

## **Minto Apartment REIT**

### **Fourth Quarter 2019 Results**

March 11, 2020 — 10:00 a.m. E.T.

Length: 72 minutes

"While Cision has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. Cision will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Cision ait fait des efforts commercialement raisonnables afin de produire cette transcription, la société ne peut affirmer ou garantir qu'elle ne contient aucune erreur. Cision ne peut être tenue responsable pour toute perte de profits ou autres dommages ou responsabilité causé par ou découlant directement, indirectement, accessoirement ou spécialement de toute erreur liée à l'utilisation de ce texte ou à toute erreur qu'il contiendrait. »

## **CORPORATE PARTICIPANTS**

### **Michael Waters**

*Minto Apartment REIT — Chief Executive Officer*

### **Julie Moran**

*Minto Apartment REIT — Chief Financial Officer*

## **CONFERENCE CALL PARTICIPANTS**

### **Brad Sturges**

*IA Securities — Analyst*

### **Brendon Abrams**

*Canaccord Genuity — Analyst*

### **Lorne Kalmar**

*TD Securities — Analyst*

### **Mike Markidis**

*Desjardins Capital Markets — Analyst*

### **Matt Logan**

*RBC Capital Markets — Analyst*

### **Troy MacLean**

*BMO Capital Markets — Analyst*

### **Matt Kornack**

*National Bank Financial — Analyst*

## PRESENTATION

### Operator

Good morning. My name is Jessica and I will be your conference operator today. At this time I would like to welcome everyone to the Minto Apartment REIT Fourth Quarter 2019 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 the star followed by the 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 10, 2020 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. Thank you.

Mr. Waters, you may begin your conference.

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

Thank you, Jessica, and good morning, everyone. I'm Michael Waters, Chief Executive Officer of Minto Apartment REIT. With me this morning is Julie Morin, our Chief Financial Officer.

I'll begin the call by providing an overview of our 2019 fourth quarter and full year results, including our financial performance and other major developments. Julie will then review our financial and operating results in detail and I'll conclude with some brief comments on our business outlook. Then we'll be pleased to answer your questions.

Please refer to slide three. As you know, 2019 was the first full year of operations for Minto Apartment REIT and it was certainly a busy one. We're very proud of what we achieved over the course of the year. We executed our strategic plan against a favourable economic backdrop and generated strong financial performance. We added properties in target markets and strengthened our balance sheet to better position us for further growth. Let me take you through some of the highlights.

We acquired ownership stakes in six properties, boosting our suite count by 67% to 7,243 suites. The new properties are located in desirable neighbourhoods in Montréal, Toronto, and Calgary, greatly increasing our geographic diversification while maintaining the exceptional quality of our portfolio. Two of these acquisitions resulted from our strategic relationship with Minto Properties Inc. We also made an investment loan for the redevelopment of our property in Ottawa by Minto Properties that the REIT has the option to purchase on favourable terms once completed. We repositioned a total of 219 suites, driving substantial rent growth while reducing future repair costs.

We delivered strong financial performance. NOI margin improved by 100 basis points compared to 2018, monthly cash distributions were increased by 7.3%, and our net asset value per unit grew 17.2%. Note that our 2018 results are for the partial year running from July 2, 2019 to December 31, 2019 following the creation of the REIT, making our 2019 full year results not directly comparable. And finally, we completed two bought deal unit offerings, raising a combined \$417 million. These issues supported our acquisitions during 2019. I'll comment more on this in a few moments.

On slide four we provided a chart that illustrates the cumulative value we've created since launching the REIT in July 2018. You can see that net asset value per unit has risen steadily each quarter from \$16.33 per unit in Q3 2018 to \$20.56 per unit in Q4 2019. That represents overall growth in the period of 26%. While we benefitted from some cap rate compression, the vast majority of this increase in value is attributable to growth in NOI that resulted from organic rental growth initiatives, our successful repositioning program, and accretive acquisitions.

Turning to the fourth quarter on slide five, I'm pleased to say that we ended the year on a strong note with solid Q4 performance. We capitalized on strong rental market conditions and delivered same-property NOI of \$13.8 million, an increase of 6.6% from Q4 last year. We repositioned 67 suites in the quarter, generating the strong rental growth we have consistently delivered from this program. We completed the acquisition and integration of Haddon Hall and Le 4300, two high-quality properties in Montréal that I discussed on our last quarterly conference call. We added 528 suites to our portfolio through this transaction. The acquisition was completed on November 20, 2019, so these properties contributed to our operating results in the quarter.

Finally, as I noted earlier, we advanced approximately \$20 million to an affiliate of Minto Properties for the redevelopment of the Fifth + Bank property in Ottawa's highly desirable Glebe neighbourhood. This is an exciting project to convert a commercial property into a mixed-use, multi-res rental and retail property.

I'll now turn it over to Julie to review our fourth quarter financial and operating results in more detail. Julie?

**Julie Morin** — Chief Financial Officer, Minto Apartment REIT

Thanks, Michael.

Turning to slide six, we reported same-property revenue, which excludes the impact of acquisitions, of \$22.1 million in Q4 2019, an increase of 3.5% from the \$21.3 million in Q4 last year. That growth was driven by higher rents achieved on new leases and higher revenue earned from reposition suites. I will note that our same-property analysis is based upon the initial 22 properties acquired at the time of the REIT's IPO. All of the Kaleidoscope property in Calgary was purchased in 2018. This acquisition closed on December 18, 2019 and its 14 days of financial results in 2018 are not material for this analysis.

Total revenue in the quarter increased 39.7% year over year to \$29.9 million from \$21.4 million last year. The increase was mainly due to the contribution from property acquisitions and the higher rental rates I just mentioned.

Same-property NOI in Q4 2019 was \$13.8 million, an increase of 6.6% from \$13 million last year, reflecting higher revenue and lower expenses. As a percentage of revenue, same-property NOI was 62.7%,

up by 180 basis points from 60.9% in Q4 last year. Total NOI in the fourth quarter increased 42.9% to \$18.6 million from \$13 million last year due to the higher NOI from the same-property portfolio and the REIT's property acquisition. NOI margin was 62.3%, 140 basis points higher than the 60.9% NOI margin we recorded in Q4 2018.

