

**Minto Apartment Real Estate Investment Trust**

**Third Quarter 2025 Financial Results Conference Call**

Event Date/Time: November 5, 2025 — 10:00 a.m. E.T.

Length: 49 minutes

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## PRESENTATION

### Operator

Good morning. My name is Jim and I will be your conference coordinator today.

At this time, I would like to welcome everyone to the Minto Apartment REIT 2025 Third Quarter Financial Results Conference Call. All lines have been placed on mute to prevent any background noise and 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 the star followed by the digit 1 on your telephone keypad. And if you would like to withdraw your question, simply repeat the steps of star and 1, and that will remove you from our queue.

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 November 4, 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. Thank you.

Mr. Li, you may begin your conference.

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

Thank you, Operator, and good morning. With me today is Eddie Fu, Chief Financial Officer, and Michelle Calloway, Senior Vice President of Property Operations.

We generated solid operating results in the third quarter despite headwinds from elevated supply in several markets and slower population growth.

On Slide 3, our results were underpinned by the steady revenue growth of the unfurnished fee portfolio, which increased by 2.4 percent as average monthly rent growth of 4.5 percent was partially offset by lower occupancy and the use of promotions.

We were able to drive our leasing activity through targeted strategic initiatives and active management, resulting in a 50 basis point sequential increase in closing occupancy to 96.5 percent.

In the quarter, commercial revenue became a tailwind and increased 10.3 percent compared to Q3 of last year. Revenue growth for the same property portfolio was 1.6 percent as lower furnished suite revenue impacted our overall growth.

Same-property portfolio NOI increased by 0.7 percent as higher revenue offset the increase in operating expenses.

Normalized FFO and AFFO per unit increased by 0.6 percent and 0.1 percent, respectively, as a result of accretive unit buybacks and lower G&A costs. We achieved this growth despite the impact of a

decrease in capitalized interest and lower interest income following the repayment of two convertible developed loans.

During the quarter, we purchased \$3.6 million of units under our NCIB program at a weighted average price of \$14.25 per unit. In total, we acquired the maximum number of units allowable under this program at a cost of approximately \$43.9 million. On October 1, we renewed the NCIB program, enabling us to acquire nearly 3.5 million units through September 30, 2026. Unit buybacks continue to represent an attractive use of capital and are aligned with our capital allocation strategy at current unit price levels.

Finally, we were pleased to announce that our Board of Trustees approved a 2.9 percent increase to the REIT's distributions. This represents the seventh consecutive year in which the REIT has increased distributions, reflecting the confidence that our team has in the business outlook for 2026.

I'll now turn it over to Eddie to review our third quarter financial and operating performance in greater detail. Eddie?

**Edward Fu** — Chief Financial Officer, Minto Apartment REIT

Thank you, Jon.

Slide 4 provides some key details about our operating performance. Same-property portfolio revenue was \$39.1 million, an increase of 1.6 percent compared to Q3 of last year. This increase in revenue reflects steady growth in our unfurnished suite portfolio and 10.3 percent growth in our commercial portfolio. These were partially offset by lower average occupancy, use of promotions and lower revenue from furnished suites.

Same-property NOI was \$25.6 million in Q3 2025, an increase of 0.7 percent compared to Q3 2024. The increase reflects the same-property revenue growth, partially offset by a 3.6 percent increase in operating expenses. Same-property NOI margin was 65.5 percent in Q3 2025 compared to 66.1 percent in Q3 2024.

Normalized FFO and AFFO per unit increased by 0.6 percent and 0.1 percent, respectively, compared to Q3 of last year.

Normalized AFFO payout ratio was 55.4 percent, an increase of 160 basis points from Q3 last year.

I'll move now to Slide 5. This highlights the REIT's consistent quarter-over-quarter growth in average monthly rents. Our realized gain on lease up 3.2 percent in Q3 was down marginally from Q2 as market rents have declined and turnover for suites with tenants whose sitting rents are well below current market rents remains low.

Moving to Slide 6, we have signed 549 new leases in the third quarter, generating realized gain on lease of 3.2 percent, down from 4.7 percent in the previous quarter. As indicated in the lower table, the embedded gain-to-lease potential at the end of the third quarter remains solid at 8.2 percent or \$11.6 million.

