

Minto Apartment REIT

2024 Fourth Quarter Financial Results Conference Call

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PRESENTATION

Operator

Good morning. My name is Joelle and I will be your conference coordinator today. At this time, I would like to welcome everyone to the Minto Apartment REIT 2024 Fourth Quarter Financial 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 would like to ask a question during this time, simply press star then the number one on your telephone keypad. If you would like to withdraw your question, please press star then the number two.

Before we begin, I want to remind listeners that certain statements about future events made on this conference call are forward looking in nature. Any such information is subject to risks, uncertainties, and assumptions that could cause actual results to differ materially. Please refer to the cautionary statements on forward-looking information in the REIT's news release and MD&A dated March 5, 2025 for more information.

During the call, management will also reference certain non-IFRS financial measures. Although the REIT believes these measures provide useful supplemental information about its financial performance, they are not recognized measures and do not have standardized meanings under IFRS. Please see the REIT's MD&A for additional information regarding non-IFRS financial measures, including reconciliations to the nearest IFRS measures.

Mr. Li, you may begin your conference.

Jonathan Li — President & Chief Executive Officer, Minto Apartment REIT

Thank you, operator, and good morning. With me today is Eddie Fu, our Chief Financial Officer, and Paul Baron, our SVP of Operations.

Beginning on slide three, 2024 was a very active and successful year for Minto Apartment REIT. We achieved strong operating performance from our high-quality portfolio while executing on strategic capital allocation decisions that boosted our cash flow per unit, strengthened our balance sheet, and returned capital to unitholders.

On a same property normalized basis, we generated year-over-year growth of 5.1% in revenue and 7.9% in NOI. Normalized FFO and AFFO per unit reached record highs in 2024, increasing by 12.9% and 15%, respectively, compared to the prior year. We significantly reduced our variable-rate debt through upward refinancings, non-core asset sales and a CDL repayment. As a result, we ended the year with more favourable year-over-year debt metrics and stronger liquidity. We built value for unitholders by increasing our annual distribution by 3%, the sixth consecutive year in which we increased distributions. We also returned capital to unitholders through activity on our NCIB program.

Finally, we were able to pursue an attractive growth opportunity in a new market that is difficult to penetrate. In January 2025 we entered the Metro Vancouver market through the acquisition of a 50% managing ownership interest in the Lonsdale Square property. What's more, we were able to add this brand-new property to our portfolio without diluting cash flow per unit and without issuing equity to fund it. We are proud of achieving all these milestones despite challenging market conditions that have elevated the cost of capital for the entire Canadian REIT sector.

On slide four we summarize our recent capital allocation decisions and how they have built value for unitholders. We generated net proceeds of approximately \$102 million from non-core asset sales, we raised a total of \$90.4 million from upward refinancings, and we received \$44 million from the repayment of the CDLs associated with Fifth + Bank and Lonsdale Square. We used the proceeds from these transactions to reduce variable-rate debt, buy back units, and fund ongoing cash flow requirements.

We also continued a very disciplined approach to capital allocation. As mentioned, we completed the accretive acquisition of Lonsdale Square. We also complemented this external growth with unit purchases under the NCIB program. Since November 2024, we repurchased \$15 million of units, which represents approximately 3% of our public float. The units were purchased at a significant discount to both management and consensus net asset value, which currently represents an extremely attractive use of excess capital relative to all other alternatives.

Finally, equally important as the transactions we executed are the transactions we did not execute. In 2024 we waived on the right of purchase for a stabilized asset in Toronto and in March 2025 we waived on a right of first opportunity for a development in Ottawa, both from the Minto Group. And last week we allowed the purchase option on The Hyland in Vancouver to expire. The convertible development loan associated with the property of \$19 million matures on April 30, 2025 and is expected to be repaid on that date.

Slide five demonstrates the strong cash flow growth resulting from our strategic capital allocation decisions. As we have indicated many times in the past couple of years, we have been laser-

focused on translating our NOI growth into cash flow per unit growth. Our normalized NOI of \$100.6 million in 2024 represents a 14.6% increase from 2022. This compares to an 18.4% increase and 21.9% increase in FFO and AFFO per unit, respectively, over the same period. Our cash flow per unit has grown at a faster rate than our NOI over the last two years and we believe this is a direct result of the capital allocation decisions that were made.

