LTC Properties, Inc

Q1 2020 Earnings Conference Call

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CORPORATE PARTICIPANTS

Wendy Simpson - *Chief Executive Officer*

Pamela Kessler - *Chief Financial Officer*

Clint Malin - *Chief Investment Officer*

PRESENTATION

Operator
Good day, and welcome to the LTC Properties First Quarter 2020 Analyst and Investor Conference Call and Webcast. All participants will be in a listen-only mode. Should you need assistance, please signal a conference specialist by pressing the star (*) key, followed by zero (0). After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press star (*), then one (1) on your touchtone phone. To withdraw your question, please press star (*), then two (2). Please note that this event is being recorded.

Before management begins its presentation, please know that today's comments, including the question-and-answer session, may include forward-looking statements subject to risks and uncertainties that may cause actual results and events to differ materially. These risks and uncertainties are detailed in LTC Properties' filings with the Securities and Exchange Commission from time-to-time, including the Company's most recent 10-K dated December 31, 2019. LTC undertakes no obligation to revise or update these forward-looking statements to reflect events or circumstances after the date of this presentation. Please note, this event is being recorded, and I would now like to turn the conference over to Wendy Simpson, Chief Executive Officer. Please go ahead.

Wendy Simpson
Thank you, operator, and good morning everyone. Welcome to LTC's 2020 First Quarter Conference Call. Joining me today are Pam Kessler, our Chief Financial Officer, and Clint Malin, our Chief Investment Officer.

First, LTC wants to recognize and acknowledge everyone who is fighting COVID-19 around the clock and risking their health and sometimes that of their otherwise safe families to care for the afflicted and the frail. As much as you can listen to and read about what is going on in the battlefield level, I do not believe that you can truly comprehend what it's like without actually being in the field. All of the progress that has been made, and there has been much done, will bring some normality again to society, but this experience will not be forgotten by any of us.

The world is currently operating in a unique environment, especially for those of us in the seniors housing and care sector. LTC has built a strong operator network and we couldn't be more proud of the work they are doing, the sacrifices they are making, the care they are giving, and the lives they are saving.

News reports, hospitals, and the government, from the President to local officials, and even possibly your neighborhood website via Nextdoor, are providing their best information regarding the number of diagnosed COVID-19 cases. These numbers could include people who were diagnosed and later died or recovered, or those that still have the virus. Recent reporting shows that testing is finding many more people with COVID-19 who are asymptomatic. These people can be carriers and cause active infection in other people. One huge problem in fighting the disease is having enough testing equipment and labs available to evaluate the tests in a very short time, so that appropriate action may be taken.

As I have said before, this is a huge and varied nation, made up of states with dissimilar laws and regulations, and we hold investments in 27 states. At the present time, we have operators who have attempted 100% testing of all of their residents and staff, and others who are testing only symptomatic people. In each case, the protocol is that any resident testing positive for COVID-19 is isolated and cared for by only COVID-19 negative care givers. However, if the caregiver is asymptomatic, and the facility does not do 100% testing, one cannot be sure that the caregiver is actually COVID-19 negative.

We are in close contact with our operators and have asked them to alert us of any widespread contagion at our properties. It is difficult to compile stats that are comparable when some test 100% and some do not. Some numbers include all cases, including residents who have passed away, have recovered, or who tested positive but are asymptomatic. Some report active cases in the property only as of the day they report to us.

We completely understand your desire to get some data to extrapolate or to compare with other REITs who will report soon. We requested information from all of our operators and 93% were able to supply updated information spanning the dates from April 18th to the 29th. At this time, the best data we can provide, is that during this 11-day reporting period, 35 of our 180 properties have reported positive COVID-19 cases. Again, these are positive COVID-19 cases, possibly asymptomatic and active.

You have all heard of the widespread problem in acquiring sufficient PPE and sanitizing supplies, and the lack of these protections likely contributed to the initial high incidence of additional contagion. As this crisis persists, these supplies are becoming less scarce, but shortages remain, and the costs have increased beyond anyone's estimation.

Employee costs have also increased to an almost unbelievable level, but what do you pay someone to try to fight an invisible enemy? The industry is recognizing these heroes with hero pay and other incentives to reward and acknowledge their value.

While working with, and in support of, our operators and the health care industry, we are continuing to manage and operate LTC. Against this challenging backdrop, LTC remains highly liquid and conservatively capitalized, which will allow us to respond to future new business opportunities, when the pricing of assets in our investment classes can be reasonably calculated. Clint will talk about recent transactions shortly, and Pam will talk about our strong balance sheet and liquidity.

Although the market has become more uncertain with respect to our 2020 growth, we continue to lay a foundation that will allow us to act swiftly when the time is right, and take advantage of opportunities as they arise.

