified as held for sale

Primaris classified three parcels of excess land and six income-producing properties totaling \$89,912 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.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the 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	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	17	2,286,446	10	865,797
Total	28	\$ 2,911,262	21	\$ 2,560,736

(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 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	December 31, 2023	December 31, 2022
Discount rate	8.34%	8.22%
Terminal capitalization rate	7.31%	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)%	7.59	6.56	4,076.9	442.6	12.2
(0.50)%	7.84	6.81	3,918.4	284.1	7.8
(0.25)%	8.09	7.06	3,771.3	137.0	3.8
December 31, 2023	8.34	7.31	3,634.3	—	—
0.25%	8.59	7.56	3,506.5	(127.8)	(3.5)
0.50%	8.84	7.81	3,387.0	(247.3)	(6.8)
0.75%	9.09	8.06	3,275.0	(359.3)	(9.9)

6. 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 consolidated financial statements.

Property	Location	Ownership interest as at	
		December 31, 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 17).

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Financial Statements continued

(in thousands of Canadian dollars)

7. 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) March 1, 2024; 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 year ended December 31, 2023 was \$3,120 (year ended December 31, 2022 - \$242) (Note 17).

8. Rent Receivables and Other Assets

As at	December 31, 2023	December 31, 2022
Rent receivables	\$ 4,321	\$ 7,499
Allowance for expected credit loss	(1,680)	(5,249)
Rent receivables, net	2,641	2,250
Other accrued tenant receivables	5,330	8,172
Right-of-use assets ⁱ	4,758	10,404
Sublease receivable ⁱ	3,836	—
Prepaid expense and other sundry assets	12,559	10,571
	\$ 29,124	\$ 31,397
Classified as:		
Non-current	\$ 11,004	\$ 12,764
Current	18,120	18,633
	\$ 29,124	\$ 31,397

- i. Primaris sublet a portion of its office space reducing the right-of-use asset and resulting in the recognition of a long-term receivable. The difference between the right-of-use asset derecognized and the long-term receivable recognized created an impairment charge recorded in net income.

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	Year ended December 31, 2023	Year Ended December 31, 2022
Balance, beginning of year		\$ 5,249	\$ 7,797
Net bad debt expense (recovery)	16	499	2,044
Write off of amounts previously included in the ECL allowance		(4,068)	(4,592)
Balance, end of year		\$ 1,680	\$ 5,249

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Financial Statements continued

(in thousands of Canadian dollars)

9. Long-Term Debt

As at	December 31, 2023	December 31, 2022
Senior unsecured debentures	\$ 991,602	\$ 348,307
Mortgages payable	293,174	215,208
	\$ 1,284,776	\$ 563,515
Classified as:		
Non-current	\$ 1,196,288	\$ 557,384
Current	88,488	6,131
	\$ 1,284,776	\$ 563,515

Senior unsecured debentures

Series	Issuance Date	Maturity Date	Interest Rate	As at December 31, 2023	As at December 31, 2022
A	March 30, 2022	March 30, 2027	4.727%	\$ 250,000	\$ 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	—
D	November 22, 2023	June 30, 2029	6.374%	300,000	—
Total principal outstanding				1,000,000	350,000
Deferred financing costs - net of accumulated amortization				(3,747)	(1,693)
Debt discounts - net of accumulated amortization				(4,651)	—
				\$ 991,602	\$ 348,307

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.

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.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Financial Statements continued

(in thousands of Canadian dollars)

As at December 31, 2023, the Trust's senior unsecured debentures had a weighted average effective interest rate of 5.45%, 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 3.8 years (December 31, 2022 - 4.46% and 3.1 years, respectively).

Mortgages payable

As at	December 31, 2023	December 31, 2022
Mortgage principal	\$ 293,803	\$ 215,680
Deferred financing costs and mark-to-market adjustments - net of accumulated amortization	(629)	(472)
	\$ 293,174	\$ 215,208

As at December 31, 2023, the mortgages were secured by six investment properties with an aggregate fair value of \$422,446, bear 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.

Subsequent to December 31, 2023, Primaris repaid the mortgage on Cataraqui Town Centre in Kingston, Ontario that matured in January 2024, with the intention to place new debt on the property.