Slide six summarizes the benefits of the Lonsdale Square transaction that closed earlier this year. Notably, we entered the Metro Vancouver market at a discount to market value. The purchase price was validated by an arm's length institutional partner, the transaction was accretive to cash flow per unit, and finally, we did not issue any equity to fund the transaction. We received a \$14 million repayment of the CDL associated with the asset, which we used to repay a portion of our revolver.

Moving to slide seven, you can see the cumulative benefits generated through our capital recycling program. Despite now having fewer properties, our portfolio quality has improved significantly from where it was at the end of 2022. The average property age has declined by two years, CapEx is down significantly since we swapped older assets for new, and we have entered the attractive Metro Vancouver market while also balancing our geographic concentration and divesting our non-core Edmonton properties where we lacked scale. At the same time, we have repaid all of our extensive variable-rate debt, which has lowered our interest cosets and provides us with enhanced flexibility moving forward.

I'll now invite Eddie Fu to discuss our fourth quarter and full year financial and operating performance in greater detail. Eddie?

Eddie Fu — Chief Financial Officer, Minto Apartment REIT

Thank you, Jon.

On slide eight, same property portfolio revenue was \$39.4 million, an increase of 3.5% from Q4 last year, driven primarily by a 5.3% increase in unfurnished suite revenue, partially offset by lower occupancy, lower revenue from furnished suites, and lower commercial revenue due to the temporary retail vacancy at Minto Yorkville. Average monthly rent for the same property occupied unfurnished suite portfolio increased 5.5% to \$1,990.

Same property portfolio normalized NOI increased 4.1% year over year to \$24.9 million. The increase reflected the revenue growth, partially offset by higher property operating expenses. Same property normalized NOI margin increased by 30 basis points year over year to 63%. Normalized FFO and AFFO per unit increased 4.1% and 4.2%, respectively, compared to Q4 last year. Normalized AFFO payout ratio was 59.3%, a reduction of 70 basis points from Q4 last year. On slide nine you can find a full breakdown of our Q4 performance for both the same property portfolio and the total portfolio as well as a breakdown of our rental rates and occupancy.

I'll move now to slide 10. This chart highlights the REIT's steady quarter-over-quarter growth in average monthly rent and our realized quarterly gain-on-lease performance. We continue to generate double digit gain-on-lease each quarter in 2024, though at a slower pace compared to 2023 levels. Our steady performance is driven by the strong embedded gain-to-lease potential in our portfolio.

Moving to slide 11, we signed 297 new leases in the fourth quarter, generating realized gain-on-lease of 11.2%, representing a small sequential improvement from 10.8% in the third quarter. We generated double digit percentage increases in Ottawa and Montreal, where there was a higher proportion of turnover among tenants with longer average length of stay. In Toronto, gain-on-lease softened due to flattening market rents and more turnover among tenants with shorter length of stay. Calgary experienced competitive pressure from new supply that came online in 2024. As indicated in the lower table, the embedded gain-to-lease potential at the end of 2024 remains strong at 13%, or \$18 million.

Moving to slide 12, the same property portfolio annualized turnover was 23% in the fourth quarter, a slight increase compared to Q4 last year. Occupancy was slightly lower compared to the last four quarters. We are using tactical promotion, marketing campaigns, and a targeted renewal program across the portfolio to drive occupancy. Calgary had annualized turnover of 42%, the highest of all our markets, as Alberta is a non-rent-controlled market. Closing occupancy there was 93.1%. Annualized turnover for Ottawa remained steady compared to last year at 24% while closing occupancy of 96.5% declined from recent highs due to rental apartment completions. In Montreal, turnover was seasonally slow at 15%, but demand remained steady, leading to strong closing occupancy of 96.5%. In Toronto, annualized turnover was in line with Q4 last year at 18%. Closing occupancy declined to 95.1%, reflecting a large increase in rental supply through 2024, primarily from condominiums. Market rents have flattened as that supply is absorbed. Overall, closing occupancy for the same property portfolio was 95.8% and average occupancy was 96.3%.

