Primaris REIT

Fourth Quarter 2025 Results Conference Call

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Sam Damiani, TD Cowen, Research Division

Tal Woolley, CIBC Capital Markets, Research Division

Matt Kornack, National Bank Financial, Inc., Research Division

Michael Markidis, BMO Capital Markets, Research Division

PRESENTATION

Good morning, and welcome to the Primaris REIT's Fourth Quarter 2025 Results Conference Call.
I would now like to hand over to your host, Claire Mahaney, VP of Investor Relations and Sustainability, to begin. Please go ahead, Claire.

Claire Mahaney
Vice President of Investor Relations & Sustainability

Thank you, operator. During this call, management of Primaris REIT may make statements containing forward-looking information within the meaning of applicable securities legislation. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond Primaris REIT's control that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. Additional information about these assumptions, risks and uncertainties are contained in Primaris REIT's filings with securities regulators. These filings are also available on our website at primarisreit.com.

I'll now turn the call over to Alex Avery, Primaris' Chief Executive Officer.

Alex Avery
Chief Executive Officer

Thank you, Claire, and good morning. Thanks for joining Primaris REIT's Fourth Quarter 2025 Conference Call. Joining me today are Patrick Sullivan, President and Chief Operating Officer; Rags Davloor,
CFO; Leslie Buist, SVP Finance; Mordy Bobrowsky, SVP, General Counsel; Graham Procter, SVP, Asset Management; and Claire Mahaney VP, IR and Sustainability.

As we look back on 2025 and our first four years as a stand-alone public REIT, it is clear that this has been a period of exceptional growth and transformation for Primaris. When we launched Primaris in early 2022, we laid out an ambitious plan to grow our best-in-class and closed shopping center platform to be the first call for retailers in Canada. I am pleased to say that over the past four years and in 2025, in particular, we have truly transformed our business.

In 2025 alone, we completed $1.6 billion of acquisitions, bringing our total since the spinout to $3.3 billion and executed on $400 million of noncore dispositions and nearly $500 million since 2021. That means almost 65% of our portfolio is new since 2021, the level of growth that is remarkable for a REIT of our scale.

These transactions have significantly elevated the quality and performance of our portfolio. The 7 malls we have acquired since 2023 have average aggregate CRU sales exceeding $250 million, well above our portfolio, $80 million per mall in 2021 and our portfolio average of $140 million per mall today.

Tenant productivity has also grown meaningfully. Sales in our portfolio has increased from $523 per square foot in 2021 to $800 per square foot per day, while the centers acquired since 2023 averaged more than $1,000 per square foot. These results underscore the strength of consumer demand and the quality of tenants operating within our centers. All of this advances our strategic ambition of becoming the first call.

Critical to this growth has been our differentiated financial model of low leverage and the low payout ratio. Despite tremendous growth, we have maintained strict capital discipline, keeping our debt-to-EBITDA below 6x. While it may seem counterintuitive at first, our very low leverage and low payout ratio are critical to our ability to access growth capital.

Our discipline around capital allocation can be seen in our use of our normal course issuer bid. Since early 2022, we have consistently used our excess retained free cash flow to repurchase units. In 2025 alone,

we bought back 5.2 million units at an average price of $15.13, a roughly 29% discount to IFRS NAV which delivered an immediate 43% return on the $79 million invested. Since we launched our NCIB in 2022, we have repurchased a total of 15.1 million units for $216 million at an average price of $14.31, a roughly 33% discount to NAV, which delivered an almost 50% immediate return.

Looking ahead, the environment remains highly favorable for Primaris. As mall space per capita continues to shrink and demand from market-leading retailers strengthens, we expect market rents and NOI to continue rising. We also expect mall valuations to recover from the deep cyclical lows earlier this decade. Together with our disciplined capital allocation strategy, these trends position us for significant growth in FFO per unit distributions per unit and NAV per unit.

With that, I will now turn the call over to Patrick to take you through our operational results for the quarter. Pat?

Patrick Sullivan
President, COO & Trustee

Thank you, Alex, and good morning, everyone. We have been hard at work reshaping the portfolio to achieve structurally higher internal growth by acquiring some of the best malls in the country and recycling capital from our noncore property portfolio. Underlying fundamentals for shopping centers
continue to be supported by low retail supply, strong tenant sales and continued tenant demand for quality space.