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:

	2024	2025	2026	2027	2028	Thereafter	Total
Senior unsecured debentures	\$ —	\$ 200,000	\$ —	\$ 250,000	\$ 250,000	\$ 300,000	\$ 1,000,000
Mortgages payable	91,177	3,975	4,120	64,810	2,017	127,704	293,803
	\$ 91,177	\$ 203,975	\$ 4,120	\$ 314,810	\$ 252,017	\$ 427,704	\$ 1,293,803

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Financial Statements continued

(in thousands of Canadian dollars)

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

			Year ended December 31, 2023	Year ended December 31, 2022
	Senior unsecured debentures	Mortgages payable		
Balance, beginning of year	\$ 348,307	\$ 215,208	\$ 563,515	\$ 579,434
Issuances	645,230	85,000	730,230	350,000
Maturity repayments	—	—	—	(348,214)
Principal repayments	—	(6,877)	(6,877)	(16,106)
Deferred financing costs	(2,842)	(366)	(3,208)	(2,179)
Total cash flow activities	642,388	77,757	720,145	(16,499)
Amortization of financing costs	788	209	997	889
Amortization of debt discount	119	—	119	—
Amortization of mark-to-market adjustments	—	—	—	(309)
Total non-cash activities	907	209	1,116	580
Balance, end of year	\$ 991,602	\$ 293,174	\$ 1,284,776	\$ 563,515

10. Unsecured Credit Facilities

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

	Year ended December 31, 2023	Year ended December 31, 2022
Balance, beginning of year	\$ 444,000	\$ 143,000
Net advances (repayments)	(244,000)	301,000
Balance, end of year	\$ 200,000	\$ 444,000

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; and contains certain financial covenants. As at December 31, 2023, Primaris had no amount drawn on its \$600,000 unsecured syndicated revolving term facility (December 31, 2022 - \$244,000 drawn on the \$400,000 facility).

As at December 31, 2023, Primaris was fully drawn on its \$200,000 unsecured syndicated non-revolving term facility maturing February 5, 2026 (December 31, 2022 - fully drawn). 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 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 December 31, 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. Primaris incurred costs of \$1,315 to implement the amended and restated unsecured syndicated revolving term facility. Amortization of cost for the year ended December 31, 2023 was \$1,932 (year ended December 31, 2022 - \$772).

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Financial Statements continued

(in thousands of Canadian dollars)

11. Trade Payables and Other Liabilities

As at	Note	December 31, 2023	December 31, 2022
Trade payables and accrued liabilities		\$ 40,875	\$ 34,053
Accrued capital expenditures		29,836	15,500
Accrued distribution payable		6,761	6,677
Accrued interest expense		13,650	4,593
Unit-based compensation plans	14	9,233	7,198
Obligation for purchase of Units under automatic share purchase plan	13	1,800	12,508
Derivative liabilities ⁱ	20	780	240
Lease liabilities		10,234	11,176
Deferred revenue		13,649	10,732
Tenant deposits		4,963	3,960
		\$ 131,781	\$ 106,637
Classified as:			
Non-current		\$ 16,327	\$ 16,099
Current		115,454	90,538
		\$ 131,781	\$ 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 Consolidated Financial Statements continued

(in thousands of Canadian dollars)

12. 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 4) 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 4) 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.

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	Year ended December 31, 2023	
		Units	Value
Balance, beginning of year		—	\$ —
Issued for acquisitions	4	9,472,432	174,084
Adjustment to fair value		—	5,066
Balance, end of year		9,472,432	\$ 179,150

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Financial Statements continued

(in thousands of Canadian dollars)

13. 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	Year ended December 31, 2023		Year ended December 31, 2022	
		Units	Value	Units	Value
Balance, beginning of year		97,712,717	\$ 2,193,410	98,251,890	\$ 2,204,908
Conversion of exchangeable units		—	—	3,336,016	54,978
Issued for acquisitions	4	3,233,250	43,082	—	—
Trust Unit issuance costs		—	(415)	—	—
Purchase of units under normal course issuer bid		(4,409,100)	(48,127)	(3,885,700)	(54,127)
Obligation for purchase of units under automatic share purchase plan	11	—	(1,800)	—	(12,508)
Settlement of restricted trust units		48,869	629	10,511	159
Balance, end of year		96,585,736	\$ 2,186,779	97,712,717	\$ 2,193,410

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 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 4).

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 year ended December 31, 2023, Primaris purchased for cancellation 4,409,100 Units for consideration \$60,635 (year ended December 31, 2022 - 3,885,700 Units for consideration of \$54,127).