FFO was \$11.7 million in Q4 2019, an increase of 42.9% from the \$8.2 million reported last year, primarily reflecting the positive NOI variance. AFFO increased 58.3% to \$10.2 million from \$6.5 million last year. This increase reflects the higher FFO as well as an adjustment for the gain on retirement of debt in 2018, partially offset by an increase in maintenance capital expenditure reserve as a result of the REIT's increased suite count.

We declared cash distributions in the fourth quarter of \$0.11 per unit, resulting in an AFFO payout ratio of 63.3%. We had cash distributions of approximately \$0.1025 per unit in Q4 2018, resulting in an AFFO payout ratio of 58.3%. As a reminder, our monthly distributions increased 7.3% beginning with the August 2019 distribution.

As at December 31, 2019, our same-property portfolio consisted of 4,283 suites with an average monthly rent of \$1,486 per occupied unfurnished suite and an occupancy rate of 98% for available unfurnished suites. Average monthly rent increased by \$79 or 5.6% compared to the \$1,407 at the end of Q4 2018. Occupancy was 98.8% as at December 31, 2018.

The total portfolio, including acquisitions, consisted of 7,243 suites at December 31, 2019 with an average monthly rent of \$1,579 per occupied unfurnished suite and an occupancy rate of 98% for available

unfurnished suites. Average monthly rent increased by \$177 or 12.6% from \$1,402 last year. Occupancy was 98.8% at the end of Q4 2018.

On slide seven we break down operating expenses in the fourth quarter. Beginning with the same property portfolio, property operating costs of \$4.3 million were up slightly from Q4 2018, primarily due to higher insurance costs. Property taxes increased 4.3% to \$2.3 million due to higher assessments and changes in tax rates. And utilities expenses dropped by 12.9% to \$1.6 million as we received a one-time electricity refund of approximately \$146,000 for one of our Toronto properties. Electricity consumption was also down as a result of milder winter weather compared to Q4 of last year. Turning to the total portfolio, we had property operating cost of \$5.8 million, property taxes of \$3.1 million, and utilities expenses of \$2.4 million. These represented increases of 36.2%, 38.1%, and 27.1%, respectively, from Q4 2018. The increases reflect the impact of property acquisitions.

Slide eight provides a recap of our gain-to-lease activities during the fourth quarter and our current estimate of the gain-to-lease potential of the portfolio. Beginning with the upper chart, you can see that we signed 300 new leases of unfurnished suites in the quarter following suite turnover. The average rent on these suites increased by 12.9% from \$1,458 to \$1,647. As a result, the REIT generated an annualized incremental revenue gain of approximately \$602,000.

The 12.9% realized gain is the second highest quarterly increase we have generated since the launch of the REIT. As you can see from the chart, the gains we achieved in Toronto, Ottawa, and Montreal were very substantial, highlighting the strength of those rental markets. In Alberta, we offered some

incentives in order to attract new tenants, which helped to mitigate the impacts of unfavourable market conditions and a seasonally slow period for leasing.

The second chart on this slide shows the gain-to-lease potential that we estimate to remain in our portfolio as at December 31, 2019. We believe we could generate approximately \$16.2 million of annualized incremental revenue growth by bringing rents in 6,798 suites to market levels as suites turn over. That compares to a gain-to-lease estimate of \$15.3 million at the end of the third quarter and just \$5.7 million at the end of Q4 2018. So the revenue potential of our portfolio continues to expand as rental market conditions strengthen and we acquire more high-quality properties.

On slide nine we have an update on our repositioning program. We renovated 67 suites during the fourth quarter, 47 at the REIT's proportionate share, at an average cost of about \$45,883 per suite. This generated an annual average rental increase of \$6,068 per suite resulting in an average annual unlevered return of 13.2%. This is a strong result that demonstrates the value of our repositioning program. The performance was similar for the full year. We renovated a total of 2019 suites in 2019, 176 at the REIT's proportionate share, at an average cost of \$44,262 per suite. The average annual rental increase was \$5,620 per repositioned suite, leading to an average annual unlevered return of 12.7%.

Slide 10 shows that we still have a lot of value to create through repositioning. Currently, we have 2,110 remaining suites to reposition across several properties.

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

Minto Yorkville, Leslie/York Mills, High Park Village, Carlisle, Castle Hill, Rockhill, and our Edmonton portfolio. To date, we've renovated just 12% of the total available suites in our repositioning program. In addition, we are investigating repositioning opportunities at both Haddon Hall and Le 4300. It's important to note that we carefully manage the rate of suite repositioning in order to balance the short-term FFO dilution with the accretion in net asset value. Subject to the availability of suites through turnover, we expect to reposition approximately 300 to 350 suites in 2020 or 200 to 250 suites at the REIT's proportionate share.

**Julie Morin** — Chief Financial Officer, Minto Apartment REIT

Turning to slide 11, we have an update on our development pipeline. Current zoning allows for the development of 225 suites at our Richgrove project and 192 suites at our Leslie/York Mills project. We continue to work through the municipal approval process at both sites, including the negotiation of site plan agreements and building permits. We will keep you updated as we progress.

Our project at High Park requires changes to the existing zoning to allow for a proposed intensification of the site and we are making good progress on this front. On February 21, 2020, the Local Planning Appeal Tribunal issued an interim order setting out the conditions for the rezoning of the site and we are working diligently to fulfil these conditions. We will provide further updates on our plans and timing once the rezoning work is complete.

At Fifth + Bank in Ottawa, demolition of an existing structure on the property has been completed and excavation and shoring work is underway. This project is being developed by Minto Properties Inc. and will comprise 163 new residential rental suites and approximately 15,000 square feet of street-frontal

retail upon completion, which is expected in Q1 2021. The REIT has an option to purchase the property for 95% of fair value upon completion.