Moving to Slide 7, the same-property portfolio annualized turnover was 30 percent in the third quarter, up from 26 percent last year. Despite the rise in turnover, closing occupancy increased to 96.5 percent, up 50 basis points from Q2 2025 as our strategic leasing initiatives led to an increased number of leases signed allowing move-ins to exceed move-outs.

On Slide 8, revenue from commercial leases increased by 10.3 percent from Q3 last year, the result of a new tenant taking occupancy at the Carlyle in the previous quarter.

We have 2 additional commercial leases that will further strengthen occupancy: one at Kaleidoscope in Calgary, which commenced in November, and another at Minto Yorkville set to commence in January 2026.

With respect to the furnished suite portfolio, revenue decreased 14.5 percent from Q3 2024 due to a lower number of occupied suites and a decrease in average monthly rents.

Since Q3 2024, we have converted 24 furnished suites to the unfurnished portfolio, including 19 at Minto 185. We expect to continue reducing the number of furnished suites over time, however, the pace will be subject to local market leasing conditions and cash flow optimization.

Turning to the operating expense breakdown on Slide 9, same-property portfolio operating expenses increased 3.6 percent, due primarily to higher property operating costs which were the result of filling previously vacant staffing positions and increased marketing costs incurred to drive leasing activity.

Same-property property taxes were effectively flat as lower assessed values and rates in Calgary were offset by increased rates in Montreal, Toronto and Ottawa.

The year-over-year increase in same-property utility costs reflected higher average electricity and water rates across the portfolio and higher water consumption in Calgary. These increases were partially offset by a decline in natural gas costs attributable to the cancellation of the carbon tax, partially offset by an increase in supply rates and consumption.

Moving to suite repositioning on Slide 10, we repositioned 16 suites in the third quarter, generating an ROI of 11.6 percent. Over the past four quarters, we repositioned a total of 58 suites and generated an average ROI of 9.3 percent. We recorded a lower average cost per suite this quarter as a result of suite mix and the location among those renovated as compared to the last two quarters. We expect to reposition a total of 50 to 70 suites this year compared to 48 last year.

Slide 11 highlights our key debt statistics. Our maturity schedule remains well balanced. As of September 30, 2025, the weighted average term to maturity on our term debt was approximately 5.1 years with a weighted average effective interest rate of 3.65 percent.

As of the end of Q3, 97 percent of our total debt was fixed. Total liquidity at quarter-end was approximately \$124 million.

I'll now turn it back over to Jon.

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

Thanks, Eddy. The next two slides detail the current status of our development pipeline.

On Slide 12, stabilization of 88 Beechwood in Ottawa is expected later in Q4 of this year. And at University Heights in Victoria, move-ins have begun at the first building and leasing has started at the second building. Stabilization of the 5-building projects is anticipated to occur in 2027.

On Slide 13, we provide recent pictures of our two on-balance sheet developments, 610 Martin Grove and The Towns at York Mills & Leslie, which continue to progress well. At Martin Grove, occupancy

at our affordable suites in partnership with the City of Toronto will begin shortly, and stabilization is expected to occur in Q4 2026. At The Towns, pre-leasing activity is underway for the first phase of suites, and we expect first occupancy to occur early next year. Stabilization of the second phase is expected to occur at the end of 2027.

On Slide 14, you can see we continue to make meaningful progress on our sustainability initiatives and we are proud to share some highlights from our 2024 Sustainability Report that was published in September.

I'll conclude with our business outlook on Slide 15.

Despite the near-term uncertainty facing our industry such as elevated supply in certain markets, slower population growth and affordability challenges, the long-term fundamentals supporting Canadian urban rental housing demand remain intact. We have been actively managing the portfolio to increase occupancy and optimize rents and are pleased with the progress we made in Q3.

The performance of our commercial portfolio has now shifted to being a tailwind and the wind-down of our furnished suite portfolio continues, subject to local market leasing conditions.

We also expect to continue returning capital to unitholders through our accretive unit purchases as it remains an attractive use of capital at current trading levels.

We have undertaken multiple initiatives to strengthen the REIT, including improving the balance sheet, prudently allocating capital, while at the same time high-grading the portfolio. We remain keenly

focused on delivering strong returns to unitholders through continued active management of our portfolio, disciplined capital allocation and balance sheet management.