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Financial Statements continued

(in thousands of Canadian dollars)

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. On March 7, 2023, Primaris also entered into a new ASPP. As at December 31, 2023, Primaris recognized an obligation of \$1,800 (Note 11) 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).

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%. The increase was effective for the distribution declared December 31, 2023 and paid January 15, 2024.

For the year ended December 31, 2023, Primaris declared monthly distributions totaling \$0.8216 per Trust Unit (year ended December 31, 2022 - \$0.802).

14. Unit-based Compensation

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

	Year ended December 31,	
	2023	2022
Trust Unit Options ("Options")	\$ (370)	\$ (398)
Restricted Trust Units ("RTU")	3,058	2,528
Performance Trust Units ("PTU")	605	69
Deferred Trust Units ("DTU")	582	540
	\$ 3,875	\$ 2,739
Recorded in:		
General and administrative expense	\$ 4,776	\$ 3,566
Adjustment to fair value of unit-based compensation	(901)	(827)
	\$ 3,875	\$ 2,739

As at December 31, 2023, the carrying value of the unit-based compensation liability was \$9,233 (Note 11) December 31, 2022 - \$7,198).

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Financial Statements continued

(in thousands of Canadian dollars)

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 December 31, 2023 (December 31, 2022 - all).

The assumptions used to measure the fair value of the Options, as at December 31, 2023, under the Black-Scholes model (level 2) were as follows:

Expected average distribution yield	6.09%
Expected average Unit price volatility	24.83% – 31.87%
Average risk-free interest rate	3.35% - 4.64%
Expected average life of options	0.2 – 2.2 years

The following table details the Options outstanding as at December 31, 2023:

Exercise price	Expiry date	Number outstanding and exercisable	Remaining weighted average life (in years)
\$23.96	2024	204,235	0.2
\$23.72	2025	117,941	1.0
\$20.52	2026	328,425	2.2
\$22.18 average		650,601	1.3

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.

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. 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 Units).

	Year ended December 31,	
	2023	2022
Number outstanding, beginning of year	444,200	182,927
Granted	227,299	277,068
Granted on reinvestment of distributions	31,681	20,456
Settled	(150,636)	(36,251)
Number outstanding, end of year	552,544	444,200

During the year ended December 31, 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 December 31, 2023.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Financial Statements continued

(in thousands of Canadian dollars)

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.

	Year ended December 31,	
	2023	2022
Number outstanding, beginning of year	14,156	13,434
Granted	147,697	—
Granted on reinvestment of distributions	7,867	722
Number outstanding, end of year	169,720	14,156

During the year ended December 31, 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 December 31, 2023.

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.

	Year ended December 31,	
	2023	2022
Number outstanding, beginning of year	195,088	—
Granted	40,692	186,841
Granted on reinvestment of distributions	14,014	8,247
Number outstanding, end of year	249,794	195,088

During the year ended December 31, 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 December 31, 2023, 225,779 outstanding DTUs have vested.

15. 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 Consolidated Financial Statements continued

(in thousands of Canadian dollars)

16. Net Property Income

	Year ended December 31,	
	2023	2022
Rental revenue:		
Base rent	\$ 225,860	\$ 210,466
Percent rent in lieu of base rent	16,322	17,028
Property tax and insurance recoveries	64,928	58,832
Operating cost recoveries	72,414	68,479
Percentage rent	6,355	3,372
Straight-line rent	3,456	4,492
Lease surrender revenue	3,047	1,238
Specialty leasing revenue	15,926	13,767
Parking and other sundry	2,662	2,390
	410,970	380,064
Property operating costs:		
Property tax and insurance expense	(87,056)	(80,765)
Recoverable operating costs	(83,205)	(79,287)
Non-recoverable operating costs ⁱ	(5,232)	(6,241)
Ground rent	(1,852)	(1,984)
	(177,345)	(168,277)
	\$ 233,625	\$ 211,787

- i. For the year ended December 31, 2023, non-recoverable operating costs included net bad debt expense of \$499 (December 31, 2022 - net expense of \$2,044).

