FINAL TRANSCRIPT

Choice Properties Real Estate Investment Trust

Third Quarter Results

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PRESENTATION

Operator

Good afternoon. My name is Tonya, and I'll be your conference Operator today. At this time, I'd like to welcome everyone to the Choice Properties Real Estate Investment Trust Third Quarter Results Conference Call.

All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. If you'd like to ask a question during this time, simply press *, then the number 1 on your telephone keypad. If you'd like to withdraw your question, press the # key. Thank you.

Kim Lee, VP, Investor Relations, you may begin your conference.

Kim Lee — Vice President, Investor Relations, Choice Properties Real Estate Investment Trust

Thanks, Tonya. Good afternoon, and welcome to the Choice Properties REIT Third Quarter 2014 Conference Call.

This is call is also being webcast simultaneously on our website at choicereit.ca where you will also find a copy of our Q3 summary information package that we will be referring to on this call.

I'm joined here this afternoon by John Morrison, President and Chief Executive Officer, and Bart Munn, Chief Financial Officer.

Before we begin today's call, I want to remind you that by discussing our financial and operating performance and in responding to your questions we may make forward-looking statements, including statements concerning Choice Properties' objectives, its strategies to achieve those objectives, as well as statements with respect to management's beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances, performance, or expectations that are not historical facts.

These statements are also based on our current estimates and assumptions, and are subject to risk and uncertainties that could cause our actual results to differ materially from the conclusions in these forward-looking statements.

Additional information on the material risks that could impact our actual results and the estimates and assumptions we applied in making these statements can be found in the third quarter 2014 report to unitholders and management's discussion and analysis related thereto, together with Choice Properties' Annual Information Form that are all available on our website and on SEDAR.

And with that, I'll turn the call over to John.

John Morrison — President and Chief Executive Officer, Choice Properties Real Estate Investment Trust

Thank you, Kim, and good afternoon, everyone, and thank you for joining our conference call.

I will kick off our call with a brief overview of the quarter, Bart will follow with a presentation of the financials, and then we'll open it up for questions.

For the third quarter of 2014, Choice Properties performed well, achieving year-over-year growth in NOI and FFO, driven principally by our investments in acquisitions.

During the quarter, while we've continued to invest in our portfolio, we made significant headway with our internationalization initiatives. We further enhanced our leasing and property management teams, and strengthened our business and management reporting systems with the successful go-live of our real estate-focused IT system in the quarter.

Let me now provide you with more details for our investment and leasing activities to date. Last year in Q3 2013 we announced the initiation of our development program with the start of two projects: one at Brown's Line and Lake Shore in Toronto and the other at Fiesta Mall in Stoney Creek, Ontario. I'm pleased to announce that both are complete and currently open for business. These two developments are expected to earn a blended yield of 7.2 percent based on a stabilized year-one NOI.

As for our development in Surrey, British Columbia, we continue to progress with the construction of a new Real Canadian Superstore supermarket.

Looking to the future, our pipeline of development projects continues to gain momentum. Over the next 24 to 36 months we expect to invest approximately $260 million to develop up to 860,000 square feet of incremental gross leasable area. We currently have more than 600,000 square feet of GLA in various stages of predevelopment.

Subsequent to quarter-end we continued to invest in growth through acquisitions. As previously announced, we completed the acquisition of a 16-property portfolio from Loblaw. The total aggregate purchase price of the portfolio was approximately $212 million at an accretive year-one capitalization rate of 6.56 percent, excluding $4 million for the cost of land purchased with the portfolio and available for immediate development.

These properties span the country and expand our portfolio by approximately 1.3 million square feet. They also present 280,000 square feet of near-term development opportunity, as well as longer-term potential for redevelopment at three urban Toronto sites.
Of the near-term opportunities, we have already started planning a 200,000 square foot expansion to the warehouse in Boucherville, Quebec that we expect will return a 7.5 percent yield. Also following the close of Q3 we acquired a 70 percent interest in a limited partnership with Penequity Realty Corporation that holds a 21-acre parcel of land in Brampton, Ontario. Our plan for this site in an emerging sector of Brampton is future retail development anchored by a Loblaw-bannered food store.

In addition, we entered into an agreement to acquire a 921,000 square foot warehouse located in the GTA from Loblaw for approximately $81.5 million at a going-in capitalization rate of 6.5 percent. And we expect to complete the acquisition of this warehouse in Q1 of next year.