The closure of HBC provides Primaris a tremendous growth opportunity. As a result of HBC's departure, we regained control of space that has gone many years without investment, giving us the opportunity to revitalize and dramatically improve the productivity of some of the best located but least productive space in our portfolio.

HBC occupied prominent space within our shopping centers. Their long-term leases had, on average, low single-digit rents and contain onerous development restrictions. Recognizing that time would be required to sign long-term leases with strong retailers and to obtain city permits and approvals for redevelopment, we signed 5 short-term leases for HBC locations with tenants on variable rent terms and limited capital contribution from Primaris.

Following the court ruling terminating the proposed HBC lease assignment in November 2025, leasing efforts have accelerated and demand from retailers is exceeding expectations due to low supply of available retail space and a high quality of HBC real estate. Property specific plans include replacement with single tenants, subdividing for multiple tenants and some include partial demolition. We anticipate retaining approximately 90% of the former HBC GLA. And to date, we are at various stages of advanced negotiation with tenants representing approximately 70% of the expected GLA. Expectations are that we will be able to announce completed transactions in Q2 of this year when leases are finalized.

With robust demand from retailers for space, better clarity around development plans, which include retaining more of the HBC GLA than originally contemplated and the addition of St. Bruno Shopping Center in Q4 2025, our capital investment expectations have increased and is projected to be $175 million to $225 million. Anticipated rental commencement from the redeveloped HBC locations will begin in some properties as early as mid-2027, with overall yields improving from prior guidance and now expected to be approximately 8% to 10%.

A highly coveted benefit of HBC closing is the elimination of their onerous development restrictions

from approximately 71 acres of land across our portfolio. Primaris has established strategic plans for our properties that include the potential to develop excess land for outparcel buildings, including restaurants, grocery stores and financial institutions as well as the sale of land to residential developers. We are currently engaged in discussions with retailers and financial institutions for outparcels previously restricted by HBC, which will generate returns more than 10%.

In addition, we are close to finalizing a land disposition strategy and expect to begin marketing excess land in the next few quarters. While it will take time to service value from land sales, we estimate that dispositions of land previously encumbered by HBC to generate over $100 million. Although we will forgo $5 million of lost NOI from HBC in 2026, which is partially offset by short-term leases with tenants occupying some of the former HBC premises, we anticipate generating more than $17 million from their former premises over the next three years from a diversified tenant mix with significantly lower risk profile. We believe the full impact to NOI could be higher as this analysis does not account for the benefit to adjoining retail premises, some of which are currently vacant that will benefit from being next to new tenants generating higher traffic.

On to our operating results. Same property cash NOI for the quarter increased 6.8% or 2.6%, excluding prior year tax adjustments net of the impact of the disciplined HBC leases and increased 5.6% for the year. This growth reflects broad-based strength across the portfolio driven by rental rate increases, renewal spread gains and improved operating recoveries. Combined recovery ratios improved to 78.9% compared to 78% in 2024, driven by strong leasing activity but partially offset by the recently acquired properties, which have lower recovery rates and the impact of the disclaimed HBC leases. The increase in operating cost recovery ratio continues to trend towards a return to historical norms in the metric, which is around 92% to 93% for property tax and 96% to 97% for operating costs as compared to our current figures of 75.9% and 81.8%, respectively. As a reminder, each 1% improvement in the combined recovery ratio adds approximately $2.5 million to NOI annually.

Turning to occupancy. We ended the year at 90.6% committed occupancy and 87.2% in-place occupancy. We were progressing well toward our occupancy target of 96%, having hit 94.5% at the end of 2024. HBC had a significant impact on our overall occupancy figure negatively impacting occupancies by 6.7%, with new acquisitions also creating a negative drag of 3.4%. As noted earlier, HBC occupied large premises but paid very low rent, creating significant income upside over the next several years.

A key metric for us is CRU occupancy, which refers to space under 15,000 square feet. CRU occupancy improved to 93.6% as compared to 93.4% in 2024 and 91.7% in 2023. The CRU occupancy in newly acquired centers is lower than our portfolio average, which provides for significant income growth at these high-performing centers. At property recently purchased, we have improved occupancy by approximately 2.5% less than a year with more than 40,000 square feet of new transactions being finalized, including 25,000 square feet of new CRU leasing transactions.