Turning now to our financing activities, slide 12 shows that the fourth quarter was also highlighted by financing transactions that strengthened our balance sheet to further support our growth. Most notably, we completed a bought deal unit offering in which we issued approximately 10.7 million trust units at a price of \$22.85 per unit for gross proceeds of \$245 million. The proceeds were used to help fund the acquisition of Haddon Hall and Le 4300. We used limited debt financing in the acquisition of these properties and, as a result, at year end we had a debt-to-gross book value ratio of only 39.3%.

During the quarter we also added security to our revolving credit facility and increased the facility's limit from \$150 million to \$200 million. Subsequent to the end of the quarter, we further strengthened our liquidity by obtaining a debt financing commitment of \$100 million to be secured by the Minto one80five property in Ottawa. As a result of all of these financing activities, we boosted our total acquisition capacity to more than \$300 million without any requirement for additional equity.

Turning to slide 13, you can see that we have very strong liquidity and a conservative debt profile. At the end of the fourth quarter, the weighted average term to maturity on our fixed-rate debt was 5.97 years with a weighted average interest rate of 3.15%. A total of 89% of our debt is fixed rate and 64% is CMHC insured. Our debt maturities are also well staggered. As you can see from the chart, the vast majority of repayments come due after 2021. As noted earlier, our financing activities have resulted in the deleveraging of our balance sheet, and our debt-to-gross book value was 39.3% as at December 31, 2019.

At year end we had total available liquidity from our cash reserves and credit facility of approximately \$111 million.

I'll now turn it back to Michael for closing comments. Michael?

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

Thanks, Julie.

Turning to slide 14, you've seen much of the content in this slide outlining our strategy at the end of previous quarterly presentation. The content has not changed because the strategy is working. We're confident that we can continue to build value for unitholders by sticking with it.

We plan to continue generating organic growth through both suite turnover and our repositioning program. As Julie outlined earlier, the rental market conditions across most of our portfolio are extremely strong, creating a very significant embedded gain-to-lease opportunity. And we've only scratched the surface of the value we can create through our repositioning program, which includes in-suite renovations and improvements to common areas. At the same time, we'll explore further opportunities to make strategic acquisitions of multifamily properties in primary urban markets across Canada.

We acquired stakes in six properties during 2019 and we continue to be excited about the acquisition potential before us in 2020 and beyond. Our unique relationship with the Minto Group will continue to support our growth plans, either through the intensification of existing sites or through our proprietary access to the group's pipeline of assets and development opportunities. The benefits of this relationship have been clearly demonstrated since our IPO.

Finally, in executing its business plan, the REIT will maintain its commitment to its tenants, its employees, its unitholders, and to the environment. We believe that treating all stakeholders with care and respect is not only the right thing to do, but will also result in improved returns to unitholders. In 2019 the REIT participated in the Canada Green Building Council's Disclosure Challenge, an initiative designed to reduce emissions and increase energy efficiency through data sharing and ongoing benchmarking. In 2020 we've established a formal ESG committee to ensure that environmental, social, and governance criteria are integrated into our business plans. We will update you on the committee's work in the coming quarters.

That concludes our presentation this morning. Julie and I would now be pleased to answer any questions that you may have. 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 the star followed by the one on your touchtone phone. You will hear a three-tone prompt acknowledging your request and your questions will be polled in the order they are received. Should you wish to decline from the polling process, please press the star followed by the two. If you are using a speakerphone, please lift the handset before pressing any keys.

Your first question is from Brad Sturges from IA Securities. Please go ahead.

**Brad Sturges** – Analyst, IA Securities

Hi. Good morning.

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

Hi, Brad.

**Brad Sturges** – Analyst, IA Securities

I guess maybe starting off with expectations for 2020, when you're looking at your same-property NOI numbers, can you give a little bit more colour in terms of expectations for 2020? We know that the rent growth market is still quite strong or the rent growth opportunity is still quite strong in markets like Toronto and Ottawa, but curious to get your thoughts on other parts of the portfolio, like Calgary or maybe the furnished suites.

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

So certainly the areas of highest concern in our portfolio would be certainly the Alberta market, which I don't think is any surprise, particularly in light of the news over the last couple of weeks where we've seen oil prices change materially. It's unclear exactly how that will play out at this point in time, so it's hard to say with any precision what our forecast will look like in 2020, but I think what we stressed is that our exposure to Alberta is relatively low in terms of suite count, in terms of net operating income, in terms of portfolio value. Edmonton and Calgary represent just a small portion of our portfolio.

We look at furnished suites activity as well. It's certainly more variable than unfurnished. The value of the furnished suite program is that it is relatively easy for us to bring furnished suite inventory on-line

and off-line as market conditions permit. It is a very valuable yield management tool. So that's something that we'll look at and, you know, as we do periodically, and very closely monitor market conditions for furnished suites.

And I'd look at our other markets, Montreal, we see strength there. We see strength in Ottawa and Toronto and continue to see, you know, the bulk of our portfolio is in those markets and still see lots of reasons for optimism and strength in those markets.

**Brad Sturges** – Analyst, IA Securities

In terms of the quarterly growth numbers that you put up in the last couple of quarters, is that generally a level you think you can maintain even with some of those identified parts of the portfolio that might be a smaller piece, but a challenge nonetheless?

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

Well, I'd look at two things. I'd look at, number one, the repositioning program that we have. That program has continued to accelerate as our portfolio has increased as we have expanded the feasibility studies that we've done. We have, as I said, at the end of the year, about 2,100 suites that are available for repositioning. I think that with a plan of repositioning something like 300 to 350 over the course of 2020, we see that as a huge opportunity there. What we're seeing in rents that we're achieving following renovation is very, very close to, or in some cases exceeding, our underwriting, and so that area of organic growth, I think, is an area of optimism for us.