Operationally, we entered into binding leases or offers to lease totalling 235,000 square feet, including the lease renewals of approximately 143,000 square feet, which represents a renewal rate of 85.1 percent. Benefitting from opportunities for rent growth as our leases roll over, the weighted average base rent of renewals increased 3.6 percent to $11.59 per square foot.

Overall, we continue to maintain our high occupancy rate, and we closed the quarter at 97.9 percent.

And with that, I will turn the call over to Bart to provide you with a review of the financials for the quarter.

Bart Munn — Chief Financial Officer, Choice Properties Real Estate Investment Trust

Thank you, John, and good afternoon. I refer you to Slide 5 of our presentation material where you will find selected financial highlights for the third quarter compared to the corresponding period of 2013.

As of September 30th, Choice Properties' portfolio was comprised of 454 properties with a total gross leasable area of 37.6 million square feet. Under IFRS, Choice Properties investment properties were valued at 7.5 billion based on a weighted average cap rate of 6.18 percent, which is essentially unchanged from Q2.

Subsequent to quarter-end, as John mentioned, we acquired a portfolio of 16 properties from Loblaw for 212 million and a 70 percent interest in a limited partnership that holds a 21-acre parcel of land for $18 million.

Today our portfolio consists of 471 properties with a total gross leasable area of 39.8 million square feet. This factors in the two dispositions related to Loblaw's agreement with the Competition Bureau as a result of its acquisition of Shoppers Drug Mart.

For the quarter, rental revenue was 170.3 million and net operating income was 118.6 million, 10.8 percent and 9.6 percent higher than the Q3 2013, respectively. The increases were largely due to acquisitions, which contributed 9.1 million in incremental revenue and 5.9 million in incremental NOI.

In addition, third quarter 2014 revenue and net operating income includes 450,000 of lease surrender revenue and approximately 350,000 of capital expenditure recoveries, which were nil in 2013. The remainder of the difference in the rental revenue and NOI was primarily due to the fact that the 2013 comparative period was shorter, as it started on July 5, 2013.

On a same-property basis, rental revenue was 160.6 million compared with 153.3 million in third quarter 2013. Same-property NOI for the quarter was 112 million, 4.1 million higher than the comparative period. These improvements were primarily driven by the shorter operating period in 2013, and included additional capital expenditure recoveries of approximately 350,000 in the current period.

FFO for the quarter, excluding the impact of internalization cost, was 88 million, or $0.229 per unit compared to the comparative period of 79.1 million, or $0.22 per unit, which excludes the impact of start-up costs. The improvement of FFO over the comparative period was largely due to incremental net property income of approximately 10.9 million.

Adjusted funds from operations, or AFFO, for third quarter was 72.7 million, 6.4 million better than the comparative period. AFFO per unit was $0.189 compared to the comparative period of $0.184, and finally, the AFFO payout ratio for the third quarter was 86 percent.

At the end of third quarter our total debt in Class C LP units stood at 3.5 billion, which included 77 million drawn from our $500 million revolving credit facility. Our debt to total assets ratio was 45.7 percent, which is well within our maximum threshold, and our debt service coverage ratio was 3.4 times.

So let me now turn it back over to John to provide closing remarks.

John Morrison

Thanks, Bart. In closing, we are pleased with our performance to date. We continue to execute on our strategy and deliver results as planned.

We are successfully approaching the final steps of our internalization initiatives, and we're on target to transition to a fully internalized leasing, property management, and accounting platform by the start of 2015.

And now, Operator, we would be pleased to take questions.

Q&A

Operator

At this time, I would like to remind everyone in order to ask a question, press *, 1 on your telephone keypad.

Our first one comes from the line of Troy MacLean from BMO Capital Markets. Your line is open.

Troy MacLean — BMO Capital Markets

Good afternoon. On the future retail development in Brampton, do you expect to begin that in 2014 or 2015? Or is it a longer-term opportunity?

John Morrison

Troy, it's a longer-term opportunity. We would describe this development as what we would describe as sort of a mid-term time range, which would be at a minimum 36 months. So it's not something that we'd get started on right away.

Troy MacLean

And then what's the estimated project GLA, just the retail component?

John Morrison

It would be all retail, and it'd be about 200,000 square feet.

Troy MacLean

And then on the $260 million of investments and development you mentioned over the next 24 to 36 months, does that include the site intensification fee to Loblaw?