Leasing activity was very strong during the quarter with 73 leases renewed at spreads of 11.3%. For 2025, our average increase in renewal rents was 7.4%, significantly higher than the 4.8% posted in 2024. We completed 40 new deals encompassing 370,000 square feet during the quarter and for the year, we have completed 137 new deals for 600,000 square feet, with 125 of those deals being CRU tenants equating to 232,000 square feet at rents above our weighted CRU average rent. Our 2025 CRU new lease transaction count was 25% higher than 2024, which demonstrates the continuing demand for retail space in our shopping centers.

Our weighted average net rent per square foot for the year increased to $31.78 versus $25.28 at the end of 2024. This 26% increase is a result of higher renewal rates, new lease transactions that completed rents higher than previous in-place rents, acquisition of properties with higher rents, disposition of properties with lower rents and the 11 disclaimed HBC leases with rents significantly lower than our portfolio average. To better understand our average rents without the distortion of the HBC impact, our CRU average rent increased almost 15% to $49.68 per square foot compared to $43.26 per square foot in 2024.

Tenant sales performance continues to be a major strength across our enclosed malls. Total same-store sales productivity, including newly acquired assets, reached $800 per square foot, up significantly from
$718 per square foot last year and $672 per square foot in 2023 supported by strong consumer traffic, healthy retailer performance and the addition of high-performing regional malls. On a same-property basis, Sales increased to $727 per square foot in 2025 compared to $718 per square foot in 2024 and $624 per square foot in 2023.

While productivity is an important metric, our focus remains on total CRU sales volume, which best reflects the strength of the portfolio. Our focus is to provide retailers with a size format that enables them to generate the highest possible sales volume. With some of our top productivity tenants posting increasingly higher sales, many are looking to expand their footprint in our malls, which will negatively impact productivity but increased total mall sales volume.

For the year ended 2025, total CRU sales volume rose to $3.55 billion compared with the $2.4 billion in the prior year and $2.2 billion in 2023 due to the acquisition of large market-dominant shopping centers, rising sales and higher occupancy. Across the board, our leasing and operation teams are executing at a very high level and producing outstanding results.

2025 was a transformative year for our portfolio. We entered 2026 with significant leasing momentum and clear visibility into our drivers of continued growth. With that, I'll turn the call over to Rags.

Rags Davloor
Chief Financial Officer

Thank you, Pat, and good morning, everyone. We continue to deliver very strong operating and financial results this quarter. NOI growth remained impressive, especially from the acquisition properties and many of our operating metrics continued to trend positively. Our financing strategy is another critical piece of our structure. Our investment-grade rating made possible sector low financial leverage a low payout ratio allows us to access the unsecured debenture market. This greatly simplifies our ability to arrange debt financing for our acquisitions as a mortgage financing alternative for these large properties can stress the limits of the secured mortgage market in Canada. The unsecured structure also allows us to buy and sell properties as well as renovate and redevelop properties without the constraints that come with secured mortgages. This gives us a significant advantage over potential new entrants for the mall market and over smaller private groups.

In October, concurrent with the St. Bruno acquisition, Primaris issued a 5-year $250 million senior unsecured green debentures at a spread of 110 basis points resulting in a coupon of 3.845%. In accordance to the green finance framework, Primaris published its green bond

allocation report in December where we outlined the allocation of proceeds and highlight the eligible green projects. The allocation report was reviewed by Moody's ratings which issued a second-party opinion confirming the allocation report's alignment to the International Capital Market Association Green Bond Principles.

We published our third annual sustainability report where we outlined our sustainability plan, progress against as targets, governance practices, accomplishments and metrics that impact our business.
Consistent with all disclosure that Primaris publishers, we aim to provide clear and transparent disclosure and communication about the business and sustainability practices.

And finally, we closed out the year with a strategic sale of Northland and Northland Professional Center in Calgary for $154 million, rounding out the $400 million in noncore dispositions completed in 2025. Northland Village is a recently redeveloped and high-quality open-air center entered by Walmart winners, Best Buy and other lifestyle retailers. The marketed process attracted very strong interest from the broad pool of buyers. Our disposition strategy aligns to our strategy to own a growing high-quality portfolio of leading enclosed shopping centers in Canada.