Contractual future base rent revenue, excluding adjustments for straight-line rent, for the years ended December 31 is as follows:

2024	\$ 250,456
2025	215,022
2026	183,287
2027	150,059
2028	119,848
Thereafter	359,369
	\$ 1,278,041

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Financial Statements continued

(in thousands of Canadian dollars)

17. Interest and Other Income

	Year ended December 31,	
	2023	2022
Interest income	\$ 5,263	\$ 319
Property management fees	2,624	3,338
	\$ 7,887	\$ 3,657

18. Net Interest Expense and Other Financing Charges

	Note	Year ended December 31,	
		2023	2022
Interest on mortgages payable		\$ 11,012	\$ 14,924
Interest on senior unsecured debentures		29,317	11,804
Bank interest and charges on unsecured credit facilities		17,593	8,940
Distribution on Convertible Preferred LP Units		2,908	—
Finance charge - lease liability		361	306
Amortization of deferred financing costs	9,10	2,929	1,661
Amortization of debt discount	9	119	—
Amortization of mark-to-market adjustments	9	—	(309)
		64,239	37,326
Less: Capitalized interest		(4,782)	(3,926)
		\$ 59,457	\$ 33,400

19. General and Administrative Expenses

	Note	Year ended December 31,	
		2023	2022
Salaries, benefits and employee costs		\$ 24,450	\$ 22,929
Unit-based compensation costs	14	4,776	3,566
Professional fees		2,108	2,753
Information technology costs		2,259	1,996
Investor relations and other public entity costs		1,579	2,111
Occupancy costs		2,469	1,523
Other		2,385	1,916
		40,026	36,794
Less: Recoverable operating cost allocations		(9,014)	(8,968)
		\$ 31,012	\$ 27,826

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Financial Statements continued

(in thousands of Canadian dollars)

20. 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		December 31, 2023			December 31, 2022		
	Note	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Liabilities							
Fair value through profit and loss:							
Unit-based compensation	11	\$ —	\$ 9,233	\$ —	\$ —	\$ 7,198	\$ —
Convertible Preferred LP Units	12	—	179,150	—	—	—	—
Amortized cost:							
Senior unsecured debentures	9		1,000,000		—	350,000	—
Mortgages payable		—	284,924	—	—	198,864	—
Credit facilities	10	—	200,000	—	—	444,000	—
Derivative liabilities	11	—	780	—	—	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.

				As at December 31, 2023	As at December 31, 2022
	Maturity date	Notional Amount	Interest Rate	Carrying Value	Carrying Value
Derivative					
Interest rate	October 18, 2027	\$200,000	3.685%	\$ 780	\$ 240

During the year ended December 31, 2023, the Trust recorded a loss of \$540 for the change in fair value of the derivative instruments (year ended December 31, 2022 - \$240 loss).

21. Financial Risk Management

In the normal course of business, Primaris has exposure to risks from its use of financial instruments. The following is a description of those risks and how the exposures are managed:

(a) Credit risk

Credit risk is the risk of financial loss to Primaris arising from the possibility that its tenants may experience financial difficulty and be unable to fulfill their lease commitments or tenants fail to occupy and pay rent in accordance with the lease agreements. Credit risk also includes the possibility that co-owners default on the repayment of debt where Primaris has provided guarantees.

The Trust mitigates tenant credit risk through geographical diversification, staggered lease maturities, avoiding reliance on any single tenant by having a large diverse tenant base, ensuring a considerable portion of the Trust's revenue is earned from national and anchor tenants, and conducting credit assessments for new tenants.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Financial Statements continued

(in thousands of Canadian dollars)

Furthermore, Primaris holds security deposits or letters of credit from a number of tenants which can serve to offset rents owed in the event of a tenant's default.

Management reviews rents receivable on a tenant-by tenant basis and reduces carrying amounts through an allowance for expected losses (Note 8). Expected losses and bad debt expenses are recognized in non-recoverable operating expenses.

(b) Market risk

(i) Interest rate risk

Interest rate risk is the risk of financial loss to Primaris arising from increases in interest rates. Owning and operating real property is a capital-intensive undertaking. Successful implementation of Primaris' strategic plans will require access to cost-effective financing.

Primaris' mortgages payable are at fixed rates mitigating its exposure to interest rate fluctuations. Primaris has exposure to variable interest rates through borrowings under its credit facilities. As at December 31, 2023 Primaris had \$200,000 (2022 - \$444,000) outstanding under its credit facilities. To mitigate the exposure to interest rate fluctuations, Primaris entered into interest rate swaps with notional amounts totaling \$200,000.