We also look at the gap to market in the major markets, Toronto, Ottawa, Montreal, and see continued reason for optimism there as well. So, we look at that, you know, Toronto at percentage gain-to-lease there almost 15%; Ottawa over 17%; and Montreal in the mid-teens as well. Now, of course, how quickly we can realize on that will be dependent on turnover and we see turnover running at different rates in different markets.

**Brad Sturges** – Analyst, IA Securities

In terms of the suite repositioning program, I think the guidance was for perhaps 300 to 350 in terms of suites turned and renovated. Is that the proportionate share for the REIT or it's that on a 100% interest?

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

No. It's 100% interest. And it's somewhat dependent on where the suites are turning in the portfolio and then even within individual properties. If they are first turns post renovation, obviously we're not going to renovate them again. So, it's a little bit difficult for us. If you looked at our proportionate share, we would say it would be something in the order of 200 to 250 suites at the REIT's proportionate share.

**Brad Sturges** – Analyst, IA Securities

I think the average spend was around \$45,000 a door. Is that something you see being fairly consistent this year?

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

Yeah. I mean I think if you look at both the quarter ended December 31, 2019 and the full year, it was right around that \$45,000 a suite mark. Of course, there can be variability across the portfolio and even within a building, depending on the suite type and the extent of the renovation work. So there will be some variability, but I think that's a good rule of thumb.

**Brad Sturges** – Analyst, IA Securities

Okay, great. Thank you.

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

Thanks, Brad.

**Operator**

Your next question comes from Brendon Abrams of Canaccord Genuity. Please go ahead.

**Brendon Abrams** – Analyst, Canaccord Genuity

Hi. Good morning, everyone.

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

Hey, Brendon.

**Brendon Abrams** – Analyst, Canaccord Genuity

Maybe just turning the attention to the COVID-19, obviously it's kind of captured the whole world here in the potential uncertainty and impact I guess on the economy and businesses globally. Just wondering, from your perspective and the REIT's perspective, I guess firstly, how do you see whether it's the COVID-19 or the impact on the economy, and I guess we have the added layer here in Canada with the recent decline in oil prices, on the broader rental market in Canada, including those currently stronger markets which you guys are in? And then secondly, how do you view this COVID-19, maybe the impact on your portfolio specifically and whether your expectations or any planning has changed over the last few weeks?

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

So, I think just speaking at the broader question first, I think it's still too early to say precisely what we're going to see from an overall market impact and how that might impact housing in particular. I do look at apartment housing as being particularly defensive in nature. It is a good that is a must-have. Housing is a must-have and rental, in particular, within the housing segment. And so what I think that we'll be looking at, obviously, the impact on interest rates, we've seen rates come to unprecedented levels, the Canadian 10-year rate well below 1%, the 30-year below 1%. We also carefully track the Canada Mortgage Bond, which is the basis on which CMHC or a lot of CMHC-insured financing is predicated, and that's at very, very low levels that I don't recall seeing in the past.

So, it's a little early, I think, Brendon, to say precisely how the rental housing market will change. I think we have to look at multiple factors, and interest rates are certainly one of them. But the impact on the economy, I think, is still unclear. I think we're all waiting to see what the federal government

announces today. Justin Trudeau was making a series of announcements and so I think we'll be studying those carefully. I think we'll see some measures put in place by provincial governments as well and I think the impact of those is something that we'll be looking at very closely.

If I think about our portfolio in particular, we made deliberate decisions in establishing the strategy for the REIT, and the portfolio strategy in particular, to focus on core urban locations, properties that are particularly well located relative to transit, relative to population centres, high walk scores, high transit scores. We feel that those properties that are in AAA locations will tend to weather the storm better than properties in lesser locations and so I think that, if anything, we would expect to see negative impacts from shocks such as COVID and the economic impact of commodity prices or other economic shocks would be relatively less impactful on our portfolio than the broader rental portfolio or markets in general.

**Brendon Abrams** – Analyst, Canaccord Genuity

Okay. That's very helpful. And you touched on bond yields and maybe if you could just maybe elaborate on the financing environment, what kind of rates currently there is for CMHC-insured financings and whether there are any opportunities within the portfolio to, I guess, capitalize on this in maybe the near term.

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

So, as I mentioned earlier in the call, we tend to see CMHC-insured financing price off the Canada Mortgage Bond. It's sort of in the low-100s, call it 1.2% right now, and at a spread of over, say, roughly 60 beeps over that. On a 10-year basis, you're looking at all-in pricing around 1.8%. And that is fantastic

pricing, obviously. And what we love about CMHC-insured financing is that the insurance is in place for the life of the amortization, so renewal is not a challenge. And what we've seen in previous crises, including financial crises, 2008, 2009, is that the availability of CMHC-insured financing never tapered. So it was always relatively available and so we're optimistic about what we're seeing from availability and pricing.

Near-term opportunities for us, perhaps the biggest one is, as Julie mentioned, the refinancing or financing of one80five in Ottawa, which is a \$100 million plus deal, which we hope to be able to rate-lock in the next couple of weeks here. So I think that is obviously a huge opportunity, because if we were looking back a year or even a quarter we would have seen pricing at levels materially higher than what we're looking at today. Now, not to say that over the next three weeks we'll see bond rates, ah, probably won't remain static. Where they'll go, I'll tell you, no one will be watching it more closely than me.

**Brendon Abrams** – Analyst, Canaccord Genuity

Right. No, of course, lots of volatility out there. Last question for me, just before I turn it over, I'm taking a look at slide 10, the portfolio repositioning. Over 900 of the 2,100 suites are in Rockhill. Just wondering whether Q4 repositioning summary on the previous slide there, the \$45,000 per suite, 13% annualized unlevered return, like how would that correlate, how closely to Rockhill suites specifically? I know there has only been 11 so far. And maybe just your plans going forward for this property,

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

Yeah, I think it would be very much in the range of the summary on slide nine in terms of returns, in terms of expenditures. There's a fairly wide variety of suite types in that portfolio. There are some very large penthouse units, some of them are two-storey penthouse, which is highly unusual, not a big number, but throughout the rest of that 1,000-suite portfolio there's a fairly wide range. So we may see, depending on what turns, on an un-renovated basis that we could see some variation. But we have a very good grasp of the costs here because we have had the opportunity to renovate a number of suites. We've used that data as well, both in terms of the costing for the renovation program and the rents that we're achieving once renovated. I think that gives us a high degree of certainty, so we feel pretty good about Rockhill.