Turning to earnings. FFO per unit for the quarter was $0.51, an increase of 11.6% compared to the same quarter last year and FFO per unit was $1.85, representing a 9.2% year-over-year growth. Our FFO payout ratio for the year was 46.7% and remains within our target of approximately 45% to 50%. We achieved these impressive per-unit results despite increased unit count, sale of noncore assets and the impact of the disclaimed HBC leases. Internal growth and accretive high-quality acquisitions completed over the last 18 months were the drivers of our outperformance.

At Primaris, we talk comfortably about our differentiated financial model. We are highly committed to maintaining very low leverage of below 6x debt to EBITDA and maintaining an FFO payout ratio of below 50%. This model gives a structurally higher FFO and AFFO per unit growth as we retain and compound capital faster. As our public company track record continues to grow, we expect this to result in an improved cost of capital with higher FFO and AFFO multiples from current levels. Our debt-to-EBITDA ratio was 5.8x. As a reminder, this range forms part of our executive compensation structure with the top end of the range of 6x. Our balance sheet continues to be a significant advantage. We ended the year with $644.3 million of liquidity and $4.8 billion of unencumbered assets, representing more than 90% of the investment property values. Importantly, we have no debt maturing until 2027, which effectively eliminates refinancing risk in the medium term. We ended the quarter with a weighted average interest rate of 5.07% and extended our weighted average term to maturity on our debt to 4.1 years.

Looking ahead to 2026, we have increased our guidance for both cash NOI and FFO per unit and now expect cash NOI to land in the range of $390 million to $400 million, and FFO per unit diluted to be in the range of $1.85 to $1.90. This increase reflects the full year contribution from the significant acquisitions completed in 2025 as well as continued leasing momentum and rental rate growth. Our 2026 guidance does not contemplate additional acquisitions or dispositions. We expect same-property cash NOI and growth of 1% to 3%, moderated by the HBC and Toys "R" Us vacancies. We have a lot of positive leasing momentum in our same properties that is offsetting the hurdles of HBC and Toys "R" Us vacancies and the high volume of prior tax recoveries in 2025.

If you're trying to reconcile same-property NOI growth to FFO growth, it is important to note that over 1/3 of our 2026 cash NOI guidance is attributable to 2025 acquisitions, which are not included through same-property NOI. We expect same-property NOI growth to pick up again in 2027 and

2028 as we see vacant anchor space come back online at higher rents.

Redevelopment spending in 2026 is expected to total $60 million to $64 million, including approximately $35 million allocated to re-leasing and repositioning former HBC anchor space. This is an important multiyear opportunity to drive incremental value creation across the portfolio through higher rents.

With a larger, higher-quality shopping center portfolio, strong liquidity, no debt maturities until 2027, an increase in embedded growth, we enter 2026 with excellent momentum and confidence in our outlook. Overall, we are very happy with our fourth quarter and full year results, prospecting the strength of our operating platform and discipline of our financial model and the value we are creating for our capital allocation decisions. We are well positioned for continued performance in 2026 and beyond.

And with that, I'll turn the call back to Alex.

Alex Avery
Chief Executive Officer

Thank you, Rags. 2025 was a remarkable year for Primaris. $1.6 billion of strategic acquisitions completed and over 9% FFO per unit growth. This FFO growth has driven down our payout ratio to 46.7% at year-end 2025, the low end of our 45% to 50% target range. We are able to drive this growth from our strong operating results enabled by our low leverage differentiated financial model. This is a perfect demonstration of compounding capital for our unitholders.

We are also continuing to produce strong leasing and operating results. We announced our fifth consecutive annual distribution increase. Our weighting in the TSX-capped REIT Index has risen significantly to approximately 4%, and our trading volume has more than doubled as measured in dollars of units traded per day as compared to a year ago. We also completed our 3-year sustainability plan and established a new plan for the next 3 years. And lastly, our trustees met with investors in the fall as part of our annual Board engagement program.

With the HBC legal process now in the rearview mirror and a flurry of discussions and negotiations well underway on the remaining HBC space, we are confident 2026 will be another remarkable year for Primaris. We'd now be pleased to answer any questions from the call participants. Operator, please open the line for questions.

QUESTION AND ANSWER

Operator

[Operator Instructions] Our first question comes from Mike Markidis from BMO.