(ii) Unit price risk

Primaris is exposed to Unit price risk as a result of the issuance of unit-based compensation. The resulting liability is recorded at fair value based on market trading of the underlying Trust Units. An increase in the value of the Trust Units of \$1.00 will increase the value of the liability, and negatively impact net income and equity, by \$917 (2022 - \$505).

(c) Liquidity and capital availability risk

Liquidity risk is the risk that Primaris cannot fund its obligations as they become due. Real estate investments are relatively illiquid which tends to limit Primaris' ability to sell components of its portfolio promptly to meet liquidity needs and cash flows from operating activities may not always be sufficient to fund operating and strategic plans. The Trust mitigates its liquidity and capital availability risks by utilizing undrawn capacity on its credit facilities, maintaining a large number of unencumbered properties, forecasting cash flow needs and actively monitoring market conditions. It also mitigates this risk by negotiating fixed rate term debt with staggered maturities targeting less than 20% of total debt maturing in any one year. Consistent with a debt strategy employing significant unsecured financings, the Trust will strive to maintain undrawn credit facility capacity to accommodate 18-24 months of forward debt maturities.

Maturity analysis

The undiscounted future principal and interest payments on Primaris' debt Instruments for the years ended December 31 are as follows:

	2024	2025	2026	2027	2028	Thereafter	Total
Senior unsecured debentures	\$ 54,308	\$ 247,908	\$ 45,775	\$ 286,911	\$ 272,831	\$ 309,561	\$ 1,217,294
Mortgages payable	101,200	12,785	12,798	73,145	8,156	139,211	347,295
Credit facilities ¹	—	—	200,000	—	—	—	200,000
	\$ 155,508	\$ 260,693	\$ 258,573	\$ 360,056	\$ 280,987	\$ 448,772	\$ 1,764,589

¹Excludes interest on credit facilities

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Financial Statements continued

(in thousands of Canadian dollars)

22. 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 December 31, 2023.

Primaris is subject to certain financial covenants under its credit facilities. As at December 31, 2023, Primaris was compliant with all of its applicable financial covenants.

Capitalization

The following chart details the capitalization of Primaris:

As at	December 31, 2023	December 31, 2022
Liabilities:		
Senior unsecured debentures	\$ 1,000,000	\$ 350,000
Mortgages payable	293,803	215,680
Credit facilities	200,000	444,000
Convertible Preferred LP Units	179,150	—
Equity:		
Unitholders' equity	2,103,927	2,087,629
	\$ 3,776,880	\$ 3,097,309

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Financial Statements continued

(in thousands of Canadian dollars)

23. 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 December 31, 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 December 31, 2023, Primaris has entered into contracts for capital projects and is committed to future payments of approximately \$24,358 (December 31, 2022 - \$30,660).
- (d) Primaris provides guarantees on behalf of third parties, including co-owners of properties. As at December 31, 2023, Primaris had issued guarantees relating to co-owners' share of mortgage liabilities amounting to \$89,322 (December 31, 2022 - \$91,319), which expire between 2024 and 2027 (December 31, 2022 - 2024 and 2027).

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

2024	\$	952
2025		955
2026		955
2027		955
2028		955
Thereafter		6,589
	\$	11,361

24. 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 December 31, 2023, HOOPP continued to own in excess of 10% of the Trust Units.

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Financial Statements continued

(in thousands of Canadian dollars)

Transactions with Key Personnel

Individuals that have the authority and responsibility for planning, directing and controlling the Trust's activities, directly or indirectly are considered key management personnel. Key personnel are comprised of Independent Trustees and certain members of the executive team of Primaris.

Compensation of key personnel was as follows:

	Year ended December 31,	
	2023	2022
Salaries, trustee fees, and short-term employee benefits	\$ 5,730	\$ 4,238
Unit-based compensation recorded in:		
General and administrative expenses	3,582	2,794
Adjustments to fair value of unit-based compensation	(676)	(591)
	\$ 8,636	\$ 6,441

25. Employee Benefit

Primaris has a defined contribution pension plan available to all of its employees. Primaris' contributions are based on a percentage of an employee's annual earnings. For the year ended December 31, 2023, Primaris' contributions to the defined contribution plan were \$1,513 (December 31, 2022 - \$1,411).