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

## Q & A

### Operator

To our audience joining today over the phones, if you would like to ask a question, simply press star and one on your telephone keypad. Once again, that is star and one, ladies and gentlemen. And star, one will also remove you from the queue if you find your question has been asked.

We'll hear first today from Sairam Srinivas at Cormark Securities. Please go ahead.

### Sairam Srinivas — Analyst, Cormark Securities

Thank you, Operator. Thanks for the colour in the quarter, guys. Just a question on the condo market. When you talk to your guys in the top Minto property side of things, how are they seeing the condo market evolve? Do you think that the supply is kind of at an end right now?

### Jonathan Li — President and Chief Executive Officer, Minto Apartment REIT

Hey Sai, thanks for your question. Yes, it's an interesting time in the condo market and especially as we have the lens from the private company. I would say I guess, number one, there's very little new starts, obviously, coming to fruition or shovels going into the ground right now. I think certain well-

capitalized, experienced developers are starting to see—or look into the future and see that in four, five or six years there is going to be quite a dearth of supply, especially in Toronto. And I think some folks are seeing that as a bit of an opportunity to potentially deliver within that timeframe if they start now. So I guess what we're starting to see is, again, a handful of developers who have a long-term view and are well capitalized that are looking at those new opportunities today. Maybe deliver in five or six years? We're seeing pockets of capital become attractive to that as well.

I wouldn't say it's pervasive through everyone. I think it is a unique opportunity for some folks to start getting shovels in the ground today with a view that they're probably making some conservative assumptions around what rents do between now and then, what cap rates might be in five years, but when they put that all into the melting pot and kind of look at what it looks like, I think it's starting to look a little bit attractive.

And I think I guess the other kind of interesting nuance that I think is emerging is that new construction lending, it seems like there's actually quite a bit of that capital out there and it's quite competitive, so that when you look at that side of the cost equation for developments, LTVs are quite attractive and rates are at a point where some of that math, I think, makes a bit more sense.

**Sairam Srinivas** — Analyst, Cormark Securities

That's interesting, Jon. When you look at markets across, I'm assuming, considering the concentration of the condo market in Toronto, would that be one of the markets these long developers are looking at? Or would that be other markets?

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

We're seeing it mostly in Toronto, a little bit in Ottawa as well. Those are kind of the two markets. Vancouver, a little bit. There's always pockets of capital interested in developing in Vancouver. And then Calgary, I think a lot of capital in Calgary is focused on kind of the low-rise, kind of out in suburbia developments. Less high-rise today is kind of what we're seeing.

**Sairam Srinivas** — Analyst, Cormark Securities

That makes sense, Maybe just looking at the turnover numbers over here, obviously, it's been trending up. But when you kind of look at the leases that have kind of turned over, are you able to comment on the age of these leases? A general breakup would probably be great.

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

Yes. Yes. We track this. We we are seeing the folks basically who have moved in the last two to three years, those are predominantly the people moving. So that's why you're seeing quite a delta between embedded rent and gain on lease because the folks who just moved in are the ones turning in.

I think it's a bit exacerbated today because folks who signed at least 12 months ago and 18 months ago, there is quite a large gap between where they agreed to pay rent 12 months ago and where market rents are today, especially in a market like Vancouver as an example. So we are seeing elevated turnover in that kind of cohort who recently moved and the gap to market is pretty big downwards. So that is where we're seeing some of that churn.

**Sairam Srinivas** — Analyst, Cormark Securities

That's great colour, Jon. Thank you. I'll turn it back.

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

Thanks, Sai.

**Operator**

Our next question will come from the line of Jonathan Kelcher at TD Cowen.

**Jonathan Kelcher** — Analyst, TD Securities

Thanks. Good morning. Just going back to Sai's first question there, when you were talking well-capitalized developers, were you talking condos or purpose-built rentals?

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

I think a lot of folks are looking at those as one and the same and almost option value for them to swap from one to the other. I think purpose-built rental, probably that math hangs together a bit better today than just condo, but as you know that can flip relatively quickly. But there still is a decent gap on the condo side of things between in-place and where kind of pro forma sales price is on a per foot basis makes sense. (Inaudible) purpose-built rental.