While some banks and private equity are now pulling back from seniors housing and senior care investments, especially in our target market, which includes smaller, regional operators and smaller transactions, we are well positioned to fill the void as committed, long-term investors. I am confident that LTC will continue to play a leadership role. I would caution, however, that it is unlikely that LTC will close any major transactions in the near-term given an underwriting and diligence process that is currently broken and restrained.

Given the current situation, it comes as no surprise that a handful of our partners have requested rent deferrals. We are actively assessing and exploring each request, and are collaborating with our operating partners to make sure we are helping as needed, while being mindful of the broader implications for our company and shareholders. It is important for us to understand the impact COVID-19 has had on our partners' entire organization, and not just the properties they lease from LTC. Clint will provide additional details about rent deferrals later.

We believe 2020 Q2 will be even more challenging for our operators than was Q1, due to the larger impact of costs related to PPE, cleaning and sanitizing, and payroll, coupled with the financial impact related to reduced admissions and reduced revenues. We are closely watching several financial relief programs that could possibly provide assistance to some, or all, of our partners, but at this point, we are waiting to see how it plays out. Clint will talk more about some of these programs.

At the end of Q1 2020, LTC had a balance of approximately $47 million in straight-line rents receivable. GAAP requires this accounting despite a maxim I learned as an accountant, which was, “anticipate no profit, provide for all possible losses.” In my opinion, straight-line accounting for many multi-year leases does not follow this theory, at least I believe it does not in today’s uncertain environment.

As we do every quarter, we will continue to evaluate the collectability of our straight-line rent receivables. As a result of this historic economic environment and the effects of COVID-19 on our operators’ financial strength, in the future we could determine that there is not sufficient probability that we will collect some or all of our straight-line rent receivables. Should that determination be made, we would write-off straight-line rent receivables in accordance with the current lease accounting guidance. Writing off straight-line rent receivables would not impact 2020 FAD, but it would impact FFO and shareholders’ equity.

Due to all the uncertainties we currently face, and limited visibility into the remainder of 2020 related to how the effects of COVID-19 will play out, we are suspending 2020 guidance.

Now I’ll turn the call over to Pam.

Pamela Kessler
Thank you, Wendy. Total revenues increased to $954,000 from last year’s first quarter. Rental revenues increased to $411,000 due to acquisitions and completed development projects, higher rent in 2020 from Anthem, leases that were transitioned last year and the 2019 first quarter write-off of straight-line rent.

These increases were partially offset by decreased rent from Preferred Care and a receipt of deferred rent from Thrive in the 2019 first quarter. Interest income increased $466,000 in the 2020 first quarter due to the funding of additional loan proceeds primarily used for expansion and renovation projects.

Income from unconsolidated joint ventures decreased $854,000 due to mezzanine loan payoffs and reduced income from our preferred equity investment on non-accrual status in a real estate joint venture with an affiliate of Senior Lifestyle.

Interest expense increased $243,000, due to the sale of $100 million of senior unsecured notes in the fourth quarter of last year, partially offset by lower outstanding balances and lower interest rates under our line of credit in the 2020 first quarter.

G&A expense increased $529,000 due to the timing of certain expenditures in the first quarter of 2020, as compared to the same quarter last year.

Including the variances just detailed, net income available to common shareholders increased $43.1 million from the prior year period due primarily to a net gain on sale of $43.9 million related to 21 properties in our Preferred Care portfolio which Clint will discuss.

NAREIT FFO was $0.74 per diluted share for the first quarter of 2020, and $0.75 per share for the same period last year. Excluding non-recurring items in the prior year, FFO per share was $0.77 in the first quarter of 2019 compared to $0.75 in 2020.

Non-recurring items last year included the write-off of straight-line rent related to a lease transition, and the receipt of deferred rent from Thrive. The $0.03 decrease in FFO excluding non-recurring items was due to lower income from unconsolidated joint ventures and higher G&A, partially offset by higher revenues.

During the 2020 first quarter, we received $71.9 million in net proceeds from the sale of the Preferred Care portfolio. We repaid $4.0 million under our line of credit and invested $13.5 million in the acquisition of a skilled nursing center in Texas, which Clint detailed on our last quarter's call. We also funded $6.0 million in development and capital improvement projects on properties we owned, and $400,000 under mortgage loans, as well as LTC's $0.19 per share monthly dividend.

First quarter 2020 dividend payments totaled $23.2 million. On April 1st, we declared our monthly dividend of $0.19 per share for the months of April, May and June 2020.

At March 31st, we owned one property under development, with a remaining commitment of $10.8 million. We also have remaining mortgage loan commitments of $2.9 million related to expansions and renovations on 4 properties in Michigan.

During the quarter, we purchased 615,827 shares of LTC's stock, under our then authorized stock repurchase program, at an average price of $29.25 per share, including commissions, for a total investment of approximately $18 million. Shortly after our board authorized the buyback program, they made a strategic decision to terminate the plan given significant changes in the market and the ongoing uncertainty surrounding COVID-19. One of our primary goals right now is to further increase liquidity while focusing on maintaining a strong and flexible balance sheet. We believe this increased financial flexibility and liquidity will allow LTC to better compete for, and complete, accretive transactions when the time is right.