**Brendon Abrams** – Analyst, Canaccord Genuity

That's helpful. I'll turn it over. Thank you.

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

Thanks, Brendon.

**Operator**

Your next question comes from Lorne Kalmar with TD Securities. Please go ahead.

**Lorne Kalmar** – Analyst, TD Securities

Thanks. Good morning. I guess speaking of turning it over, in terms of turnover, what did it come in at for 2019?

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

Well, we sort of look at it on an overall basis. We're coming in around 25% for the 12 months ended Q4. And to be clear, we have incomplete data for Montreal, having just entered that market in the middle of the year, but 25% trailing 12 months.

**Lorne Kalmar** – Analyst, TD Securities

Okay. And then what are you guys kind of budgeting for in 2020, similar levels or...?

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

It's going to vary by market, but essentially, and without the COVID-19 issue, which we're still really evaluating and trying to figure out what the implications of that, what it might have on turnover, we were looking at turnover rates that would be relatively constant to what we saw in 2019. Now the impact of COVID and economic impact coming out of that is still unclear, so it's something that we'll have to look at. It's something that we monitor very closely market by market, building by building, because we do price our inventory weekly and so we are monitoring the competition and the overall market in each of those portfolios.

**Lorne Kalmar** – Analyst, TD Securities

Okay. And then on the mark-to-market kind of looking out, and I guess there is no a little uncertainty with the COVID, but you guys had a great jump from 2018 to 2019. Do you expect to see something similar in 2020? Or maybe you can give a little more colour around that.

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

Well, most of the jump—I think you're talking about the fair value increase in the investment property portfolio. It was very substantial year over year. Most of that was due to expectations around NOI and what we were achieving from an NOI at the property level. I think looking ahead, if we are able to continue with our repositioning program and delivering on that and are able to continue to capitalize on our gap to market, I think that we will see NOI increase and hence, holding cap rates constant, expect to see continued NAV per unit growth, which is one of our key objectives.

I think areas that we look at, which we've talked about in the past, include insurance, include property taxes in some markets, so those are things that we monitor very closely. I think we've been very effective at monitoring and managing utilities, which is another big cost area for us. But we need to keep an eye for sure on a couple of areas from an expense perspective. And so, all else equal, holding COVID aside, our expectations would be for optimism as it relates to creating further value in the portfolio.

**Lorne Kalmar** – Analyst, TD Securities

Okay. And then just lastly, I guess with the \$300 million of acquisition capacity, I'd be remiss if I didn't ask what the pipeline's looking like.

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

So, we have taken a very deliberate approach to acquisitions and really wanting not to grow just for growth sake but to add properties that ameliorate or improve the overall portfolio, and so we look at a lot of deals. We see a lot of deal flow. A handful of the deals that we see are ones that we would underwrite and even fewer would be ones that we would bid on. And so today we're looking at opportunities in a number of markets. We have bid on a few and continue to remain optimistic that we'll be able to bring some over the line.

Some of the growth could come through development deals. For sure, that's an area that we continue to be focused on and we see opportunities there. And want to bring those on selectively, of course, but the strategic alliance with Minto allows us to do some stuff there that I think is quite interesting. There are also Minto pipeline deals that we continue to evaluate for whether they might be, some of the assets within that pipeline might be appropriate. And it's a deliberate, methodical process that we're following. As they say, we're not just seeking to grow for growth sake but we want to grow in a way that is NAV per unit accretive. So, we're being fairly choosy about the external growth that we take on.

**Lorne Kalmar** – Analyst, TD Securities

Sure. And then maybe just a quick follow-up: On the development side of things, which markets are you targeting?

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

Our traditional markets of strength would be Toronto, for sure. We have a big presence here and through our strategic alliance with Minto we have a significant development function here in the GTA. Certainly we're seeing deal flow here and that's an area that continues to be challenging from a supply perspective, just in terms of getting sites rezoned. And you've seen us talk here about High Park Village and Leslie/York Mills over the last several quarters, Richgrove since the time of the IPO, and you get a sense of how difficult it is to bring new supply online. That's an area of strength for us because of our expertise through the Minto side. We'll continue to look to see if we can exploit that and bring opportunities forward.

I think to a lesser extent Ottawa is an area that we also have a very significant presence in and it's a very, very strong rental market, particularly in neighbourhoods like The Glebe and other downtown settings where there is very, very significant undersupply of new purpose-built rental. Fifth + Bank, I think, is an example where, again, using the strategic alliance with Minto where we were able to access what would have otherwise been a condo site, to bring forward new purpose-built rental in a submarket with less than 1% vacancy and strong and growing rents, those would be other opportunities that we'd look at. As they say, supply conditions continue to be very tight, planning restrictions and competition with condo for land is a big challenge, certainly in the GTA.

**Lorne Kalmar** – Analyst, TD Securities

All right. Thank you so much for the colour. I'll turn it back.

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

Thanks, Lorne.

## **Operator**

Your next question comes from Mike Markidis of Desjardins. Please go ahead.

## **Mike Markidis – Analyst, Desjardins Capital Markets**

Hi, everybody. First off, congratulations, guys, on a very strong 2019. With respect to, I guess, first quarter 2020, I know you guys are an extremely data-driven organization in terms of tracking kind of prospects and inquiries and touring activity and also your competitor market rents. I was just wondering if you could first off comment on if you've seen any notable change in the first quarter of 2020 on any or all of those metrics versus where you were trending in 4Q.