Michael Markidis
BMO Capital Markets Equity Research

Thank you, operator. Got it. I was just hoping you could give us or give me, I guess, or all of us listening, a kind of a reconciliation of the 2027 year-end occupancy target of 94% to 96%. Like how much of that is short-term leasing at HBC versus how much of that is actually fully implementing your long-term re-leasing and the development plan. I guess that's question one. I'm allowed to do a follow-up, so I'll listen for the answer first and then go from there.

Patrick Sullivan

President, COO & Trustee

Yes. Mike, yes, I mean, HBC accounted for a significant drop in our occupancy rate. It's almost -- it's over 6%. And clearly, that's going to be a big driver of getting that macro number up to where it needs to be. From a CRU point of view, we're at a very -- we're right in line with where we thought we'd be at this moment in time. Having said that, we -- some of the properties we bought did have lower occupancy rate on the CRU side, and we're making really good progress leasing it. But the expectation is once we get a lot of momentum going in that -- in the HBC boxes, it will -- we'll claw back a lot of that 6% that we gave up with HBC closing.

The short-term leases really don't amount to a lot in terms of occupancy. And they are really short term, and our plan is to replace the majority of them in the next 6 to 12 months.

Michael Markidis
BMO Capital Markets Equity Research

Okay. That's great. And then just my follow-up before I turn it back. You mentioned that you are now planning to retain 90% of the former HBC GLA. I'm just curious what that percentage would have been previously versus your expectations?

Patrick Sullivan
President, COO & Trustee

Yes. There was a lot of -- it was really unclear exactly what we're going to be able to get done until the assignment case resolved itself in November. A lot of retailers were sitting on the sideline. So we had anticipated probably more than the 75% range in terms of demolition. But subsequent to the assignment case being dismissed, we had a lot of retailers step up and say they wanted space and more than we had actually anticipated. So we really did revisit some of our plans. We were planning on knocking down more space, and that was in some of our better malls. The lessons we learned from targeted series was built to demand and don't hope that we can build space. And -- but in this case, we have a substantial amount of demand, and that's really tied to the fact that HBC real estate on our site is some of the best space in the entire property.

Operator

Our next question comes from Lorne Kalmar from Desjardins.

Lorne Kalmar
Desjardins Securities Inc., Research Division

Pat, just on your -- the talk around rents starting in mid-27 for, I guess, the longer-term tenant at HBC or in the former HBC spaces. Would that be straight line or cash?

Patrick Sullivan

President, COO & Trustee

That's cash. Yes. We'll have straight line effectively probably this year from a lot of tenants because we'll get leases signed this year. And then really, the process comes down to construction and permits. So in the case of one property, we're probably going to have it all with the construction completed this year. It's in a municipality where we've already advanced plans with the city, and we know we can get permits fairly quickly and the leases are basically right at the finish line for the entire box. Other boxes, the pieces will get come together probably Q2 this year, and we'll get construction underway and turn over to the tenants probably in some point in '27 with rent

commencement later in '27 or maybe even early '28. But so we will have -- but we will have some cash rent coming in next year.

Lorne Kalmar
Desjardins Securities Inc., Research Division

Okay. Perfect. And then as my follow-up, I was wondering like how much -- assuming you backed all the anchor space or the 90%, where do you expect the recovery ratios to be all else equal?

Patrick Sullivan
President, COO & Trustee

So the CAM recovery ratio was not necessarily impacted by HBC because we were able to allocate that to the CRU tenants. The tax recovery ratio was the one that was impacted the most. So that should bounce back once the tenancies are in place. The replacement of HBC will pay a materially higher amount of TAM than HBC paid in the past and that will go in the CAM pool that directly affects and benefits the CRU tenants to an extent because we'll be able to keep the CAM at or reduce it from where it is today. But really, the recovery ratio, the main driver of that is continuing to lease the CRU space. And we've made good progress in that. And I see a kind of a sequential increase in that as it has been in the last few years. Just -- we leased 2,000 feet at a time on CRU. We did 235,000 feet last year, and I think we anticipate doing that again this year. So HBC is not actually going to drive that number. It's really CRU leasing.

Operator

Our next question comes from Brad Sturges from Raymond James.

Bradley Sturges
Raymond James Ltd., Research Division

Just on the comments that you're working through on, I guess, the potential to add some new outparcels on the unrestricted HBC land. Just -- I wonder if -- I know you're going through the analysis still today, but where -- what do you think that opportunity could look like as you move forward in that plan and start to come in some projects?