At March 31st, we had $30.9 million in cash and cash equivalents. After the receipt of proceeds in April from the sale of properties in the unconsolidated real estate joint venture with an affiliate of Senior Lifestyle, which Clint will discuss, we have approximately $48 million of cash on hand. We currently have over $510 million available under our line of credit, and $200 million under our ATM program, providing LTC with total liquidity of approximately $758 million. This is an increase in liquidity of approximately $68 million from our last earnings call in February. Thus far, we have not deemed it necessary to draw down on our line of credit to further increase our cash balance.

Our long-term debt to maturity profile remains well matched to our projected free cash flow, helping moderate future refinancing risk, and we have no significant long-term debt maturities over the next five years.

At the end of the 2020 first quarter, our credit metrics favorably compared to the healthcare REIT industry average, with net debt to annualized adjusted EBITDA for real estate of 4.4x, an annualized adjusted fixed charge coverage ratio of 4.7x, and a debt-to-enterprise value of 37%.

The effect of the economic fallout from COVID-19 on the capital markets has resulted in our debt-to-enterprise leverage metrics being higher than our long-term target of 30%. However, at 4.4x we are still comfortably below our net debt to annualized adjusted EBITDA for real estate target of below 5 times.

Now I'll turn things over to Clint.

Clint Malin
Thanks Pam. I will cover several items today, starting with dispositions. In the first quarter, we completed the divestiture of our Preferred Care portfolio ahead of schedule. We sold 21 properties in multiple transactions in the first quarter of 2020, spanning five states. As Pam said, net proceeds were $71.9 million, and the gain on sale was $43.9 million. The properties had a combined net book value of $29.1 million. Our sale of the entire Preferred Care portfolio, including one property that we sold last year, generated net proceeds of $77.9 million, and a gain on sale of $44.0 million. The full portfolio had a combined net book value of $35.6 million. The final building in the portfolio was a skilled nursing center in Nacogdoches, Texas, which was folded into a master lease with an affiliate of HMG Healthcare. HMG made a strategic decision to consolidate those operations into another facility they have leased from LTC in the same market, and to close down the property. The shuttered property is currently being marketed for sale, and as of March 31, 2020 had a net book value of $793,000.

Last quarter we also discussed the sale of four properties owned by an affiliate of Senior Lifestyle, in which we held a preferred equity investment on a non-accrual basis. At closing, which occurred in April, we received cash proceeds of $17.2 million. In winding down the joint venture, we believe it is likely we will recover another $1.3 million resulting from a true-up of working capital and the potential release of a $500,000 holdback securing an indemnity provision in the purchase agreement. We anticipate recording an additional loss of approximately $600,000 in 2Q 2020. Based on the sales price, and the cost and proration estimates in 4Q 2019, we recorded an impairment on our preferred equity investment of approximately $5.5 million.

Now I'd like to provide an update on Senior Care Centers, who emerged from bankruptcy in late March. Just prior to Senior Care's emergence, it was disclosed during a court hearing that the new majority equity owners of Senior Care and the other co-lessee, were in discussions to potentially sell such ownership interest in our lessees. Because LTC's master lease with Senior Care restricts changes of control except in permitted circumstances, we requested confirmation from them that any potential equity sale would meet and comply with all applicable terms and conditions of the change of control provision in our master lease.

When Senior Care failed to respond to us by our deadline, we filed a lawsuit seeking a declaratory judgement and injunctive relief relating to any potential equity sale transaction that does not comply with the provisions in our master lease. While we maintain a good working relationship with Senior Care's management team, we believe it is important to enforce our rights under the master lease, and we are prepared to transition the facilities to another operator if required. As a reminder, Senior Care is current on all monies owed to us through April.

Next, I'll update you on our development projects. Construction is complete on our assisted living/memory care real estate joint venture project with Fields Senior Living in Medford, Oregon. This week, Fields expects to receive its license to operate, and is currently hiring staff for the community.

Additionally, Fields has been approved for assistance under the Paycheck Protection Program, but has made the strategic decision, for now, to delay opening the community until the stay-at-home order is lifted in Oregon. Fields, with LTC's support, will continue to evaluate the appropriate time at which to begin admitting residents to the community. We will update you again next quarter.

Last summer, we acquired a parcel of land and committed to develop a 90-bed post-acute skilled nursing center in Independence, Missouri with Ignite Medical Resorts. Construction is on schedule, with a fall 2020 completion date.

Moving on to mezzanine, in the fourth quarter of 2018 we originated a loan for the development of an independent living, assisted living and memory care community in Atlanta, to be owned and operated by Village Park Senior Living. The nine-acre campus is on track to be completed in the second quarter of 2021.