**Jonathan Kelcher** — Analyst, TD Securities

Okay. Okay, so mostly purpose-built rental because I think you'd still need quite a bit of presales to get condos up and going.

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

Agreed. Agreed.

**Jonathan Kelcher** — Analyst, TD Securities

Then I guess related to that, maybe give your thoughts on anything you saw in the budget yesterday and what do you think it means for near-term fundamentals, both, I guess, on the supply side and the demand side.

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

Yes. I don't want to be too anticlimactic but I didn't get—my kind of knee jerk was that there are no major surprises. We heard through the grapevine that the MURBs that they were considering were not going to be included, which was the case. We understood they were going to increase some of the lending and the debt funding coffers, they're going to open those up a little bit, which did occur as they said they're going to put \$20 billion more into the CMB market.

I think on the immigration front, it was kind of as expected. I think their target of 380 per year the next three makes sense. I think not make sense, but was consistent with what they had previously announced. And in terms of reducing some of the temporary foreign workers and—sorry, well, international students, consistent with what they've been saying, we're cautiously optimistic about they

mentioned they're targeting certain folks for temporary residents, folks who would be in high-value jobs and high-demand jobs and are going to pay pretty attractive wages. I think that's probably positive on the margin as we have kind of a stickier, more tenant credit-steady tenants or credit-steady tenant. Hopefully, that's positive for our market.

But having flat to slightly up overall immigration for the next few years is a decent backdrop for how we're thinking about it. No major kind of surprises up or down in the budget, at least from our perspective.

**Jonathan Kelcher** — Analyst, TD Securities

Okay. That is helpful. I'll turn it back. Thanks.

**Operator**

Next question today will come from Kyle Stanley at Desjardins.

**Kyle Stanley** — Analyst, Desjardins

Thanks. Morning, everyone. Would you say the elevated number of new leases that you signed in the quarter speaks to any shift in market level demand? Or is this more seasonal in nature or maybe driven by the incentives and promotions that you guys are offering to push occupancy?

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

I think what we're dealing with is turnover is higher because of supply, because people have lots of choice, higher in our kind of immediate competitive markets just because it's where we compete. But I think we've been actively managing our leasing and marketing efforts to drive as much occupancy as we can, especially leading into the cold and winter season in Q4. I think that's going to continue, on both sides, the demand and our kind of active management. We're internally kind of anticipating a bit more of the same for the next months and few quarters.

So it's kind of all—I don't think there's one thing, Kyle. I think there's lots of turnover, and we're sprinting from an operations perspective and leasing and management perspective to just drive occupancy, and that's kind of what we're doing.

**Kyle Stanley** — Analyst, Desjardins

Okay. No, that makes sense. I guess, last quarter, you kind of indicated that on turnover, net of incentives, the increase was roughly flat. I'm just wondering, I guess, where are incentives now? I think last quarter, you said about a month, maybe 1.5 months of free kind of being offered. Where would that net number be today? Is it much different from kind of what you saw last quarter?

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

It's pretty consistent over the last two, three months, Kyle. We're not doing—in certain units in certain markets, we're doing a little more in certain units, certain markets, we're doing a little less. Like Vancouver right now, there's more. That seems to be a market that is just affordability is top of mind. There's a decent amount of supply, so the newer build buildings where the rents were closer to market

12 months ago, 24 months ago, those are experiencing some pretty high turnover. The older ones where the rents have been under rent control for 15, 20 years, and whose rents are just lower on an absolute dollar basis, those tend to be more full. I think that's one dynamic that we're seeing in Vancouver. But in Montreal, Ottawa, it's kind of steady as she goes on the incentive front.

So I think just overall, our incentive use is probably pretty consistent with what it was last quarter.

**Kyle Stanley** — Analyst, Desjardins

Okay. Okay. Fair. Just last one, I guess, going back to the budget a little bit. It does look like through now and the end of the decade, there will be some public service cuts. And with work from home, that's not necessarily entirely concentrated in Ottawa anymore the way it might have been historically. But your portfolio has been through ebbs and flows in public service employment in Ottawa. Can you just remind us, have you seen much of an impact over the years when things change in Ottawa, or is it fairly steady?