John Morrison

Yes. It does.

Troy MacLean

Okay. And then just on the expansion of the warehouse in Quebec, what's the total project cost?

John Morrison

It is about $42 million.

Troy MacLean
Okay. Perfect. Thank you. I'll turn it back.

John Morrison

Thank you.

Operator

The next question comes from Sam Damiani from TD Securities. Your line is open.

Sam Damiani — TD Securities

Thanks. Good afternoon.

John Morrison

Hi.

Sam Damiani

Hi, there. Just on the G&A, I think in last quarter you'd guided to the internalization costs being expensed over the last half of the year; much of it was put through in the third quarter. If you strip that out, I think the G&A would have been quite low. Just wondering if you could comment on the G&A run rate on a recurring basis going forward.

Bart Munn

Yeah. On a go-forward we've got a lot moving parts in G&A, but I would guess right now for 2015 probably a quarterly run rate of about 6 million would sort of cover both the internalization, as well as future growth.

Sam Damiani

Okay. And aside from the internalization costs, are there any other unusual items on the G&A side over the next couple quarters?

Bart Munn

Not anything unusual. We did renegotiate our shared service agreement with Loblaw, so how we actually stack the numbers is going to be a little different because now we're going to have more direct billings to the REIT versus it running through Loblaw and being covered under a fixed fee.

But like I say, I think you can be comfortable with about a 6 million run rate even for the last quarter.

Sam Damiani

Okay. And the internalization will have any impact on property operating expenses?

Bart Munn

You mean on the recoverable operating expenses?

Sam Damiani

In the expenses you put through at the property level to arrive at NOI.

Bart Munn

I think there may be a slight savings from it just because now there's no longer a profit component in the fees.

Sam Damiani

Of course.

Bart Munn

But for the most part I would say they should be neutral to slightly favourable.

Sam Damiani

Okay. And just on a similar theme. From the IPO prospectus the quarterly forecast had some variability in the margin in the sort of recovery ratio off expenses. Going forward, is that expected to be a more sort of smooth treatment in terms of how the numbers flow quarter to quarter? Or will there still be some variability on a quarterly basis based on seasonality?

Bart Munn

It should be smoothed out over the period.

Sam Damiani

Okay. Last question is just on the fair value gain. I think you said the IFRS cap rate was unchanged, but there was a fairly substantial fair value gain in the quarter. I wonder if you could just help us understand what drove that.

Bart Munn

Well, there's two components to it. One component is the development piece. About maybe 40 percent was driven by developments taking place and being added to the fair value, and the differential is due to either new leasing or really to how the valuation model is picking up new steps as lease term expires.

Sam Damiani

And is the valuation model primarily a direct cap rate approach? Or is it more of a DCF?

Bart Munn

It's a combination of the two, but I would say primarily it's the DCF.

Sam Damiani

Okay. Thank you.

Bart Munn

Okay.

Operator

The next question comes from the line of Michael Markidis from Desjardins Capital. Your line is open.

Michael Markidis — Desjardins Capital

Hi. Thank you. Just wanted to touch in or home in a little bit more on the incremental disclosure on the development pipeline. And could you just refresh my memory, what's coming online in the fourth quarter of 2014 from a development perspective?

Bart Munn

So there's a number of things that are being captured as far as you mean coming online as being income producing?

Michael Markidis

Yeah. I'm just looking at the remainder of 2014. It's a small amount, but 15,000 of...

Bart Munn

Yeah. We have one shopping centre that is being expanded in Quebec, and so the amount that's coming on is about $3 million.

Michael Markidis

Okay.

Bart Munn

And that'll happen in Q4.

Michael Markidis

Okay. Perfect. And then just looking at the remaining amount in the 260 million; presumably the mismatch is small, but would that be the total capital of the amounts coming online in the year? Or is that a reflection of what you expect to spend in the year?

Bart Munn

Say that question again?

Michael Markidis

Well, I'm just wondering, the potential capital of 92 million…

Bart Munn

Yes.

Michael Markidis

Is that the amount of the total cost for what you expect to come online? Or would that be reflective of what you expect to spend next year?

Bart Munn

That will be for what we expect to spend next year.

Michael Markidis

What you would expect to spend. Okay.

John Morrison

John—sorry, Bart. Sorry, I'm not correcting Bart here; I just want to elaborate. So this is capital that we're going to commit, so it's a timing thing, right?