Touching on lease renewals for a moment, our Brookdale leases, which cover 35 properties in eight states, are the only significant renewals we have through 2022. Brookdale is still within its window to exercise its first renewal option. We remain in close contact with them and believe any renewal notices given will likely be delivered toward the end of the window in June.

As Wendy mentioned, we are currently assessing the need for rent deferrals among our partners. We collected a majority of April rent; however, we granted a total of approximately $772,000 in rent deferrals to six operators, the majority of whom are seniors housing operators.

The total deferrals represent approximately 7% of April's contractual rent. Had we chosen to apply security deposits in lieu of deferring rent, the deferrals would have amounted to $276,000, or approximately 2.5% of April's contractual rent. Of the $772,000 of deferred rent we provided in April, $137,000 has already been repaid to us, effectively reducing the percentages I just mentioned from 7% to 5.7%, and from 2.5% to 1.4%, respectively. We may deliver additional rent assistance in May, on an as-needed basis. We are not anticipating an across-the-board rent deferral program. Instead, we are working closely with our partners to help them where we are needed most. As Wendy mentioned, we have a lot of confidence in our operators' ability to manage through this pandemic.

Moving to our portfolio numbers, Q4 trailing 12-month EBITDARM and EBITDAR coverage, using a 5% management fee, was 1.44 times and 1.22 times, respectively, for our assisted living portfolio, and 1.79 times and 1.34 times, respectively, for our skilled nursing portfolio. As a reminder, the Preferred Care portfolio has been excluded from these metrics.

I'd now like to provide some occupancy trends in our portfolio in light of COVID-19. To give you visibility into current occupancy, we are providing information as of April 23rd. For our private pay portfolio, occupancy is as of that date. For our skilled portfolio, occupancy is the average for the month to date. Because our partners have provided April data to us on a voluntary and expedited basis before the month has closed, the information we are providing encompasses approximately 68% of our total private pay units, and approximately 88% of our skilled nursing beds. For additional context, we are also sharing comparative information about occupancy as of December 31, 2019 and March 31, 2020 for the same population used in the April data. With that preamble, private pay occupancy at December 31, March 31 and April 23rd, respectively, was 86%, 83% and 80%. For skilled nursing, average monthly occupancy for December 2019, March 2020 and April to date, respectively, was 79%, 78% and 75%. The decline in both private pay and skilled nursing occupancy is not surprising given current industry trends.

As Wendy mentioned, there are several relief programs that are providing, or will provide, financial assistance to some or all of our operating partners. The biggest, by far, is the $2+ trillion CARES Act, which has provided some financial assistance to skilled nursing. The aid package earmarked $175 billion for the healthcare industry, of which $75 billion has already been, or will shortly be, deployed. At this time, the government continues to assess distribution of the remaining $100 billion, a portion of which may also benefit skilled nursing and private-pay seniors housing.

The SBA's $350 billion Paycheck Protection Program has also provided assistance to a number of our partners. Some have already received funding, while others are waiting for distribution of the additional $310 billion in funds that have been allocated.

I'll finish with a few comments on our pipeline. Obviously, we are operating in a transactional market that is constrained by operators appropriately focused on protecting and caring for seniors and staff affected by COVID-19, rather than focusing on deals. At the same time, due diligence has become challenged as access to properties is being limited. We don't yet know how, or when, normalcy will return to the transactional market, so we are exploring strategic ways to best deploy capital in the current environment. Right now, we are seeing more demand for structured finance products, and are putting more emphasis on creating financing options that work best for our operating partners. These vehicles could include preferred equity investments, mezzanine loans, bridge loans, construction loans and uni-tranche loans, which we believe provide a better risk adjusted return and a shorter investment horizon in today's environment.

These solutions can assist operators by providing them with liquidity through releasing trapped equity in their properties, bridging maturing loans while waiting for the market to return to normal, funding construction for shovel-ready projects, funding existing projects where other investors have backed away from their commitments, and providing an exit plan for equity investors who may have their own liquidity needs.

Over the longer-term, we are continuing to build a pipeline that spans not only these types of instruments, but also more standard acquisition and development investments. Our business development team is active and staying close to the market to ensure we understand the needs of regional operators over time. Our goal is to find investments that not only meet our rigorous underwriting criteria, but that can create or enhance growth-oriented partnerships with regional operating companies.

Now I'll turn it back to Wendy for her closing comments.

Wendy Simpson
Thank you, Pam and Clint. Before we open the call to your questions, I want to again express my gratitude to our operating partners and their employees and families. We know the work you are doing right now is beyond any challenge you have ever faced, but we have every faith that you will continue to care for your patients' and residents' safety and health with grace and fortitude.

I also want to convey my sincere appreciation to the entire LTC family for quickly adapting to working from home without interruption. We are working to support our partners, while continuing to build a solid foundation for LTC's future growth. Opportunity will present itself, while limited visibility at this time does not allow us to provide a clear timeline to recovery, I am confident that

LTC has a solid foundation and is in good position to act quickly on those opportunities as we strive to be a REIT done differently.