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

I think it's been relatively steady. I think the fact that the condo market in Ottawa is such a small portion it kind of eliminates some of that volatility. The unions are a powerful entity and so what we're— Ottawa for us has been very steady as she goes over the last number of decades. We don't see too much of a change. I mean, look, on the margin maybe a little bit, but the advantage for us is our portfolio in Ottawa is quite well positioned from a cost perspective and from a size perspective. And so that's kind of how we've been coming from a bit of a position of strength. I don't want to oversell it, but that, it's quite a resilient portfolio that we have.

**Kyle Stanley** — Analyst, Desjardins

Okay. Thanks for that great colour. I'll turn it back.

**Operator**

Our next question will come from the line of Brad Sturges at Raymond James.

**Brad Sturges** — Analyst, Raymond James

Hey, good morning. Just following up on the leasing discussion here. You talked about it a little bit, just on focusing on occupancy and you're heading into a bit of a slower leasing season from a seasonal perspective. Just curious, do you think your leasing spreads have stabilized at this level, particularly net of incentives? Or could they still come in a bit further, just given where we are in the cycle of the market.

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

I think they can still—there's still opportunity for them to come in a little bit. Not a ton in our kind of estimation or guesstimation. I feel like if we're not nearing stabilization, we're kind of close. So hopefully that answers your question.

**Brad Sturges** — Analyst, Raymond James

Yes. That helps. My other question would be just from a capital allocation perspective. Obviously, you have focused on incrementally more capital towards like the NCIB. What would you think—what do

you think your balance sheet capacity is to continue to be active on that program? And would that need to be tied to more asset sales or could you do it just with the incremental cash flow being retained today?

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

Look, I think we're very comfortable where we are in terms of leverage. I think there's probably room to go up a little bit if we had to. I don't think that's the goal, but we're comfortable at 45, we're comfortable in the 47, we're comfortable at 48. Is that where we want to be long, long term if you had unfettered access to capital and everything was hunky dory? Probably not. We'd probably want to be lower. But just given our access to CMHC, given the cost of debt today, we're very comfortable kind of where we are and slightly above that.

I think if we were to go materially above that, I think asset sales would probably come into play. I think the good news is, in a market like this, high-quality, well-located residential real estate isn't really high demand in the private market and we're seeing evidence of that as it relates to inbounds that we keep getting. I would say those inbounds are significantly supportive of our book value or better, like forget about consensus-implied cap rates and forget about where our share price is implying cap rates. It's a bit of a joke. There's a significant gap between the private investment market and public markets in the residential real estate today and that's one thing that we're trying to deal with.

But to your point, we're comfortable with leverage. I think you can—unit buybacks is still, today at least, the most attractive thing we can do with our capital. I guess that's how we're looking at the landscape.

**Brad Sturges** — Analyst, Raymond James

Given those inbounds continue to happen, pretty supportive valuations to your book value. Would you contemplate more asset sales at this point? I know there's puts and takes to that on a short-term and long-term basis. But what would be the sort of the appetite (inaudible) to sell assets to either fund other growth or to buy back stock?

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

Yes. Look, I think it's a balance, right? I think to the extent if we can sell something for a low cap rate and buy something for a higher cap rate, I think that all makes sense. I don't think we're just—the prospect of selling something at an attractive cap rate to just "show the market" that we're undervalued. I mean, I think that's been tried and true and it doesn't really move the needle. We sold five of our lowest quality assets for book value or higher, and I don't think we were rewarded with any pop in the unit price.

Our largest peer IntraRent was sold. That short-lived euphoria was very short-lived. So we've kind of come back down.

I think just the public markets are kind of—things like that are falling on the public market's deaf ears right now. I think that's just the reality of where we are.

So I think any asset sale will likely be linked to something that makes sense on the use of proceeds side in terms of growing as well.

**Brad Sturges** — Analyst, Raymond James

Makes sense. I'll turn it back. Thank you.

**Operator**

Next question comes from Mario Saric at Scotiabank.

**Mario Saric** — Analyst, Scotiabank

Hey, good morning and thank you for taking the question. Jon, I just want to circle back on the last question with respect to capital allocation. I did note that you included a reference to the high investor demand for quality assets in your outlook section. What would you say is the opportunity set available in terms of selling low cap rate to buy higher cap rate of desired quality? How likely could that be in the next 6 to 12 months?