Patrick Sullivan
President, COO & Trustee

I think we're already well underway in talking to tenants about taking outparcels. I mean, this is stuff we couldn't deal with while HBC was in place. We wouldn't talk about it out loud because they always saw value anytime we talked about potentially doing anything, they would hold their hand out and ask us for money. So we kept fairly quiet about it. So we've always had discussions with tenants about taking outparcels. We have -- right now, we have discussions with grocery stores and banks and restaurants, and we are starting to progress those discussions especially some of our new properties where there was a lot of demand for outparcels. So I think by later this year, we'll probably give or announce some deals in place for restaurants and financials and even grocery stores.

Bradley Sturges
Raymond James Ltd., Research Division

Okay. Is that something that could ramp up to be a little bit more of an annual program given there's a lot of opportunities? And do you need to kind of pick and choose what could make sense from a

capital allocation point of view? Or how should we think about that?

Patrick Sullivan
President, COO & Trustee

We have laid out. We're laying out master plans for all of our properties and kind of our strategic plan for the next, say, 5 years in terms of development. And I think this is going to -- there's a runway of building outparcel development that extend for at least 5 years.

Operator

Our next question comes from Pammi Bir from RBC.

Pammi Bir
RBC Capital Markets, Research Division

Maybe just continuing along the lines of the last question there. Can you talk about some of the larger types of tenants that have expressed interest? It sounds like it's been going quite well beyond the tenants that you've already flagged in your update in December?

Patrick Sullivan
President, COO & Trustee

I think you can look at our top 5 tenants and our top line tenants, and it's going to be those tenants that are taking a lot of this space. It's going to be TJX, it's going to be Canadian Tire, it's going to be Walmart's grocery stores. So very high-quality covenant tenants and that they're taking the majority of the space right now.

Pammi Bir
RBC Capital Markets, Research Division

Okay. And just maybe one follow-up. Can you maybe just talk about from an acquisition standpoint, maybe what's in the pipeline? How many properties are in maybe in advanced stages or maybe what range of value could be under discussion at this stage?

Alex Avery
Chief Executive Officer

Yes. Thanks, Pammi. We don't have anything advanced at this point. We've got lots of discussions going on, but we're not really engaged in great detail. And one of the dynamics that has been happening as we've been growing the business is that the bigger we've gotten, the bigger the assets that we can acquire have become. And -- so it's tough to put a number on what activity could look like this year. I think last year was a remarkable year at $1.6 billion across 4 malls. We would be pretty pleased if we could pick up one or two or three malls this year, that would be great. And if we were to hit the high end of that range, we can possibly exceed last year's target. But at this point, we don't have visibility to even one that we have confidence that we'll be able to bring down.

Operator

Our next question comes from Sam Damiani from TD Cowen.

Sam Damiani
TD Cowen, Research Division

Maybe just first off, a point of clarification, talking about retaining 90% of the HBC space, but looking

at the table, you've got -- by property, you've got two properties tagged for redevelopment. So I just want to be clear that adds up to about 20% of the GLA. So what is the, I guess, the 10% that's not being retained, which properties?

Patrick Sullivan
President, COO & Trustee

It's not substantial demolition at any of the properties. So I'll give you an example like at Conestoga, it's a 120,000-foot bay box and we're going to knock down about 20,000 of that and the purpose being is that the flow around the box isn't that great. So by demolishing a portion of it, it gets better access to the parking field for the space itself. And then like Orchard Park, we're going to shave a little bit off the building as well. So it's not substantial demolition at the buildings, but it's relatively minor and it's primarily being done just for better access through the property or through the space to the property.

Sam Damiani
TD Cowen, Research Division

Okay. That's helpful. And just on Toys "R" Us, I wonder if you could just provide some progress, either updates or expectations in the near term for each of the spaces that you have. If it's in the MD&A, I didn't see it, but if you wouldn't mind just running through that quickly.

Patrick Sullivan
President, COO & Trustee

Yes. No, I'm happy to. So we had 6 Toys "R" Us boxes. We have been working with them prior to their filing back into late last year in terms of getting control, we actually terminated all the leases. And we --primarily because we had tenants in our back pocket wanting to take the space. So we're well advanced in discussions to replace all the boxes. I think kind of in line with HBC, we'll be in a position to replace these tenants in the next 3 to 6 months as we're well progressed on all of them. They're all good spaces.