## **Michael Waters — Chief Executive Officer, Minto Apartment REIT**

First quarter I think, you know, we are seeing fairly consistent rental growth on renewal than what we saw in Q4. So, feeling pretty good about that year over year in what we've seen to date in Q1. Leads in particularly the strong markets, Ottawa, Toronto, continue to be quite strong, but inventory is low, obviously, so we look at conversion. And lead traffic per available suite and conversion ratios are areas that we focus on. And there is a seasonal element there. Just want to reiterate that Q4 and Q1 are

traditionally seasonally quite lower, particularly in Ottawa and Toronto, because of the weather. And so those are things that we monitor carefully.

But what we're seeing in terms of supply and population growth and job growth in a market like Ottawa continue to be very, very strong. So, to this point, I mean up to sort of like a week ago, I think we were seeing very strong performance.

Occupancy level is quite high and conversion rates on leads to be pretty solid. So, as the impact of COVID-19 and the economic shock that comes out of that, particularly in markets like Alberta, I think it's still TBD, so we need to watch that carefully.

**Mike Markidis** – Analyst, Desjardins Capital Markets

Okay. The slight decline in occupancy that you saw in 4Q, is that something you think you'll be able to push back up to the 98% level for 1Q or is there something that's continuing to persist a little here?

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

I think that we've always emphasized optimizing our yield and not so much focusing on absolute occupancy and, as I say, Q1 seasonally is a soft quarter. We want to preserve rate, so we want to be careful about just trying to fill the buildings. And so Calgary might be an exception to that where we've seen the impact of \$18 Western Canadian Select and stuff like that still needs to be really flushed through, but Ottawa and Toronto I think that we're going to be pretty careful about discounting just to fill a building. I

think that we really want to preserve and optimize our yield and so I'm not sure we'll see it come back up to 98%. I think when you look in the prime leasing season in Q2, you get into early April and late March, I think that's when you start to see it really pick up in May. Those are the areas that, of course, in Ontario particularly, if you lease it out at a discount, you're going to be living with that discounted rent for a while, so that's why we want to be super, super careful about that.

**Mike Markidis** – Analyst, Desjardins Capital Markets

That's good colour. Thank you. And then on the deal flow, it sounds like you're still seeing a lot of opportunities in the market, whether or not they fit your wheelhouse remains to be seen. I guess just given the fluidity and nature of what we're seeing in the market, early days, but do you have any high-level thoughts about whether or not your strategy with respect to capital allocation might change? And by that I don't necessarily mean the target markets and all those things that you look for, but curious as to whether or not you guys have become slightly more cautious in terms of your underwriting expectations or in terms of maybe what your pricing thresholds are.

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

The deals we've been looking at recently have been more core urban markets and, to be clear, not Calgary or Edmonton. So I think at this stage we're seeing continued strength in those markets and so I think at this point it's probably still a little too early to say, because we haven't had something that's exactly coincided, shall we say, from an underwriting perspective. We do run a lot of sensitivities and

scenario analyses on every deal. We look at rental growth rates, we look at turnover rates, we look at value-add repositioning scenarios and sensitivity analysis within that, and we typically, you know, we've seen in Toronto, for example, in the last year or so, we've seen rental growth rates running at sort of 1% a month. We are not underwriting on that basis. We typically take a much more conservative underwriting for rental growth rates in the market something more in the order of 3%. So I think we're naturally very conservative and then we scenario analysis the deals to death.

So I don't know if we've seen a marked change in our conservatism from an underwriting approach because we have been fairly conservative to start with and we're not underwriting anything in Calgary or Edmonton right now, as I say, really focused on the core markets where we continue to feel pretty optimistic about the long-term prospects. We are fundamentally a long-term investor and anyone that's investing in multi-res should be thinking long term and that's certainly how we are evaluating this and not looking at quarter-to-quarter noise that may develop. I don't know if that helps.

**Mike Markidis** – Analyst, Desjardins Capital Markets

Yeah, no, of course. And your final point there is certainly a good reminder. Just lastly, on the mortgage side, I know you talked about seeing 1.8% on a 10-year given where we are today. And just for my benefit, maybe you could just educate me if the last time we saw a decline in rates to this degree, is it purely based—I mean I guess it's semantics, but do you think that we might see lender floors in terms of rate if we keep going down further here and the bond keeps (inaudible) or the spreads widen out? Just curious as to your thoughts on how that dynamic would play out.

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

Yeah, we haven't seen floors yet, but thinking back to the financial crisis, 2008, 2009, in the instance more of construction financing, we did see lenders insert floors on floating rate. Now whether we'll see that develop here, anecdotally we've heard from other issuers and other large borrowers who are in negotiation right now on big financings, they have not seen floors develop. So at this point, not to say it won't happen, but we've not seen it to this point. And certainly thinking back to 2008, 2009, we didn't see that. And I wonder if there might be a difference from a conduit lender perspective versus a balance sheet lender. A lot of CMHC is conduit. So, I don't know, Mike, if that might change the flavour when you're thinking about a construction loan, floating rate construction loan, versus something that's backed by the Canada Mortgage Bond or would be bundled into the Canada Mortgage Bond issuance. So I don't know if that helps.

**Mike Markidis** – Analyst, Desjardins Capital Markets

Yeah, that's great. Thank you for the colour. I'll turn it back.

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

Thanks, Mike.

**Operator**

Your next question comes from Matt Logan with RBC. Please go ahead.

**Matt Logan** – Analyst, RBC Capital Markets

Thank you and good morning.

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

Hey, Matt.

**Matt Logan** – Analyst, RBC Capital Markets

Michael, following up on Michael's question in terms of your underwriting, can you give us your thoughts on how we weigh the macro uncertainty with such a material pullback in bond yields? Do you think ultimately it translates into a little bit of cap rate compression or do we kind of think that the wider spreads compensate for the risk?

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

It's hard to imagine we'll see cap rates compress further. I would be surprised. I'm wondering if investors in multi-res, which are basically the source of our valuations, would take a long-term view similar to how we've taken a view, and that means the long-term view as it relates to cost of capital, and whether they would assume a wider spread. It's hard to imagine that cap rates would go a lot lower than where they're at. And I think in some markets, like Vancouver, there is no space for it to drop further. It literally is you're seeing cap rate transactions in the mid-twos, high-twos.