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

I mean I think it's possible, like, you know, it's likely impossible. Like I said, we have some pretty—very attractive trophy-like assets. The North Star is to grow, but we are very aware of the factors that are at play today and understand that growing in today's market has to make sense. You can't issue dilutive equity and all that stuff. But I think we do have a portfolio that there are a number of assets that are attractive to many people, and those cap rates are today lower than what acquisition cap rates are in similar or better markets even. So that math can work today. So I think we're looking at all opportunities that make sense for our unitholders for both the immediate and long term.

**Mario Saric** — Analyst, Scotiabank

Got it. Presumably, those would be FFO per unit accretive transactions if they were to materialize?

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

Correct.

**Mario Saric** — Analyst, Scotiabank

In your opinion, is there anything specific within the public market that you feel is not recognizing the quality of the portfolio? Like the low cap rate assets within the portfolio, is there something specific in your view that is preventing the realization of that?

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

Yes, there's a lot of things, I think, in the public markets that aren't recognizing. I mean, number one, fund flows are negative, so that's always tricky because investors are just horse-trading. I think, number two, unfortunately, I heard some stats where real estate used to be 4 percent of the index. Now it's less than 2 percent of the index and what is real estate is actually Colliers and someone else, so it's not even kind of the fundamental REIT guys as we think about it.

So I think some general investors and other investors simply aren't as interested in the REIT sector today and I think they feel like they have a lot of runway to get back in because there isn't necessarily, I think, a obvious catalyst for folks to pile back into the real estate market today.

So, when you have all that as a background, I think public real estate isn't valued at NAV and so that's exactly, I think, what's happening today and that's what we're dealing with.

**Mario Saric** — Analyst, Scotiabank

Got it. Okay. Two more quick ones just on the operational side. You mentioned kind of re-leasing rents or leases that were done 12 months ago, it'd be notably lower today relative to 12 months ago. What would that spread be like in Toronto and Vancouver today, as an example?

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

So in Vancouver, I was just there last week. To give you an example, like a 1 bedroom rented out for \$2,800 approximately. Today with incentives, that net number is closer to \$2350. That's Vancouver. That's new build. I'm not saying it's the whole market. I'm just saying kind of that's what we're seeing with some of the new builds.

In Toronto, it's probably similar, like maybe a little less, but similar. New build I'm talking about. So that's a pretty big gap, right? So folks are moving for that. We're in constant dialogue with these folks. We're approaching people five, six months ahead of expiring leases to just have that dialogue, open up that dialogue, see if we can keep them in.

This isn't pervasive through our whole portfolio. I'm giving you a very specific—when we go look at properties, we look at the units that are vacant, and this is the dynamics that we're dealing with in certain units. That's a bit of colour as to what we're seeing there.

**Mario Saric** — Analyst, Scotiabank

Okay. My last question. In terms of when you look at your individual markets in terms of relative strength and relative strength maybe the kind of conviction level to start pushing up asking rents heading into the spring leasing season, how would you rank the individual markets in your portfolio? Maybe kind of the market you're most encouraged about versus the one that you think is the most challenged.

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

Well, I think it's pretty consistent with what everyone is seeing, right? I think it's going to be more challenging to push rents in Toronto and Vancouver right now. I think Calgary it's more challenging today, but I think that's a market that can easily flip back to positive. Then we're seeing relatively more consistency in Ottawa and Montreal. That's kind of how I would rank them from the lowest to the highest. But we're actively managing everything and I think we're going to try to drive occupancy as much as we can over the next two quarters and kind of see where we get to.

**Mario Saric** — Analyst, Scotiabank

Okay. That's it for me. Thank you.

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

Thanks, Mario.

**Operator**

Next question today will come from Jimmy Shan at RBC.

**Jimmy Khing Shan** — Analyst, RBC Capital Markets

Thanks. Just a couple of questions on the incentives. Incentives as a percentage of revenue, what would that look like roughly today? And then are you also having to offer incentives on renewals, at least on a portfolio-wide basis?

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

I'll start with the second question. Not on a portfolio-wide basis on the renewal front. That's very specific units that would have a large gap between what the person rented it at and today. So I wouldn't say that there is a ton there. Like when I was in Vancouver, it was like we'll offer you a free storage locker, but nothing more than that.

Eddy, do you have the numbers on the other?