Sam Damiani
TD Cowen, Research Division

Sorry, just to be clear, is that vacancy that will be incremental in Q1 to what degree? And how long do you expect that to be -- not paying rent.

Patrick Sullivan
President, COO & Trustee

We terminated some of them in Q4, to be honest with you, so that would have showed up last year. Some of them we terminated in Q1 of this year. So the full impact of the vacancy will show up next quarter.

Rags Davloor
Chief Financial Officer

Yes. I believe it was only two boxes that were not terminated until early this year. So that's a small incremental.

Operator

Our next question comes from Matt Kornack from National Bank Financial.

Matt Kornack

National Bank Financial, Inc., Research Division

Alex, maybe just going back to Pammi's line of questioning around the acquisition front. Are you seeing a change in vendor expectations or even maybe their willingness to take back more of your stock in a disposition just given how malls are performing relatively and maybe the desire to have more exposure than they thought originally?

Alex Avery
Chief Executive Officer

Yes, I would say a couple of different points. One is that each of our vendors is unique, and they have unique objectives. They're working towards different priorities. And so it's hard to generalize about any of them. I would say, certainly, our stock price performing well is constructive towards our ability to get deals done. I have to remind people that we still trade 30% below NAV even though our stock price is up, it's still trading at a pretty hefty discount and yet it certainly is helpful in those discussions. Our largest shareholder would have less than 19% on as if converted basis, which is down from 27%. That's certainly something that we pay attention to. And I do think there's perhaps more appetite to take our stock.

Matt Kornack
National Bank Financial, Inc., Research Division

Okay. Fair. And then maybe switching to the op side. The First Cap yesterday said that coming out of ICSC, there is no indication from tenants that they're pulling back or reducing plans based on kind of the nature of where we are macro-wise or population growth wise? Is that -- I mean, it seems like from what you're seeing on Toys and the Bay that that's the same for malls. But if you could give us a sense if there's any bifurcation between those two types of retail -- retailers?

Patrick Sullivan
President, COO & Trustee

No, it's -- we're aligned with that comment. There's a lot of activity on the leasing side. A lot of new deals happening and a lot of tenants actually looking for larger footprints as well, as well as expansions. Sales are really, really strong. And space is very limited. So it's a really good place for retail right now.

Operator

Our next question comes from Tal Woolley from CIBC Capital Markets.

Tal Woolley
CIBC Capital Markets, Research Division

Just given how much capital you've deployed on acquisitions, I'm just wondering if there's been enough time lapse for you guys to sort of do a broader post-deal review? And are you finding like anything consistent in these deals that you kind of have to work on or any surprises to the upside or downside that you're finding?

Alex Avery
Chief Executive Officer

Thanks, Tal. I would say we do have a pretty detailed disclosure in our financial reports. And we provide both same-property and non-same property NOIs separated out from acquisitions and dispositions. So you can see the NOI from the properties and you can go through an exercise to reconstruct how the NOI has been trending. And what I would say as a general statement is that in

2021, when we were structuring the spinout, we knew that we were coming off of a cyclical low in fundamentals, occupancy, rental rate sales. And so we've seen tremendous growth in our portfolio. And I think as a general statement, the mall industry in Canada has seen tremendous growth. And when we've taken over management of the properties that we've acquired, we manage them in a slightly different way than pension funds do. And I think some of that can come down to -- we're a public company. We pay a distribution, and we are very focused on maximizing cash flow, which other investors sometimes focus more on long-term total returns and cap rates and things like that. But we've seen pretty strong performance out of our acquisitions. And we're very pleased with every one of our acquisitions. On a look-back basis, they've all been materially accretive to our business.

Tal Woolley
CIBC Capital Markets, Research Division

Okay. And then with the vendors right now, just maybe following up, I think it was on Pammi's or Matt's question. The market keeps changing. And so I'm just wondering in your opinion, like does it feel like the vendors that are out there are just as motivated to sell product as they have in the last couple of years? Or do you get a sense that, that's changing somewhat?