So, if we've seen bond rates move over 100 beeps really, it's speculation on my part, but I would say we underwrite a deal. We don't underwrite it on a cap rate basis. I know that's the convention, that that's how assets are appraised. We look at things on a discounted cash flow approach and we look at our cost of capital on a long-term basis, not based on momentary fluctuations in bond rates and things of that nature. So, we continue to look at 10-year type planning horizons when we're underwriting deals. We do

a discounted cash flow approach. We would make very conservative assumptions about rental growth rates and turnovers and expense growth. Our CapEx, I think we're fairly conservative on that front. And I think we look at our cost of capital on a long-term run rate basis, not a short-term opportunistic sort of basis.

Now will others look at it the same way or differently? I think it's hard to say. I mean it would be tempting, I think, for some to jump into the market if they're able to finance on a 10-year basis at 1.8% and possibly bid assets to that level, but I mean we'll have to see, I think. It's one of those things that I think we're going to have to wait for a little bit more time and to see if that's unravelled to see how the market reacts. But we're not banking on cap rates compressing materially.

**Matt Logan** – Analyst, RBC Capital Markets

Appreciate the colour. And maybe just taking a step back in terms of what keeps you up at night amid a lot of increasing uncertainty, would it still be what comes of COVID-19 or would it be still things like challenges in bringing new supply to market?

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

So, new supply to market is something that we have kind of 65 years of experience on and so, through our Minto roots, we take a very long-term view and have seen this planning environment over decades and decades type sort of perspective, and so that's an area that I think we've taken a very patient stance towards and would continue to see it that way. And so I actually see that as an advantage for us, because we have, through our strategic alliance with Minto, the capacity to look at things in that sort of

way and with that perspective and experience, and so I actually think that is a tremendous advantage for us.

I think the stuff that does keep me up at night a little bit, and I say a little bit because I sleep pretty well, but the COVID-19 crisis is a little different than SARS in that it seems to be a little bit more virulent in terms of the rate at which it is spreading. And so we've done a tremendous amount of planning, advanced planning, preparations and steps that we can take now that are kind of business continuity type, dealing with contingency planning around disruption in supply chain or with key trades and the risk of employee absenteeism, if that became an issue due to illness or school closures. Those are things that, you know, a lot of that planning work, our IT backbone and other systems like that, and then looking at developing precautions that move on an escalated basis as circumstances dictate, and that's what we've spent a tremendous amount of time doing over the last month or so. So it's not something that I think really is a massive long-term concern. I think there could be some short-term impact for us. I think the broader economic concern is still TBD. And though I do think in our asset class, in our sector, and particularly in our portfolio, where our portfolio is located, I continue to feel pretty good about our position.

So, I mean I think we're a bit of a planning culture at Minto and so I think we just, we try and we hope for the best, but plan for the worst, and I think that's how we've sort of taken an approach to most of this.

**Matt Logan** – Analyst, RBC Capital Markets

And the last question for me, maybe just on your planning approach for 2020. Could you outline your top-three objectives of things you'd like to accomplish by the end of the year?

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

I think they've been relatively constant. We want to continue to capitalize on our organic growth, and that includes realizing on that gap to market, which is fairly substantial. I think that repositioning program and driving through that, if we can get to 300 or 350 suites and continue to do that, I think that would be big area for us. Acquisitions are important but, as I say, we're not growth for growth's sake. It's finding the right deals. And whether those come from the Minto pipeline or externally, we'll watch those.

An area that's emerged for us I'd say over the last year has been ESG and that's an area that we get asked about a lot and so it's an area that we're spending more and more time. I think we have typically done a better job doing than talking about our ESG and so I think what we need to do, as we're new to the public markets, is change maybe our approach to talking and communicating a little bit more transparently about the wide variety of ESG initiatives that we have. So that's probably new for us and that will be a big part of our planning in 2020.

**Matt Logan** – Analyst, RBC Capital Markets

Appreciate the colour, Michael. Thank you. That's all for me.

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

Thanks, Matt.

## **Operator**

Your next question comes from Troy MacLean with BMO Capital Markets. Please go ahead.

**Troy MacLean** – Analyst, BMO Capital Markets

Good morning. Just circling back on the market outlook, and this is not specific to COVID-19, but do you think it would be fair to say that landlords will be more aggressive in markets like Toronto, Ottawa, and Montreal in a downturn than they would have been previously just given the wide gap between market and in-place rent?

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

I'm not sure of that. It's hard to say that, just because of the advent of COVID. I think of maybe other shocks that we've witnessed in the past, and we've seen some fairly significant shocks, 2008, 2009, for sure where we saw big impacts on the for-sale housing market. And I think of the austerity budget in 2012, which certainly had an impact in some markets, like Ottawa. I think we need to probably look at turnover and whether that changes materially, because that could have probably a bigger impact. So we could see, for example, if turnover drops further, we could see rents going up higher. So, it's really hard to say. I think we need to see it play out. And Q1, unfortunately, is not a great quarter to assess, because there are just seasonally low volumes of activity. I think Q2 is where it will start to play out.

**Troy MacLean** – Analyst, BMO Capital Markets

And then, in general, how would replacement costs compare between Montreal and Toronto for high-rise apartments? Is there a big delta there between like a cost per door? And if you can kind of mention any kind of guidelines that you would look at.

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

I think the biggest difference is probably on land costs. I mean Toronto urban development sites are kind of mid-\$200s to maybe \$300s a foot. I don't think Montreal is close to that level. So, I think that's probably the single biggest differentiator. And to be fair, on construction costs in Montreal, I wouldn't be a good judge because we just don't have any current experience. I will say that in Toronto it's not unusual to see current hard cost budgets for high-rise concrete in the urban core peak over \$300 a foot, so I would be surprised if Montreal was materially lower. It is a very busy development market and so much of that hard cost is based on a world commodity market for things like rebar and issues of that nature, and major systems like glazing and things of that nature. I'd be surprised if there was a material difference. So, I think the biggest difference on a replacement cost basis would be in the land side. But to be fair, I don't know the Montreal development market as intimately as Toronto, so I'm not sure I'm qualified to give a really expert opinion on that.