On slide 13 we provide an update on our commercial and furnished suite portfolios. Revenue from commercial leases decreased by 48.6% from Q4 last year, primarily reflecting the temporary retail vacancy at Minto Yorkville. We are in active negotiations with a new tenant for the space and expect lease payments to begin in 2026. We have leased a portion of the vacant commercial space at The Carlisle with lease payments expected to begin in the middle of this year. Furnished suite revenue decreased by 10.7% from Q4 last year due to lower average occupancy, partially offset by a slight increase in average monthly rent. Since Q4 2023 we have converted 15 furnished suites to the unfurnished portfolio, including 9 at Minto Yorkville. We are assessing additional potential suite conversions this year.

Turning to the operating expense breakdown on slide 14, normalized same property portfolio operating expenses increased by 2.5% over Q4 2023, primarily due to higher property operating costs, partially offset by lower utility costs. Normalized property operating costs increased 9%, mainly due to higher repair and maintenance costs and annual salary and wage increases. And utility costs were down 8.7% reflecting reduced natural gas consumption and lower average rates. There was also a drop in the average electricity rates in Calgary.

Moving to suite repositioning on slide 15, we repositioned 12 suites in the fourth quarter, generating an ROI of 9.3%. In 2024 we repositioned 48 suites and generated an average ROI of 9.2%. We expect to reposition 35 to 70 suites in 2025.

On slide 16 we have provided our key debt statistics. Our maturity schedule remains balanced. As of December 31, 2024, the weighted average term to maturity on our term debt was 5.04 years with a

weighted average effective interest rate of 3.61%. We have steadily reduced our exposure to expensive variable rate debt, which stood at just 5% of total debt at year end. Subsequent to year end, all of the variable rate debt on our revolving credit facility was repaid. Total liquidity was approximately \$188 million at year end.

I'll now turn it back over to Jon.

Jonathan Li — President & Chief Executive Officer, Minto Apartment REIT

Thanks, Eddie.

On slide 17 we provide the current status of our development pipeline. The intensifications at Richgrove and Leslie York Mills continued to progress with stabilization of the projects expected in Q2 2026 and Q1 2027, respectively. On the CDL properties, we continue to maintain a very disciplined approach to capital allocation when it comes to evaluating our purchase options. As mentioned, we completed the Lonsdale Square acquisition in January and on February 28th we allowed the purchase option on The Hyland property in Vancouver to lapse. CDL associated with the property of approximately \$19 million matures on April 30th of this year and we expect it to be repaid at that time. Stabilization of Beechwood is expected in the back half of the year and the purchase option for that property expires on December 31, 2025.

I'll conclude with our business outlook on slide 18. We believe that the long-term fundamentals supporting Canadian urban rental housing demand remain in place. There is an acute housing shortage in Canada and the relative affordability of renting versus owning makes it highly attractive to millions of

Canadians. Having said that, there are a number of factors that have recently introduced some uncertainty into our industry. These factors include incoming supply in certain markets, the threat of tariffs, a temporary pause in positive net immigration, and political uncertainty both in Canada and globally. However, we are proud of our strong operating and financial performance in 2024. We have taken many steps to improve our balance sheet, increase cash flow, and high-grade our portfolio, which will help us navigate near-term uncertainty and positions us well for long-term success.

Finally, I would like to extend a heartfelt thank you to Paul Baron for his exceptional service and contributions to the REIT. This is his last earnings call before taking over as chief financial officer for the Minto Group and we wish him the very best on this exciting step in his career. I'm pleased to welcome Michelle Calloway as the new SVP of Property Operations and we look forward to introducing her to all of you.

That concludes our prepared remarks. Operator, please open the line for questions.

Q & A

Operator

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. Should you have a question, please press star followed by the one on your touchtone phone. You will hear a prompt that your hand has been raised. Should you wish to decline from the polling process, please press star followed by the two. If you are using a speakerphone, please lift the handset before pressing any keys. One moment please for your first question.

The first question comes from Jonathan Kelcher with TD Cowen. Your line is now open.

Jonathan Kelcher — Analyst, TD Cowen

Thanks. Good morning. First question, just, I guess, similar to your peers, your occupancy did dip in Q4. Can you maybe let us know what you're seeing now and what you sort of expect into the spring leasing season?