Please stay safe and if you are able, do something to help and/or recognize those who are in need right now.

Operator, we are now ready to take questions.

QUESTIONS AND ANSWERS

Operator
We will now begin the question-and-answer session. To ask a question, you may press star (*) then one (1) on your touchtone phone. If you are using a speakerphone, please pick up your handset before pressing the keys. If at any time your question has been addressed and you would like to withdraw your question, please press star (*) then two (2). At this time, we will pause momentarily to assemble our roster.

Our first question will come from Tayo Okusanya of Mizuho. Please go ahead.

Tayo Okusanya
Yes, good morning everyone. I hope you are all safe and healthy as well. Thank you for all the comments during the call. A couple of questions from my end. The first one, your top tenants, you talked about collecting 90% of the rents in April.

Could you give us a sense of whether some of those tenants have subsequently paid in May? Just give us a general sense of, again, the guys who are struggling to pay a little bit, what may be going on with them?

Clint Malin
Sure, Tayo. This is Clint. For the - for April, rents on the average were probably 25% for the specific operators that we provided deferrals for, and going into May, right now, we only have one rent deferral that we gave you one operator in conjunction with the April deferral, which is less than 1% of our May revenues. We have not received any additional requests for May deferrals at this point. For this month going for May rents, obviously Friday being the 1st, 2nd and 3rd being over the weekend, we collected 55% of our rents and interest as of Friday, and we expect rent for us typically to come during time between the 1st and the 15th. So, rents phase in every month. So, that's where we sit right now with our May rents.

Tayo Okusanya
Okay. That's helpful, and then the second question I had was, some of the occupancy specifics you gave, the most recent occupancy specifics, when I take those two numbers, whether it's senior housing around 80%, and the skilled nursing number around 75%, and you overlay those numbers on to the typical skilled nursing operator or typical senior housing operator, and then it does suggest that rent coverage has come down pretty significantly if those occupancies are kind of sustained for a while. So, how do you think about that in regards to -- you could have some really big drops in occupancy if that becomes the state of the world for a quarter or two.

Clint Malin
Definitely, especially as Wendy mentioned with the increased cost that operators have for staffing and PPE, those are some challenges. We have seen on our skilled portfolio that the providers have been able to participate in the CARES Act as far as those funds being deployed and some

of our operators on the SBA loans have received funds or waiting funds to come in. So that's been helpful for operators as well, but as occupancy does decline, it does become a little more challenge, but we need to see where it's going to go, and this is why we pulled the guidance. We suspended the guidance going forward because we're not exactly sure where this will go as far as any additional assistance that could be provided through the different programs that are out there. There's still $100 billion of funds in the CARES Act that is awaiting distribution. So, it will be a wait and see. We do think that it's likely skilled occupancy will probably pick up at a faster pace as the time period normalizes.

Wendy Simpson
And some states have implemented rate increases. PDPM is just beginning to hit and the government CMS has a rate increase coming in October.

Clint Malin
And they also suspended the sequestration cut of 2% as well, so there is some benefits in rates both on the state Medicaid side as well as just in Medicare rates.

Tayo Okusanya
Great. All right. I'll yield the floor. I'll just get back in the queue. Thank you.

Clint Malin
Right. Thank you.

Operator
Our next question comes from Rich Anderson of SMBC. Please go ahead.

Rich Anderson
Good morning. So, great call, not easy to say a lot of the stuff, I imagine, so I appreciate all the detail. The $772,000 of rent deferred, Clint, I think you just said 25% -- on average it is 25% of a tenant's rent. Is that what you said?

Clint Malin
Correct.

Rich Anderson
Okay, and how many – you said six operators, how many actually requests that you denied?

Clint Malin
How many requests is that we denied? Right now, we haven't denied anybody. People have made general enquiries about other REITs making programs available, and there may be some crossover in tenant relationships. So, there has been some general enquiries about that, but we've not specifically denied anyone that's approached us.

Going into April, we had a number of calls in the end of March that facilitated the deferrals and I think we only had one deferral that we have for May that we agreed to in April being less than 1% of our total May contractual rent.

Rich Anderson
Okay. So maybe let me put it this way. Perhaps of the six operators, did they want a full rent deferral, and then you negotiated the 25%, did it go like that? Was there a negotiation at that level or just trying to understand the cadence of the conversation?

Clint Malin
No, it was just a general conversation. They typically do not ask for full rent release. It was only a portion. I think they could see what they needed, and no, it was not full deferral or there were not requests for full deferrals, other than in one case, but it was a minor amount.

Rich Anderson
Okay.

Clint Malin
Of overall rents.