Michael Markidis

Yeah.

John Morrison

So these are projects that we're going to commit to do, and so the money may not all go out in the same calendar year, but it'll go out over a period of time.

Michael Markidis

Okay. Okay. So just to...

John Morrison

Project we're committing to the capital.

Michael Markidis

Gotcha. Okay. And then maybe just looking at the leasing activity that you got on the ancillary portfolio; I know again the numbers are pretty small…

John Morrison

Yeah.

Michael Markidis

But would the occupancy report, is that a committed number?

John Morrison

Yes.

Michael Markidis

Okay. So would it be fair to say, given the slight downtick in the renewal rate this quarter that you actually might have had a lower in-place occupancy and that we'd still expect to see a bit of a flow-through on the uptick in Q4 and into Q1 2015?

John Morrison

I’m just trying to make sure I answer your question correctly. I mean it is a timing aspect in terms of which leases are expiring, as to when, what are the rents that are in place. We had three tenants in the last quarter who basically renewed at the same rate based on the fact that they had options to renew.

So going forward, I'm just trying to think here if—I mean we would have—where possible I mean we're trying to get the most rent, obviously. I don't know if I've answered your question or not.

Michael Markidis

Yeah. It's more of a timing issue, and I think directionally it's fine. Maybe you could just give us with the internalization almost complete and maybe being—that event being a bit of a catalyst for greater leasing activity, do you have any thoughts on terms of what you might be targeting over the next 12 months in terms of leasing up of the ancillary space?

John Morrison

Well, we—yeah. Certainly we believe it's going to make a difference; no disrespect to the third party property management company that's been looking after the real estate, but it is a key focus for us.

We have a number of new people on board. We do have roughly 12 percent, I think, the number is of our leases expiring next year. We've already started to in terms of our overall G&A we are—and that's just ancillary—so we've already started on the process, and at the same time looking to reduce the vacancy going into next year.

So without disclosing what our internal targets are we have set targets to reduce the vacancy in the overall portfolio by the end of next year, so that's just beyond renewals.

Michael Markidis

Okay.

Bart Munn

We're sitting right now at say 82 to 83 percent vacancy. The thing that drove that—or occupancy, sorry. The thing that drove the vacancy up was really the failure or the Big Lots leaving Canada.

So as we implement sort of re-leasing of that space, we would expect to move up in sort of to the mid-80s from an occupancy level, so 85, 86 percent is where we'd like to see us achieve by the end of '15.

Michael Markidis

Okay. That's very helpful. And lastly, just switching back again to the new disclosure on the planned development. Of the 260 million that you commit to spend, or maybe even just based on the total GLA, how much of that would be planned for Loblaw versus planned for third party, roughly?

John Morrison

Well, we've got the Boucherville warehouse, which we talked about, and that's about 42 million. We've got some capital committed to, which I think we've already disclosed in terms of the Surrey supermarket—and I'm sorry, I don't have the number off the top of my head—and the balance of it would be ancillary.

Michael Markidis

Balance ancillary. Okay. That's very helpful. Thanks very much.

John Morrison

Okay.

Operator

Your next question comes from the line of Michael Smith from RBC Capital Markets. Your line is open.

Michael Smith — RBC Capital Markets

Thank you. Just on the 12 percent of ancillary space that's coming up for renewal next year, would it be something between 5 and 10 percent we could expect for rental bumps?

Bart Munn

Well, I would say that—I can't say specifically for those, but I would say for our total bumps next year, including the absorption where I'm actually reducing it from my earlier comments, if we move up into the 85, 86, we would be targeting probably closer to 8 to 10 percent.

Michael Smith

Eight to ten percent.

Bart Munn

Right. On the combo.

Michael Smith

On the combo. Okay.

Bart Munn

Yeah.

Michael Smith

That's leasing up and rental bumps?

Bart Munn

That's right.

Michael Smith

And have you made all your key hires for your internalization?

John Morrison

For the most part, Michael, yes we have.

Michael Smith

Okay. And the 21 acres that's located in Brampton, whereabouts is that located?

John Morrison

It's in the northern part of Brampton. It's a growing area. There's a new subdivision being built, it's up near Chinguacousy and Mayfield Road.

Michael Smith

Okay. And is it possible to do anything else besides retail there? Maybe a little office?

John Morrison

If the market is there for office that's certainly something we would take a look at.

Michael Smith

Do you have the flexibility—you would have the flexibility to do it if there was a need for it?