**Edward Fu** — Chief Financial Officer, Minto Apartment REIT

Jimmy, it's Eddy. In terms of promotion, maybe I'll quote it kind of in dollar values. But in Q3, we would have offered incentives in the \$800,000 range. That's just a value and that would amortize as a reduction in revenue throughout the quarter. That's just to give you perspective of what it would have been for this quarter.

**Jimmy Khing Shan** — Analyst, RBC Capital Markets

Okay. I think you mentioned that let's say, roughly \$800,000. That's been fairly consistent over the last little while. It hasn't really been trending up.

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

I mean, yes, it's trended up, I guess, from June or July to now. As we look forward, we anticipate keeping it around the same from where it is today.

**Jimmy Khing Shan** — Analyst, RBC Capital Markets

Okay. Given your comments about population growth turnover and then the supply that's coming next year, how should we think about revenue and expense growth next year?

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

I think for us, we're thinking about revenue growth in that like 3 percent to 5 percent range. I think expense growth will probably be in that same range, but maybe towards the higher end. So if you think about NOI margin flat to slightly compressing. And then the NOI growth in that kind of same, say 3 percent to 4 percent growth range. Commercial is going to be a little bit of a tailwind for us this coming year. And furnished suites will hopefully be kind of less than a headwind as you move forward.

Then on the interest expense line, I think we're anticipating doing—we don't have a lot in 2026, but there are some upward refinancings that are available to us if we choose. So interest expense will probably be a little higher in '26 than it is in this year.

Then as you know, the CDL income that we're going to receive is going to be reduced a little bit. And I would just point out that your assumption on the Beechwood CDL being repaid and like when that will be repaid, will really impact your numbers in 2026. So as an example, if it's repaid in December of

2026 versus June 2026, that's a huge difference. Every quarter, every quarter difference in terms of what you think is about two-thirds of a penny for the Beechwood CDL repayment.

In a nutshell, I think that's kind of how we're seeing in 2026.

**Jimmy Khing Shan** — Analyst, RBC Capital Markets

Okay. But on that, we should be modelling December, no? Because that's when it matures.

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

Jimmy, it's prepayable at any time.

**Jimmy Khing Shan** — Analyst, RBC Capital Markets

Oh, I see. Okay.

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

It's prepayable any time, and it will probably be linked to whatever—to either stabilization or if there's a transaction.

**Jimmy Khing Shan** — Analyst, RBC Capital Markets

And the revenue of 3 percent to 5 percent, how do you get there?

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

We get there because our renewals are still growing at 2.5 percent to 3.5 percent. And then the turns will grow, call it, 0 percent to 5 percent in that range. And then commercial is a bit of a tailwind. There's going to be a little bit of dilution from some of the new—well, I guess that hits below the line.

Occupancy kind of flattish. We're aiming to be flat on occupancy. So that's how we get there.

**Jimmy Khing Shan** — Analyst, RBC Capital Markets

That's helpful. Thank you.

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

Okay.

**Operator**

We'll move now to the line of Matt Kornack at National Bank Financial.

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

Hey guys, I think you kind of answered it in that last comment for Jimmy, but we focus a lot on new leasing spreads. Are you roughly getting in aggregate on a blended basis the allowable rent increase on renewals in the rent-controlled markets?

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

I think pretty much everywhere you asked except I think Vancouver is probably like closer to flat.

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

Okay. And on Lonsdale, obviously, you had a lot of turnover vacancy increased in this quarter. Do you have a sense of how that trends into the colder months? Are you going to be able to pick up that occupancy in the next few quarters? Or is it a waiting game until the spring again?

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

I think based on what we're seeing today, it's probably going to be a spring thing. It's highly competitive.

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

Then maybe just lastly on the development side, has the decrease in construction cost, a little bit more favourable interest rates, like, can you make today's market rents work from a yield on cost standpoint? Or is it still a bit skinny in terms of returns? Do you need to get some market rent growth or at least get back to kind of where pro formas were a year or two ago to justify building today?

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

I think the math is pretty close, Matt. I think it all depends on kind of what your rent growth assumptions are going forward and all that type of thing. But I think for us, it's almost more of a capital allocation decision. I think that would be a lot of capital to tie up for yields and margins that are not guaranteed. So I think it will be unlikely you see us start any new developments in the near future. But I think if you're not us and you're just a developer looking at the math, I think it's pretty close.