Paul Baron — Senior Vice President, Operations, Minto Apartment REIT

Yeah, Jonathan, it's Paul speaking. So we did see some softness in the market in December and January, most notably in Toronto and Calgary. During this time, we really focused on price discovery, utilizing both promotion and pricing in the non-rent-controlled portfolio. The good news is that we have seen demand pick up as we've kind of come to the tail end of February and into March, so we are seeing green shoots as we approach the spring leasing market.

Jonathan Kelcher — Analyst, TD Cowen

Okay. That's helpful. And then just secondly, I guess on giving up the option on Hyland, can we assume that the money coming back in at the end of April will be mostly focused on the NCIB?

Jonathan Li — President & Chief Executive Officer, Minto Apartment REIT

Hey, Jonathan. Jon here. Yeah, to give you a bit more colour, the property is not stabilized yet. And remember, we actually extended this option already back in May of last year. So, as we approached this one, it's not stabilized yet, occupancy is still below 50%, so we decided to waive so we could access

the CDL proceeds at the end of April. And our intention would be to use some or most of those proceeds to buy back units. The alternative would have been to extend it probably to the end of the year or so and then just not have access to that cash, so we thought it made sense to take that when we could. And once the project is stabilized, probably in Q3 or so, we can always reassess and see if it makes sense to purchase it.

Jonathan Kelcher — Analyst, TD Cowen

Okay. That's helpful. And then one more quick one. The development opportunity you talked about passing on in Ottawa, would that have been a CDL deal?

Jonathan Li — President & Chief Executive Officer, Minto Apartment REIT

Most likely. Like we could have invested direct equity, but that doesn't make sense financially right now for us. And even a CDL right now. I think it just didn't make sense for us to do another CDL right now. I think some of the feedback we've been getting from the market and kind of what we observed is I think the overall size and scale of the CDL program just relative to our overall size is quite large and I think it makes sense to let some of these roll off and reassess once market conditions change.

Jonathan Kelcher — Analyst, TD Cowen

Okay. Thanks. I'll turn it back.

Jonathan Li — President & Chief Executive Officer, Minto Apartment REIT

Thanks, Jonathan.

Operator

Your next question comes from Brad Sturges with Raymond James. Your line is now open.

Brad Sturges — Analyst, Raymond James

Hey, guys. Good morning. Just want to, I guess, maybe start on the leasing side of things. The commentary being, at least in a couple of markets like Toronto, like market rents flattening out a bit, just can you give a sense of what you're seeing today in terms of asking rents and how they're trending to start the year heading into the spring season?

Paul Baron — Senior Vice President, Operations, Minto Apartment REIT

Brad, it's Paul speaking. Toronto, really a similar story to what we spoke about last year, that new condo supply coming into the market. Overall, in the Toronto area, we've gone through the numbers. In 2024 it was about 29,000 units. That's the Greater Toronto and Hamilton Area. Moving into 2025 it's 30,000 units again. So still seeing pressure from that side of the market.

By way of asking rates, as we've started the year, we're somewhat flat. Where we have seen some pricing adjustments is on the unregulated side where I would say it's very suite-specific at our 39 Niagara property in Toronto, our only unregulated property in that market. In the rent-controlled portion of the portfolio, we're leveraging promo, no more than a month at any of the properties. And as we talked about, we have seen lead traffic kind of pick up across our markets as we move into March.

Brad Sturges — Analyst, Raymond James

Okay. And the leasing spreads you're getting on turn has been kind of consistent in the last couple of quarters, low double digits. Is that kind of a trend you expect to continue to start this year?

Jonathan Li — President & Chief Executive Officer, Minto Apartment REIT

Hey, Brad. Jon Li here. I think, as Paul mentioned before, we have been pretty focused in January and February just around improving occupancy by offering promotion and price discovery. So that likely will impact our rent, our gain-to-lease going forward a little bit, and probably we can expect it to come down a little bit as we move into Q1 and then hopefully it'll bounce back in Q2 and Q3 in the leasing season. But what we're seeing today is definitely a little bit of a contraction from where we are today on the gain-to-lease.

Brad Sturges — Analyst, Raymond James

Makes sense. And last question, just, I guess, a lot more snow this year, colder weather. Like would you expect a little bit of compression on the margin, at least to start the year? But how do you think about it for the full year in terms of NOI margin?