John Morrison

Correct.

Michael Smith

Okay. Thank you.

John Morrison

Okay.

Operator

Your next question comes from the line of Alex Avery from CIBC. Your line is open.

Alex Avery — CIBC

Thank you. John, if you go back to the IPO, I guess the level of development activity that was contemplated for the first three to five years was about 1 million square feet. And based on the disclosure this quarter it looks like you can probably hit that level within the next two years. You've got a huge portfolio with a lot of opportunities. Is that just getting to work on the pipeline that you've identified? Or should we expect the level of activity to continue to build over time?

John Morrison

It really is getting to work on the level activity that you've just described, and as we continue to ramp up, Alex, we expect that we're going to have a higher degree of development opportunities and more of a steady state as well.

Alex Avery

And as you're working through the internalization is there any, I guess, changes to the human resource capital that you're lining up based on that? Or is that all...

John Morrison

Yeah. No, thank you. We have been building resources quite consistently here in terms of both at the senior level and throughout the company, both here and in our corporate office and regionally as well.
We've got some close to 50 people coming on board in January at the property management and accounting level, so all senior positions are essentially filled. We've got a strong management team, and we're busy doing lots right now.

Alex Avery

Okay. And then just lastly, on the leverage it ticked down a little bit; up a little bit after the quarter with the acquisition. Is this sort of a steady-state in the mid to slightly above mid-40s? Or are you taking it somewhere?

Bart Munn

Alex, it's really just being driven by independent transactions and the amount of equity that's issued or isn't. But from our target point of view, I think at this point anything up to probably 50, maybe even slightly above 50 percent would be fine for us. But I would say in the short term we're probably going to be operating between the sort of, well, say 46 percent— we're almost there—to say 48 percent over the next short while.

Alex Avery

And anything in terms of the floor? Probably avoid anything below…

Bart Munn

Well, we've sort of stated that below 45—we'd probably try to stay above 45. But the market's dictating where we head, and right now, like I say, we'll probably target between 46 and—or we'll stay between 46 and 48 percent.

Alex Avery

Okay. That's great. Thank you.
Bart Munn

Okay.

Operator

Your next question comes from the line of Sam Damiani from TD Securities. Your line is open.

Sam Damiani

Can you just give a little bit of background as to how the deal came together? And if you—the REIT is likely to work with Penequity on future deals as well?

John Morrison

Sorry, Sam, I couldn't hear the first part of your question, but I think you were asking about the Brampton deal?

Sam Damiani

Yeah. That's right. How it came together…

John Morrison

Okay.

Sam Damiani

And how likely it is two parties will work together on a go-forward basis?

John Morrison

Well, the Brampton site is something that Penequity had owned for some time. And over time Loblaw became more and more interested in this market and particularly then interested in this site. And so we were approached with the opportunity to participate, which we obviously have.

And even though it probably is minimum three years out, we felt that from our perspective, we certainly looked at the market and were quite convinced working together with Loblaw in terms of their research that it was going to be a good long-term opportunity.

And we also felt it was an additional unexpected opportunity in terms of our development pipeline going forward. So we felt that with the right deal and the right circumstances it would work for us as we get ramped up on our development programs and what have you, then having this in our pipeline was going to be positive.
And so we've looked at this, and we're open to look at other opportunities if they make sense for us going forward as well.

Sam Damiani

Okay. And just the build-out of the 865,000 square feet; you mentioned that it includes Boucherville, includes the Real Canadian supercentre in Surrey. Does it also include the full build-out of the remaining lands on the Surrey site?

John Morrison

No.

Sam Damiani

It does not?

John Morrison

No.

Sam Damiani

Okay. What other markets would the rest of that square footage likely reside?

John Morrison

Well, it's primarily in Ontario and Western Canada. We've got a number of sites that we've got activity underway right now, but they're all strong markets, otherwise we wouldn't be doing it. So just the comment I would make, Sam, is, our development program is what I would describe as both reactive and proactive.
The reactive aspect is we're getting numerous enquiries from tenants for sites that we already own who want to locate on those sites, and so we're trying to accommodate those opportunities as quickly as we can. And then the proactive ones are where we know that the opportunities exist. They may be a little bit longer term, but we've started to work on them right now.

Sam Damiani

I see. Okay. And do you have an expected yield on the build-out in Brampton? I know it's still two or three years away, but just based on the pricing and the underwriting?