Rich Anderson
Okay. How does bad debt enter into the conversation with you in terms of, obviously collectability issues, down the road? Like, do you have a – are you working on a sort of an outlook on how bad debt might play a role when you start to bring guidance back into the conversation. Just curious, the watch list in the portfolio, as it relates to collectability?

Pamela Kessler
Well, I think the bad debt – Rich, this is Pam, that you would be referring to is the straight-line rent balances that Wendy referred to, because we typically don't have AR balances outstanding for current rents, and as Wendy alluded to that's something that we evaluate every quarter and we will, going forward, it really depends on the breadth and the depth of the COVID-19 crisis.

Rich Anderson
Okay. All right. Thanks, Pam. So, the $47 million, that could be all perhaps at risk at some point. You would be almost willing to say, to just go to a full cash basis in the whole portfolio at some point. Is that in the realm of possibility?

Pamela Kessler
It is, if the circumstances warrant, they require - the accounting rules require that you analyze each credit individually. So, we have to look at each operator and the lease individually and make that determination, but yes, it's possible. Anything is possible these days I suppose.

Rich Anderson
Yes. Sure. Then, last question, how is memory care holding up in this environment?

Clint Malin
So far, memory care, it hasn't really seen much of a difference from the AL side, but one of the general comments, Rich, that we receive from operators is obviously social distancing in communities is a little more challenging in a memory care environment than AL or IL. So that's the one general comment that we've had from memory care operators.

Rich Anderson
Okay. Great. Thank you very much.

Clint Malin
Thank you.

Wendy Simpson
Thank you.

Operator
Our next question comes from John Kim of BMO. Please go ahead.

John Kim
Good morning. Thanks for all the color on the call. I was wondering for the 35 properties that you have determined have the positive case of COVID-19, what are the protocols that operators are taking place? And does it differ materially between operators?

Clint Malin
I wouldn't say it differs materially. Obviously, when somebody has symptoms, or is diagnosed, they are isolated as Wendy mentioned in her comments, and they – staffing, they try to segregate staffing as far as who is caring for those individuals that are presumed to be COVID positive or are positive or symptomatic.

Wendy Simpson
They've all eliminated visits. They're all being very careful about people coming in, delivering things, even the Post Office. We've had one operator who, in a smaller facility, absolutely made a bubble out of the facility, and the staff was living there along with the residents for a period while they assessed the entire building. So, it's been handled differently but the same. As I said, some are testing 100%, some are just testing symptomatic people, but as soon as they find out that there is COVID in the facility, there is a lot of work to segregate those residents and segregate the staff. So, it's all being taken care of primarily on those type of activities

John Kim
So, in effect, the property goes under quarantine, you limit visitations, and can you just elaborate on what happens with the staff just to limit the spread?

Clint Malin
So, they're getting staff that works specifically only with that population, so you're not inter-mixing with other portions of the building, which typically requires, I mean, there are higher levels of PPE as far as gowns, shields, as that's becoming -- those items are not as scarce as they once were, which also entails increased pay typically for staff that are working on those isolation units.

Wendy Simpson
And the staff who tests positive is not allowed back into the facility for two weeks for whatever the state requirement is, but generally after two weeks and then they have to test negative again before they can come back.

John Kim
Okay. On the Brookdale lease and option window, I think in the last call, I think you were more confident they would renew that lease and I am wondering do you still feel that way today or is there going to be anything that you do with that option window?

Clint Malin
Our last call was pre-COVID and the coverage is, as I mentioned last time, it's pretty healthy in that portfolio, but obviously, we are in a COVID environment and you don't know what would come of that. So, I think that obviously complicates it, but I indicated in my comments, I think it's prudent in the Brookdale probably would not send a notice until if they are going to renew toward the end of that window.

Wendy Simpson
But nothing has transpired between us and Brookdale to make us believe. They haven't indicated anything negative.

John Kim
Okay, and then just following up on Richard's question, if you anticipate a tenant will not be able to pay the rent in future periods and then you write down the rent receivable, will you then, in those cases go to cash rent accounting?

Wendy Simpson
Yes, we would.

John Kim
Okay. Thank you.

Clint Malin
Thank you.

Operator
Our next question comes from Michael Carroll of RBC Capital Markets. Please go ahead.

Michael Carroll
Yes, thanks. Good morning. Sorry, I am not sure if you answered this yet or not. I know, I think Tayo touched on it, but can you provide some color on the tenants that have actually requested rent deferrals in April? And were those deferral requests mainly due to their liquidity being shifted to PP&E and labor investments? Or has operational deterioration on the occupancy side already being felt that made it a little bit more difficult for them to cover that rents in April?

Clint Malin
I would say, for the most part, it has been just the uncertainty of costs as far as securing PPE, that was the initial reasons for calls coming in. This was toward the end of March when this just started, and there were concerns about the scarcity of PPE, and I think there was just uncertainty on money or the amount of funds that people were spending on that to stock up on certain supplies and equipment.