26. Supplemental Cash Flow Information

	Note	Year ended December 31,	
		2023	2022
Amortization of straight-line rent and tenant incentives	5	\$ (3,384)	\$ (4,451)
Unit-based compensation expense recorded in general and administrative expenses	14	4,776	3,566
Amortization of other assets		1,521	1,142
Amortization of right-of-use asset		1,074	719
Adjustment to the fair value of derivative instruments	20	540	240
Adjustment to fair value of unit-based compensation	14	(901)	(827)
Adjustment to fair value of Convertible Preferred LP Units	12	5,066	—
Adjustment to fair value of investment properties	5	40,431	165,743
Items not affecting cash		\$ 49,123	\$ 166,132

PRIMARIS REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Financial Statements continued

(in thousands of Canadian dollars)

	Note	Year ended December 31,	
		2023	2022
Net change in:			
Rent receivables, net	8	\$ (391)	\$ 148
Other tenant receivables	8	2,842	(3,408)
HOOPP acquisition	8	—	15,215
Remeasurement of right-of-use asset	8	(14)	(3,064)
Impairment of right-of-use asset	8	4,586	—
Sublease receivable	8	(3,836)	—
Prepaid expense and other sundry assets	8	(1,988)	(2,989)
Exclude non-cash amortization of other assets		(1,521)	(1,142)
Exclude additions to credit facilities' finance costs		1,315	3,103
Exclude non-cash amortization of credit facilities' finance costs	10	(1,932)	(772)
Trade payables and accrued liabilities	11	6,822	(15,421)
Unit-based compensation	11	2,035	4,755
Exclude unit-based compensation expense	14	(3,875)	(2,739)
Exclude cash settlement		1,439	389
Exclude Unit settlement		629	159
Lease liabilities	11	(942)	2,586
Exclude non-cash lease liability finance charge	18	(361)	(306)
Deferred revenue	11	2,917	4,592
Tenant deposits	11	1,003	574
Change in non-cash operating items		\$ 8,728	\$ 1,680

UNITHOLDERS' INFORMATION

AUDITORS: KPMG LLP

LEGAL COUNSEL: Blake, Cassels & Graydon LLP

PLAN ELIGIBILITY: RRSP, RRIF, DPSP, RESP, RDSP, TFSA

STOCK EXCHANGE LISTING:

Units of PRIMARIS are listed on the Toronto Stock Exchange under the trading symbol PMZ.UN.

REGISTRAR AND TRANSFER AGENT:

Odyssey Trust Company, Trader's Bank Building, 702 - 67 Yonge Street, Toronto Ontario, Canada, M5E 1J8, Telephone: 1-888-290-1175 (or for callers outside North America 1-587-885-0960), Email: shareholders@odysseytrust.com, Website: www.odysseytrust.com.

Investors, investment analysts and others seeking financial information should refer to:

TSX: PMZ.UN

www.primarisreit.com

www.sedarplus.ca

Alex Avery

Chief Executive Officer

416-642-7837

aavery@primarisreit.com

Rags Davloor

Chief Financial Officer

416-645-3716

rdavloor@primarisreit.com

Claire Mahaney

VP, Investor Relations & ESG

647-949-3093

cmahaney@primarisreit.com

Timothy Pire

Chair of the Board

chair@primarisreit.com

MANAGEMENT TEAM

Alex Avery

Chief Executive Officer

Patrick Sullivan

President & Chief Operating Officer

Rags Davloor

Chief Financial Officer

Mordecai Bobrowsky

Senior Vice President, Legal

Leslie Buist

Senior Vice President, Finance

Graham Procter

Senior Vice President, Asset Management

Leigh Murray

Senior Vice President and Head, National Leasing

Joseph Martino

Vice President, Information Technology

Louise Sullivan

Vice President, People & Culture

BOARD OF TRUSTEES

Avtar Bains¹, Independent Trustee

President, Premise Properties

Anne Fitzgerald^{1,2}, Independent Trustee

Corporate Director

Louis Forbes^{2,3}, Independent Trustee

Corporate Director

Tim Pire³, Independent Trustee

Corporate Director & Lecturer, University of Wisconsin

Deborah Weinswig^{2,3}, Independent Trustee

Founder & CEO, Coresight Research

Patrick Sullivan¹

President & Chief Operating Officer, Primaris REIT

1. Investment Committee

2. Compensation, Governance and Nominating Committee

3. Audit Committee



Strategy in Action.

26 Wellington St E,
Suite 400
Toronto, ON M5E 1S2