John Morrison

Yeah. We've got a minimum target yield of about 7.25 percent.

Sam Damiani

On that one. Okay. Thank you.

Operator

Your next question comes from the line of Pammi Bir from Scotia Capital. Your line is open.

Pammi Bir — Scotia Capital

Thanks. Good afternoon. Just maybe going back to the development pipeline again, just wanted to flesh out some earlier commentary and, I guess, one of the questions earlier about the pace of completions, or what will be transferred to income-producing. So of the 260—and we're looking at 92 million, I guess, in '15 and 165 million in 2016—John, your comments were those are capital commitments. But how much would you expect should come online in those years, other than the Boucherville project that we've talked about?

John Morrison

Yeah. The '14 will come online—it'll be done this year, and the '15 will come online in '15.

Pammi Bir

The 90 million?

John Morrison

Yeah.

Pammi Bir

Okay. And then I think in the past maybe we've thought of a typical pace of maybe 50 plus, minus million. So is that sort of looking at 2016 is that, I guess, low then?

John Morrison

The 50?

Pammi Bir

Yeah. For 2016.

John Morrison

Sorry, you were asking me if 50 million is low for 2016?

Pammi Bir

Yeah. Just given the 165 that you've got coming in...

John Morrison

Yeah. It is low. It's low.
Pammi Bir

Okay. All right.

John Morrison

And this is an area of our business that's—I mean I think everybody recognizes the opportunity that we have with this portfolio, and so this is a major focus for our business. So expect to see the development pipeline and activity continue to ramp up as we start to get to work on these sites.
And we've got a number of properties that are at various stages in the predevelopment process. They're not all at the same point, but they're what we call active files, so we've got…

Pammi Bir

Right.

John Morrison

Quite a bit underway.

Pammi Bir

And then the overall sort of targeted yields, are they in the 7 range?

John Morrison

That's the minimum.

Pammi Bir

Okay.

John Morrison

That would be at the low end. So we're targeting higher, but you can use that number for now.

Pammi Bir

Okay. And then maybe just turning to—or I guess while we're on that, sorry, have you given any more—or where are you, I guess, with the mixed-use program? Are there any opportunities in this pipeline that that's part of?

John Morrison

Yeah. There are. They take longer, as you would appreciate, because they're just more complicated, given zoning and the intensification aspect of it. So we have started to work on that. We have nothing, obviously, ready to announce, but we do see some really good opportunities particularly here in the GTA with some of these sites.

Pammi Bir

So the 910,000—sorry, the 860,000 square feet, that's all retail?

John Morrison

That's correct.

Pammi Bir

Okay. And then just maybe any colour around perhaps the timing of the next possible acquisition from Loblaw?

John Morrison

Well, I think we're starting to become predictable in terms of when we do these vend-ins and kind of what they look like in terms of size. So we haven't got anything in the hopper right now, but you can expect that Q2 next year you'll see something happen.

Pammi Bir

Okay. Great. Thank you.

Operator

Your next question comes from the line of Sam Damiani from TD Securities. Your line is open.

Sam Damiani

Sorry. Just wanted to clarify; the 865,000 square feet, that was all retail? Or all retail except for the Boucherville?

John Morrison

Correct. It's all retail except for Boucherville.

Sam Damiani

Okay. And you're 15 months or so post IPO. You've grown the square footage in the portfolio by double digits. Is that kind of the pace you'd generally expect to continue to achieve over the next few years? Double-digit increases in the size of the portfolio?

John Morrison

Thanks for doing the math for me, Sam. I hadn't thought of that basis, but yeah we expect to continue at the same cadence in the short to mid-term that we've been demonstrating from the acquisitions side. And then as I said earlier, the development aspect will ramp up as we get more and more projects underway.

Sam Damiani

Okay. And then how much has sort of the parent company portfolio of retained properties, how much of that has been depleted on a net basis? I'm sure Loblaw continues to add to it as well.

John Morrison

No, another good question. I'm going to guess here: somewhere between 75 and 80 percent of their entire portfolio. There's roughly 8 million left.

Sam Damiani

Thank you.

Operator

And those are the questions we have time for today. I will turn the call back over to the presenters.

John Morrison

Thank you, Operator, and thank you, all, for joining us on our conference call this afternoon, and we certainly look forward to speaking with you for our next quarter.
Thank you.

Operator

This concludes today's conference call. You may now disconnect.

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