Michael Carroll
Okay, and Clint, the tenant that paid back the deferral already, I mean, I guess that was outstanding for, maybe it sounds like only a few weeks, I guess how did they pay that back so quickly? Was that a seniors' housing or a SNF tenant? I am not sure if you are able to say that. Did they get some reimbursements from the government? Or was it that the PP&E costs just weren't as, as big as they expected?

Clint Malin
So, one was a skilled provider and one was a private pay operator. In our deferrals, we set forth a repayment date or the sooner receipt of government fund or assistance from the various programs that are out there. So, one of the operators received funds, which triggered the repayment back to us, and on the private pay operator, I think when they went into April just with the uncertainty on cost, they sort of proactively asked for assistance just to have flexibility, but then, once they got through the middle of the month, they had the funds, so they decided to pay that back to us proactively without request.

Michael Carroll
Okay, and then, when did the April deferral rent discussions start? Was that in the beginning of April? And I know, it sounds like the May discussions have been pretty modest to-date. I mean, would you expect those to tick back up as that May rent gets due? Or you've already had those by this time?

Clint Malin
No, using April as a proxy, those calls started coming in the last week of March, and that was really when we – that's when the majority of those – those six operators contacted us. So, we do not have any, other than the one deferral we granted in for May along with April to one operator, we have not received any other requests at this point for May deferrals. It is possible obviously between now and the middle of the month when rent -- different due dates come that we will probably have a couple of other operators would be my guess, but at this point, we had less calls than we did going into April.

Michael Carroll
Okay, great, and then, just last question, on the memory care side, how exposed is that property type? I think it's obvious that they have shorter length of stays, so they would have a higher move-out rate, but are you seeing a higher move-in rate, just because it's more need-based compared to AL or IL? Is that a fair estimate? Or is it just too early to tell right now?

Clint Malin
I think it's too early to tell, right now. Some communities have been able to move people in. Others have – they've got COVID diagnoses, they've stopped admissions. So, really it just depends on property-by-property basis.

Michael Carroll
Okay, great. Thank you.

Clint Malin
Thank you.

Operator
Our next question comes from Jordan Sadler of KeyBanc. Please go ahead.

Jordan Sadler
Thank you. Good morning. Again, thanks for all your color that you've provided. It's enlightening in a difficult environment. So, a little bit more clarity if I could, here, on May. I know, it's a very, very new information because today it's only the 4th. We just had a weekend, but if we compare the 55% collected so far year-over-year, would be we about where we're supposed to be? And I recognize you don't have a lot of days here, but is it look like you are running pretty much in line with where you normally be or maybe even month-over-month versus April these many days into the quarter, the 55?

Clint Malin
Jordan, it's hard to say that because it really depends on what day of the week the 1st falls; in this case, happened to fall on the 1st. So to try to take an average, you really have to look at when that 1st falls during the course of a week. So, I think that what we received on Friday felt appropriate and in line with what we've received before. We expect to have additional payments come in this week. Let's say, we have some rents that aren't due until the 15th of the month, but on average, I think that that felt like it was generally what we would collect at that point in time

Jordan Sadler
Okay, and then, another follow-up on the COVID facilities, the number and just, 35, how has that changed over the last few weeks? Has it stabilized recently? Any sort of cadence in terms of the number of facilities with COVID?

Clint Malin
I would say that it's increased, but it's increased because in anticipation for the call, we proactively reached out to our operators to get occupancy information and COVID information, which was a specific request we made for this call. Typically, what we have asked operators to do is, as Wendy indicated in her script, is to alert to us any widespread outbreaks at the communities because we haven't wanted to overburden our operators. They've got a lot of responsibility and a lot of efforts being put forth on the front lines of this and to report to us buildings if there is just small incidence of that, we've just asked that they notify us of any widespread outbreaks. So, of course, during this process, we expected that number to go up because we asked for reporting specific to this call.

Jordan Sadler
It’s a little hard to tell like because it sounds like you had a result every Friday in terms of – or a report every Friday in terms of the number of facilities.

Clint Malin
And as Wendy mentioned, too, the reporting metrics are different for how people report to us, sto make it comparable is very challenging.

Jordan Sadler
That makes sense. Have you been able to notice through this most recent update with the occupancy data an impact in terms of facility occupancy for a COVID facility versus a non-COVID facility?

Clint Malin
We haven't been able to do that specific analysis because we just got this information in, so it's too new to really tie in that information.

Jordan Sadler
Okay. Understandable, and what's your sense vis-a-vis the CARES Act, the Paycheck Protection Program, Healthcare Enhancement Act or the Public Health Social Services Emergency Fund and/or the Medicare Accelerated Advance Payment Program? Do you have a sense of the skilled nursing operators that have received any proceeds under these programs, so away from just the more traditional Paycheck Protection Program, but really under the healthcare side of these programs?