Alex Avery
Chief Executive Officer

It's interesting. We were having this conversation in our investment committee meeting on Tuesday or Wednesday perhaps. I think it's easy in real estate to lose track of the long time lines over which trends take place. And for most of the period since the year 2000, you've seen capital flowing into real estate, large institutions, pension funds and others adding to the real estate portfolios as interest rates were declining. And I think we've moved into a different phase where institutional appetite for real estate has changed. Certainly, the menu has increased in terms of industrial being attractive, apartments being attractive cell towers, data centers, all sorts of stuff. But the general appetite for real estate seems to have softened and so I think this period of limited competition will likely continue for some period of time. And I can't say that I've observed any real change in tone from the vendors. They're really focused on portfolio construction priorities. And as I said, to call me, there are -- each of them is unique and they have different priorities. But as a general trend, I think there's continued appetite to be recycling capital.

Tal Woolley
CIBC Capital Markets, Research Division

Okay. And then just on -- as you start to move into redeveloping the HBC spaces, the last 5 years, there's sort of a lot of talk about just the escalation in pricing for redevelopment or construction, and that kind of stuff. Can you give -- given that there's a lot of mall operators out there probably working on these kind of projects. Are you finding pricing still reasonable? Or are you still seeing a fair bit of inflation in that?

Patrick Sullivan
President, COO & Trustee

Yes. Construction costs certainly have gone up. But fortunately, we're able to move rents up as well just because of the lack of space. So we're -- I think as I mentioned in my speech, we're moving our return thresholds up because I think we're going to be able to generate more than enough rent to offset the rising construction costs. I don't see any issue with keeping our estimated costs in line because there's a lot of other construction going on. I think we're a fairly

large landlord, and the contractors really love
doing workforce. And I think we got a fairly good pricing from the contractors just because of the volume of work we do with them across Canada.

Tal Woolley
CIBC Capital Markets, Research Division

Got it. And then just lastly, any other tenants of material size that you're concerned about coming out of like having financial difficulty coming out of the Christmas season?

Patrick Sullivan
President, COO & Trustee

No, not necessarily. I think as I've said many times in the past, I think we -- because we get our sales reported to us, we have good visibility into tenants and where they're trending and where certain categories or specific tenants are softening. And we work -- we try to work ahead and mitigate our exposure to tenants that we see as waning in terms of consumer interest in their brand. But there's nobody on our radar in terms of bankruptcies. Toys "R" us well telegraphed, I think, over more than a year ago, we could all see where they were headed, but there's nobody else really that fits in our bucket right now.

Operator

Next question is a follow-up from Mike Markidis.

Michael Markidis
BMO Capital Markets Equity Research

Last quick one here for me. I just -- I've previously been under the expectation that most of your redevelopment CapEx would be HBC attributed and it looks like you've given us more specific information that maybe is about -- it's still over half of the expected amount. So curious if you could just give us a little bit more color of the other projects that are planned or ongoing just with Northland being finished and Devonshire being completed?

Patrick Sullivan
President, COO & Trustee

Yes. Sure, Mike. We have a project at Kildonan in Winnipeg, it's a food court redevelopment. It's going to go on over the next, say, 12 months. There's other small projects outparcel developments across the
portfolio. they're all yielding generally, the outparcel developments all yield north of 10. So they're all very good projects. But those projects well in advance. I think the majority of our focus is certainly going to be on HBC for the next 12 to 24 months.

Operator

Next question is a number of follow-up from Sam Damiani.

Sam Damiani
TD Cowen, Research Division

Just wanted to sort of reconcile the very robust leasing demand with trend in sales, sales per square foot and overall CRU sales seem to have flattened out in the latest quarter. I'm just wondering what you read into that and what your expectations are in the coming year.

Patrick Sullivan
President, COO & Trustee

I don't read much into sales that fluctuate from one month to the next. I generally look at it over a much longer time horizon, and I really spend a lot of time focusing on total sales volume as opposed to productivity just because we do have a lot of tenants that are expanding. And when they expand their productivity tends to go down, but their total sales volume goes up. They take more space. We're constantly trying to give them the right footprint so they can generate the highest sales volume. When our sales volume goes up, they can afford a higher rent and we can charge some more rent. So we really don't cater to productivity. So I wouldn't put any kind of thought into a short-term fluctuation in productivity.

Operator

There are no further questions at this time. Ms. Claire, I'd like to turn the call back to you.

Claire Mahaney
Vice President of Investor Relations & Sustainability

Thank you, Sami. With no further questions, we'll close today's call. On behalf of the Primaris team, we thank you all for participating. Thank you, and goodbye.

Operator
This concludes today's call. We thank everyone for joining. You may now disconnect your lines.

- End -