Jonathan Li — President & Chief Executive Officer, Minto Apartment REIT

Yeah, look, unfortunately, and I think we touched on this on the last call where we were describing how the weather really impacts our margin, and based on my back and my arms in terms of how much snow I've shoveled in February, it's been a lot. And so the comp, A, there's been a lot of snow

just relative to a normal year, but it's been a lot of snow and removal relative to last year, which was very, very low. So I think you can see, at least in Q1, I think we are expecting margin compression. Overall for 2025, I think we're looking at kind of low- to mid-single-digit revenue growth. And I think on the expense side it's probably in that mid-single-digit range. So it's likely flat to slightly down 2024 to 2025. And I don't think that should surprise anyone just given kind of the weather that we've been seeing, but we're trying to just be as transparent as we can.

Brad Sturges — Analyst, Raymond James

That's helpful. I appreciate that. I'll turn it back.

Operator

Your next question comes from Kyle Stanley with Desjardins. Your line is now open.

Kyle Stanley — Analyst, Desjardins Capital Markets

Thanks. Based on the competition in the market that you just talked about, and it seems like there is, as you mentioned, a focus on renewals a little bit, like how do you think your portfolio turnover trends in the year ahead? More of the same? Could we see it go a little bit higher? What do you think?

Paul Baron — Senior Vice President, Operations, Minto Apartment REIT

Yeah, it's a good question. I think each market is a little unique, and even within that, each individual property. I think broadly we've tracked a little higher than we thought initially. So I think in and around the same, Kyle, plus or minus a percent likely.

Kyle Stanley — Analyst, Desjardins Capital Markets

Okay. Fair enough. And then my other question just relates to your CapEx budget, you know, down I think over about 10% in 2024. What are you looking at for CapEx in 2025?

Jonathan Li — President & Chief Executive Officer, Minto Apartment REIT

It's Jon here. So I think, just based on some of the projects that are coming down the pipe for some of our properties, it's probably going to tick up a little bit, is kind of what we have forecasted from kind of where it is this year. Not a ton, like in the single digit range, but just given some of the larger projects we're going to start this year it's probably going to tick up a little bit.

Kyle Stanley — Analyst, Desjardins Capital Markets

Okay. Fair enough. And I apologize, one last one just on Richgrove. In terms of timing of initial occupancy and when that may start beginning to contribute, should we think late this year or is that more of a 2026 event?

Eddie Fu — Chief Financial Officer, Minto Apartment REIT

In terms of Richgrove's contribution, like that project will stabilize in 2026 and that's when we think that that's when it'll be contributing to revenue NOI.

Kyle Stanley — Analyst, Desjardins Capital Markets

Okay. Thank you for that. I will turn it back.

Operator

Your next question comes from Sairam Srinivas with Cormark Securities. Your line is now open.

Sairam Srinivas — Analyst, Cormark Securities

Thank you, operator. Good morning, guys. Most of my questions have been answered, I just had one on Montreal. We have seen a good leasing there and occupancy has been slowly trending up in that market. Looking ahead, would you say this is probably where you see it stabilize or are there some more gains to kind of come from that sort of a market?

Paul Baron — Senior Vice President, Operations, Minto Apartment REIT

Yeah, so it's a good callout and certainly a shout-out to the team in Montreal. They've been working really hard and you're seeing it come through in those occupancy numbers. So above 96%. We're seeing steady demand in that market. So I don't think we're going to see huge occupancy growth in that market, but we are working it hard. As many know, it's a significant renewal year there as well with some of the guideline increases that have come out, so really quite optimistic on Montreal.

Sairam Srinivas — Analyst, Cormark Securities

All right. Thanks for the colour, Paul. Congratulations. I'll turn it back.

Paul Baron — Senior Vice President, Operations, Minto Apartment REIT

Thank you, Sai.

Operator

Your next question comes from Mario Saric with Scotiabank. Your line is now open.

Mario Saric — Analyst, Scotiabank

Hi. Good morning, guys. Just a couple of questions on the operational side, [inaudible] occupancy. The 95.8% at year end was a bit lower than the Q4 average. How would the occupancy look, I guess, before it started picking up in March, back in late January, kind of February, relative to the 95.8%? Like did you continue to see downward pressure on it?

Paul Baron — Senior Vice President, Operations, Minto Apartment REIT

We did see a little downward pressure. Still above the 95% mark, but still a little bit of downward pressure before we come back in February and March.