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

Okay. Do you think that keeps the lid to some extent on market rent growth a few years out or it's not going to be big enough to kind of meet the eventual return of demand as population growth returns?

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

I think it has more to do with like supply that's there in terms of where the rents are going. And they're still, at least in Toronto, some pretty decent supply to jump through 18 months or so.

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

Okay. Fair enough. Thanks.

**Operator**

Our next question today will come from the line of Mike Markidis at BMO Capital Markets.

**Michael Markidis** — Analyst, BMO Capital Markets

Hey, good morning everybody. Jon, maybe I'm reading into this too much, but on Beechwood, it sounds like your base case assumption for your budget would be that you get that capital back. Is that safe to say?

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

I mean that's kind of our base case on everything right now, especially as it relates to CDLs.

**Michael Markidis** — Analyst, BMO Capital Markets

Okay. And when you quote that dilution, what are you assuming you do with the capital?

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

Sorry, the dilution of what? Like Beechwood would not be dilutive. The on-balance sheet developments would be dilutive.

**Michael Markidis** — Analyst, BMO Capital Markets

Sorry, I thought you said the return of the Beechwood capital would be dilutive. Did I mistake that?

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

Well, it would be dilutive in the sense that like it's earning 3.25 percent above our revolver. So we get that paid back and then you assume we use the proceeds to pay back our revolver. That spread of 3.25 was what we would be missing (inaudible), right? Between the end of 2026 and whatever it's paid back.

**Michael Markidis** — Analyst, BMO Capital Markets

Right, right. Okay. No, that's fair. But what would you assume? That would be your base case, is paying down the revolver with that?

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

Yes.

**Michael Markidis** — Analyst, BMO Capital Markets

Okay. Just with respect, this is the last question for me because I realize we're running long in the tooth here. With respect to the strong demand that you've talked about, can you maybe just talk about, is it on, like a asset-by-asset basis? Is it still mostly private investors? Is there any institutional capitals come back would be question one. And then number two, has anyone looked at it, is it always just like, "Hey, I like this asset, I want this asset." Or does anybody come to you and say, "Hey, there's five assets here, and we'd like to do \$300 million?" I'm just trying to get a sense of what that demand looks like.

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

Sure. I think the demand is still somewhat specific to assets, like we have demand for specific assets. I wouldn't say there's like I have \$500 million and I want to spend it on whatever is available. I think it's very much asset specific.

The buyer pool I think is a mix of local privates. Institutional capital is looking. They're being quite I guess, picky or selective. But there is some pockets of institutional capital. But I think right now, like there's quite a bit of—I think there's still a little bit of a gap between seller expectations and buyer expectations. But for certain assets, people just want all of them and there are transactions that are happening.

**Michael Markidis** — Analyst, BMO Capital Markets

Okay. That's helpful. I'll turn it back. Thank you.

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

Thanks, Mike.

**Operator**

We'll move to Dean Wilkinson at CIBC.

**Dean Wilkinson** — Analyst, CIBC Capital Markets

Thanks. Good morning, guys. It's probably a bit of a continuation of Mike's question. And I realize this might be a tough one to answer, Jon. But given the sort of \$9 differential between book value and where the units are trading, has there been any conversation or thought given to a sale that might not be, let's say, at the asset level and something more meaningful?

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

I mean I guess what I would say there Dean is yes, you're right. I can't say anything. But like if you're —the private companies they're keeping Eddy and I out of any discussions about anything like that, like if those are even going on. But you'd have to think that anything is on the table for people to figure things out.

**Dean Wilkinson** — Analyst, CIBC Capital Markets

Yes, yes, yes. Yes, yes, yes, I figured as much. That's all I had. Thanks, guys.

**Operator**

That was our final question from our audience this morning. Gentlemen, I'll turn it back to you for any additional or closing remarks that you have.

**Jonathan Li** — President and Chief Executive Officer, Minto Apartment REIT

Thanks very much everyone for your time, and we'll look forward to speaking to you guys in the New Year. Take care.

**Operator**

This does conclude today's Minto Apartment REIT conference call. We thank you all for your participation and you may now disconnect your lines.