**Troy MacLean** – Analyst, BMO Capital Markets

No. That's good colour. And then just finally, on your DCF assumptions, what would you use as your exit cap rate or like how would it compare to the going-in cap rate?

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

So, we typically add about a 50 bps spread over current, just for conservatism and, as I say, that's kind of a 10-year horizon. And then we'll run some scenarios around that, ups and downs, and what we're really looking for is to see how robust our returns are to a downside scenario, whether that's rental growth rate, expense growth rate, exit cap rate, those kinds of things are sort of what we would run through our sensitivity analysis.

**Troy MacLean** – Analyst, BMO Capital Markets

Excellent. That's it for me. I'll turn it back. Thank you.

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

Thank you.

**Operator**

Ladies and gentlemen, as a reminder, should you have a question, please press the star followed by the one.

Your next question comes from Matt Kornack of National Bank. Please go ahead.

**Matt Kornack** – Analyst, National Bank Financial

Good morning, guys. Not to belabour the point, but with regards to COVID-19, do you have planning in place if a tenant of yours would be infected in dealing with quarantine and the health and safety of other tenants?

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

We have, I would say, general provisions in place as it relates to heightened sanitary and hygiene measures in the common areas and amenities of our buildings. We do have, I think as well, relationships with vendors who can help us remediate if there is a situation where someone has been infected and we need to disinfect an area, for example. But we're a little different than a seniors or student housing provider in that we don't have as many community sort of dining or any community dining or community-type programming where we would see, just sort of a natural social distancing that you'd see in an apartment complex that you wouldn't maybe see quite to the same extent in seniors or student or certainly a cruise ship. So I think that the bulk of our efforts have been in common areas and amenities, elevators, really making sure that we've got a clear program around sanitizing door handles and elevator cabs and things of that nature, so a heightened level of cleaning in those common areas, high-touch zones, if you will.

**Matt Kornack** – Analyst, National Bank Financial

Fair enough. No, that makes sense. With regards to CMHC-insured financing, I think it has to do with your Class C units, but the amount of CMHC-insured debt, I think, is a bit lower. But are all of your properties at this point qualifying for that type of financing and how do the dynamics work with regards to the Class C units?

**Julie Morin** — Chief Financial Officer, Minto Apartment REIT

So, some of our Class C units do have the CMHC insurance, actually most of them do; however, not all of our properties currently have CMHC insurance, some of which don't currently qualify. And for example, when you look at our LYM property, because of the construction that we are planning on doing on that site, we did not put CMHC financing in place. And that would be the case for other properties as well.

**Matt Kornack** – Analyst, National Bank Financial

But presumably like those assets, (inaudible), if you wanted to you could put CMHC? I mean you don't want to restrict the process, but if worst-case scenario you couldn't get a loan in the conventional market, you could put CMHC on that?

**Julie Morin** — Chief Financial Officer, Minto Apartment REIT

Yeah. It would certainly be something we can look at, but we prefer just waiting until the end of the construction and putting CMHC once the project, you know, construction has finished, project has stabilized, and then put the CMHC in place at that time.

**Matt Kornack** – Analyst, National Bank Financial

Okay, fair. On repositioning CapEx, it sounds like the approach to acquisitions has been to buy properties where the common areas have been renovated but the suite turns remain. So, should we look

at CapEx, the bulk of it being suite turn CapEx? Or do you have a sense as to what the total budget would be including building improvements as well?

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

Certainly the vast majority of it would be in-suite. I wouldn't say our strategy is to find ones where they've already done the common areas. It really does vary. But typically you're going to spend far more in-suite than you would in hallways, lobbies, elevators, and amenity space. But it does vary by property.

For example, at Rockhill, over 900 of the 1,000 suites we acquired had yet to be repositioned in-suite but there was also a fair bit of opportunity in what I would say is value-add amenity, the fitness, the party room, and other amenities, and including sometimes outdoor space, courtyards and barbecue pits and things of that nature, where we see maybe opportunities there as well. And we do consider that value-add because we think that they are opportunities, and some of them are very small, comparatively, investments and we think that those amenities can drive value as well.

**Julie Morin** — Chief Financial Officer, Minto Apartment REIT

I would just add to that that if you look at our total spend for 2019, we're probably looking at the same level in terms of building improvements and maintenance CapEx. If anything will change, it will be our suite upgrades with respect to our repositioning and you can use the assumptions we've provided in terms of the \$200 to \$250 at the average cost.

**Matt Kornack** – Analyst, National Bank Financial

Okay, that's perfect. And then last question, and hopefully the last question for this call, on turnover, do you foresee Ottawa moving more in the direction of Toronto given the juicy rent spreads that you're getting in that market? I'd assume people would want to stay put, as it seems like Ottawa is quite strong these days.

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

Yeah, we haven't seen that trend. Ottawa has remained at a fairly high level of turnover on a trailing 12-month basis over the last three quarters for which we have trailing 12-month data. We've seen it remain relatively constant and at a fairly high level. I mean what would you add to that, Julie?

**Julie Morin** — Chief Financial Officer, Minto Apartment REIT

We've just seen stats that show that Ottawa is the highest growth city in Canada in 2019, so I think, if anything, we'll see a migration to Ottawa and probably turnover and additional demand for that product.

**Matt Kornack** – Analyst, National Bank Financial

Okay, great. Thanks, guys. Appreciate it.

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

Thanks, Matt.

**Operator**

There are no further questions at this time. Please proceed.

**Michael Waters** — Chief Executive Officer, Minto Apartment REIT

Okay. Well, thank you, everybody. That concludes our call this morning. Thanks for joining us and for your interest in Minto Apartment REIT. We look forward to speaking with you again after we report our first quarter financial results in May.

**Operator**

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