Mario Saric — Analyst, Scotiabank

Okay. And then on the same store revenue kind of expectations for 2025, Jon, I think you mentioned kind of low to mid single digit. That's down a bit relative to kind of the mid single digit expectations last quarter. Is that primarily a function of lower than expected occupancy or lower than expected blended rent growth?

Jonathan Li — President & Chief Executive Officer, Minto Apartment REIT

I think it's a little bit of both, to be honest, Mario. Like I think our occupancy today is probably a little bit lower than what we thought it would be back when we talked to you guys last November. Not a ton, but just a little. And as Paul said, we are seeing some nice green shoots based on some of the strategic decisions that we made through the end of, sorry, through January and through February and the early part of March. So it's a little lower, I think, there, and then again, as I said, the gain to lease is probably a little bit lower too, kind of in that mid to high single digit is kind of what we're thinking potentially for Q1. And when you put that together and then you kind of extrapolate that for the rest of the year, I think, you know, maybe it's conservative, but like that's kind of how we're kind of thinking about the rest of the year is that kind of low to mid single digit revenue growth.

Also, we've got some headwinds on the commercial side, not headwinds, but a temporary vacancy impacting 2025 uniquely. And then our furnished suite business is probably, you know, at best we're thinking flat. So when you add all that together, that's kind of how we get to what we just said.

Mario Saric — Analyst, Scotiabank

Got it. Okay. And then maybe for Paul, just coming back to the occupancy and the green shoots that you're referencing, one of your peers kind of alluded to the notion that underlying demand is very strong but there is price sensitivity, so offering an incentive is resulting in higher conversion closing ratios. Would you say that's a similar observation for your portfolio on the incentive kind of marketing adjustments that you're making?

Paul Baron — Senior Vice President, Operations, Minto Apartment REIT

Yeah, we would share that same sentiment. And it's different by each market, but certainly seeing more of that. So I think you've articulated that well, Mario, and certainly it's consistent with our peers.

Mario Saric — Analyst, Scotiabank

Okay. My last question, maybe for Jon. Obviously, the broader environment is very volatile, but as you sit here today do you foresee Minto being a net buyer or seller of assets in 2025?

Jonathan Li — President & Chief Executive Officer, Minto Apartment REIT

Look, I think we're going to be pretty flat. Like I think everything will be kind of just incremental on the margin. We don't have any active asset sales at the moment. Having said that, we're always kind of flabbergasted at some of the interest we get on some of our assets, especially when you compare the pricing of that interest relative to where we're trading. Not just us, but everybody.

I guess we would be opportunistic on the asset sale front and the reality is we'd probably take those proceeds, if we got any, and probably we would, the best thing we can do at the moment would be to buy back some shares. But to the extent there's still excess capital over that, just given the constraints of how many shares we can buy, I think we would consider potential acquisitions. Obviously, there are some directly in front of us with some of the Minto Group opportunities, but I think we're going to be quite disciplined and exercise the same prudence that we have on the stuff that we've looked at already. So that's kind of a long-winded answer, Mario. I think we're not sure, but it's not to

say we're not sure, I think it will depend on capital market conditions, but I don't think it's going to be sort of a large absolute number one way or the other.

Mario Saric — Analyst, Scotiabank

Got it. Okay. And Paul, congratulations. That's it for me. Thank you.

Paul Baron — Senior Vice President, Operations, Minto Apartment REIT

Thank you, Mario.

Operator

Your next question comes from Jimmy Shan with RBC Capital Markets. Your line is now open.

Jimmy Shan — Analyst, RBC Capital Markets

Thanks. Just to follow up on your last comment, you mentioned seeing some interest in some of the pricing that you're seeing on your asset. Can you share some of those metrics?

Jonathan Li — President & Chief Executive Officer, Minto Apartment REIT

Well, metrics, I think what I can share is they're in line or above our book NAV. At least that's what the interest is. But one of the constraints we have is kind of matching that capital with using the proceeds. As I said, we're constrained on the NCIB in terms of how much we can buy and then lining up potential purchases, hopefully at higher cap rates, are difficult, especially when we're our size, where if you don't execute it properly or with the right timing it can really impact our performance. And so we're

very cognizant of that and I think if we do something we're going to do our best to try to match fund things. But it's not easy kind of when you're dealing with asset sales, especially when you can't control the timing of financing or the buyers necessarily or interest rates. And so there's quite a bit of market uncertainty and risk that kind of impact the duration of these negotiations and transactions and so we're trying to be just thoughtful about it all, Jimmy, and it's not always easy to line up.

Jimmy Shan — Analyst, RBC Capital Markets

Okay. And just on the use of proceeds then, so after the quarter you would have gotten the proceeds from Castleview, the Lonsdale loan, and then The Hyland loan, as you mentioned. So, combined, those would be somewhere in the range of \$70 million, maybe a bit less than that. So should we assume almost all of those are going to go to NCIB?

Jonathan Li — President & Chief Executive Officer, Minto Apartment REIT

Let me just clarify some of those numbers. With the first two things that you just talked about in terms of the asset sale and the Lonsdale CDL, those closed in the mid to end of January. And with the NCIB that we've used in Q4 and through the first couple of months in Q1, that kind of nets out to about zero. In terms of the revolver amount. So like no cash, no revolver after we do all that.

And then to the extent we have The Hyland CDL, which isn't paid until April 30th, so a month after Q2, that's when we'll get a little injection of cash that we can, well, we know that's coming, so I think you can expect us to be active on the NCIB between now and then as well.

Jimmy Shan — Analyst, RBC Capital Markets

Okay. So just to clarify, the end of the quarter, Q4, you had \$25-million-some-odd on the credit facility, so essentially what you're saying is that's going to be paid off.

Jonathan Li — President & Chief Executive Officer, Minto Apartment REIT

Yes. It was paid off at the end of January but we used [inaudible] some of the cash that we had to buy back units.

Jimmy Shan — Analyst, RBC Capital Markets

Okay. That makes sense. Okay, thanks.

Jonathan Li — President & Chief Executive Officer, Minto Apartment REIT

Thanks, Jimmy.

Operator

Ladies and gentlemen, as a reminder, should you have a question, please press star one. Your next question comes from Matt Kornack with National Bank Financial. Your line is now open.

Matt Kornack — Analyst, National Bank Financial

Good morning, guys. Just with regards to the demand side of things, obviously we're living in a highly uncertain period of time at this point, but traditionally speaking I think this would likely lead to

higher propensity to rent over owning, and we saw a bit of that in terms of transaction activity in the GTA and elsewhere. I guess Alberta may be the best case study for you guys, but are you starting to see kind of less propensity to buy or own or move out? And how should we think of your higher rent portfolio and a little bit more economic sensitivity versus kind of this trend towards more renting versus owning?

Paul Baron — Senior Vice President, Operations, Minto Apartment REIT

Maybe I can go first, just as it relates to Calgary. So Calgary, really, the new supply that came online last year, particularly in the core, as it impacts our portfolio, but about 2,000 units in the core, more broadly about 5,000 units of rental. That's really what is impacting our portfolio. At the end of Q4 there's just over 1,000 units left to absorb for those new projects. We anticipate that will be absorbed in Calgary by Q3 or Q4. So I'd say the most noise, Matt, being caused by that. That said, we would, in that market, still see, ah, purchased a home as one of the top three reasons for move-outs, albeit likely a lagged effect, to your point. So don't have great data at this point, but agree with your conclusion that the uncertainty and volatility should help the business.

Maybe I'll hand off the second part of the question to Jon here.

Jonathan Li — President & Chief Executive Officer, Minto Apartment REIT

Hey, Matt. Look, I think that's kind of how we're thinking about it, right? As there's much uncertainty or much more uncertainty in the market today in terms of what's going to happen with a whole bunch of different things, I think folks may defer the decision to make large purchases, including

homes. So I agree that's helpful for the rental side of things and that's what we expect. But we haven't seen anything yet. It's too early to kind of tell you what we're seeing on that specific front, I think.

And in terms of kind of more exposure, look, I would say that there are, I'd say, given our rent point for sure, like we are seeing more sensitivity to price, and that's why we've been working hard in January and February and to now to see where that price point is so that we can get some positive momentum going in our occupancy in our portfolio. And as Paul said, we're seeing some pretty nice green shoots right now and hopefully we can continue that momentum into the leasing season. And we offer a really strong product offering, too. So I think there's a decent amount of demand out there. It's not a demand issue. I think the issue is let's just find where that demand is comfortable in terms of price and I think we kind of know where that is right now and hopefully it'll translate into a strong spring leasing season here.

Matt Kornack — Analyst, National Bank Financial

Fair enough. And then I guess it wasn't too long ago that we were talking about a supply delivery in Montreal, some challenges in that market. It seems like we're past that and you're back up to 96% occupancy. And that market, arguably, doesn't have the population growth that traditionally Toronto or Calgary would have, or even Ottawa for that matter. Is that kind of how we should think about this, the temporary pressures, but arguably we'll be back to stabilized occupancy levels once the supply pipeline has been delivered?

Paul Baron — Senior Vice President, Operations, Minto Apartment REIT

As it relates to Montreal, and Matt, I know that's a market you know very well, so we've seen continued steady demand as we've come into the new year with those, the guideline increase this year, you know, for many in excess of 5%. We're passing through some fairly large renewal rates as well and obviously that's consistent with expense growth in prior years and whatnot, so residents are understanding it as well, which is good. So don't see a significant increase in occupancy in that market, but certainly we're working it hard and we've seen continued steady demand.

Matt Kornack — Analyst, National Bank Financial

Fair enough. Thanks, guys.

Operator

Your next question comes from Dean Wilkinson with CIBC. Your line is now open.

Dean Wilkinson — Analyst, CIBC

Thanks. Good morning, guys. I hate to bring up the topic of the tariffs, because it just seems like it's totally overdone, but you guys might have a unique view through the association with the Minto Group. Your conversations there, what do you think the impact of this could be vis-à-vis new construction replacement costs? I mean I can only see this kind of getting, I don't want to say out of control, but you look at residential construction costs since the first Trump administration, they're up

70-some-odd percent. How high could that go to a point where it almost forces people to rent as opposed to buy?

Jonathan Li — President & Chief Executive Officer, Minto Apartment REIT

Hey, Dean. It's Jon here. So yeah, we can share a little bit on the tariffs. We've done a bunch of analysis on kind of potential direct impact on our portfolio here and I think you nailed it. Like the impact, the direct impact, is probably more in the on-balance-sheet construction that we have going on and development. The good news is, is that's two assets, right? The first one is Richgrove. And we're pleased to say that for Richgrove, all the concrete and the steel are complete, the main mechanical and electrical equipment have all been installed with remaining items to be installed already on order, and all the aluminum window frames have been delivered and on site. So we don't see very much impact at all on that development, so we're still well within the range of the public disclosure yields that we've put out.

On Leslie York Mills, it's a little bit more complicated, as there are two large phases in that development, and so Phase 1 is close to complete in terms from a cost perspective and so I would say a similar kind of overview that I just gave for Richgrove applies to Leslie York Mills Phase 1. Where we do have a little bit of exposure, I think, is on Phase 2, where we still have to purchase some of those things that I just said. Lumber is a big one, steel is a big one, and cladding and elevators are also big. But I would say that even at the high end of what our estimates are in terms of those potential cost increases, we still lie within the range of the public disclosure yields that we've put out of 3.75% to 4.25% yield. So we're kind of lucky that we are where we are with respect to that. I think our team went through a lot of this experience through COVID to find alternative kind of input cost supply chain alternatives and so

they're used to this and they're going to do it again and they're going to try to minimize cost. But I think, depending on how long these tariffs go for and which specific products these tariffs will target, I definitely think it's going to increase the per-unit cost of any construction on the for-sale side or for-rent side going forward definitely. Hopefully that kind of gives you some flavour of how we're thinking about it.

Dean Wilkinson — Analyst, CIBC

Yeah, absolutely. I guess in the context of that at 13 and change and near 6% cap rate, the best thing to buy would be your own units at that point. I'll hand it back. Thanks, guys.

Operator

There are no further questions at this time. I will now turn the call over to Jonathan for closing remarks.

Jonathan Li — President & Chief Executive Officer, Minto Apartment REIT

Thanks, operator, and thank you, everyone, for your time and your interest and we're looking forward to speaking with everyone in May. Thanks a lot. Take care.

Operator

Ladies and gentlemen, this concludes your conference call for today. We thank you for participating and ask that you please disconnect your lines.