Clint Malin
Well, on the CARES Act, absolutely, people received the first $30 billion tranche and at that time they got approximately 6.2% of the 2019 Medicare payments, and then, the second tranche, which is being funded now, some people have received that and they will continue to be funded, I think, during the course of this week. So skilled providers have definitely benefited from that.

Under the SBA program, there has been funds that have been received by some of our operators. It's on the skilled side as well as private pay side. That's evolved a little bit over time too because initially when you had the 500 employee requirement that seemed to disqualify a number of parties, but there is the alternative sizing standard that others have looked into that have helped smaller operators qualify for those SBA funds, and that second tranche is still to be deployed and more people that we know have been able to get approval, but are waiting for funds under the SBA program. So that has been helpful to both sides.

As it relates to the Accelerated Advance Medicare Payment Program, that probably has not been as helpful because some operators have taken that, but they've chosen to reserve those dollars. If the lenders even make the money available because 90 days from now, you won't have revenues flowing. So, I think that hasn't been as helpful as the other -- as the SBA program or the CARES Act in putting funds out for the skilled providers.

Jordan Sadler
Okay, and then, lastly, I guess, the initial sort of occupancy data was helpful, but I was a little bit surprised, and I don't know if I heard this wrong or maybe you could just sort of help me parse this a little bit.

So, the private pay occupancy appeared to slip about 300 basis points from 3/31 to 4/30 from 83 to 80, but also, the SNF portfolio, which I believe was the average for the month of March versus the average of the month for April also slipped by 300 basis points. Is that correct from 78% to 75%?

Clint Malin
Well, it was the average for the month of December, the month of March, and then year-to-date through April.

Jordan Sadler
Year-to-date, through the month of April?

Clint Malin
Month-to-date. So, we gave three points. So, for the private pay, it was as of a specific date, December 31, March 31, and April 23rd. Again, that was 86%, 83% and 80% for private pay. For skilled, it was the average for the month of December, March and April to-date and that was 79%, 78% and 75% respectively.

Jordan Sadler
And that was – was that through the 23rd as well?

Clint Malin
Yes.

Jordan Sadler
April to-date? Okay. So – okay, so, I think this lines up. So, my question here is, I guess, I would have expected that maybe occupancy fall-off for private pay would have been a little bit sharper than for SNFs, but they seem to be somewhat in line, and I guess, what I think a lot of people are trying to understand in terms of how this plays out is, your sort of natural churn for your private pay operators on a monthly basis versus the churn in your skilled portfolio on a monthly basis, and these are non-discretionary move-outs obviously or what have you. So, I guess, any reason for that you could sort of – some color you can give. Is it the cessation of the elective procedures that caused SNFs to fall really at the same rate right away as private pay? Because it almost seems like SNF saw a sharper fall-off, right? Because you are looking at an average number for the month that fell the same amount as private pay?

Clint Malin
Sure. What I think, the decline in census was expected on the skilled side with elective procedures being deferred. So that was expected, again, you've got the 400-basis point drop from December through April on the average, which intuitively made sense to us and we expected that type of decline. One interesting point is that the skilled mix has remained constant -- pretty much constant during that timeframe, declined minimally, but the mix on the insurance and Medicare has stayed proportionally the same during those timeframes on the skilled side.

Jordan Sadler
Okay. I'll yield the floor. Thank you.

Clint Malin
Thank you.

Operator
Our next question comes from Connor Siversky of Berenberg. Please go ahead.

Connor Siversky
Good morning, everyone, and thank you for having me on the call. Appreciate very much the efforts of the LTC team and your operators at this time. First question, pretty high level. I mean, apologies if I missed this before. Have you seen any improvement in the sourcing and procurement of protection equipment for your operators? And then, can you provide any color as to the timeline of maybe when the associated costs would be mitigated going forward?

Clint Malin
We definitely have seen that the scarcity has -- is not as severe as it was back in March to April, which Wendy mentioned, and again, I think that now that people have been able to buy sort of in bulk, if you will, and stock supplies, but there is not this rush of uncertainty about supplies not being over the cost, maybe not as high as it once was in March, 1st of April, but the costs are still on the higher side. I think, as we move forward in the next few months, depending on where this environment goes, we don't know exactly where this goes, but at this point, it seems like there is more availability. Although the cost is higher than it has been in the past, it's not at a peak price what it was, say, a month ago.

Wendy Simpson
Okay. One of the things that happened during this period is we noticed and we facilitated our operators talking to each other and indicating where they found supplies and what supplies were available and how they could get them. So, we set up a structure within our LTC operators so that they could share information of where to get supplies as fast as they can and the types of supplies they need. Right now, if you talk to an operator, their biggest challenge is testing. I think, gowns are still at a premium in terms of getting enough gowns, but masks and gloves seem to be in good supply every place that they need them.

So, right now, if you talk to an operator about their biggest challenge, it's getting testing, getting the results of the tests, but yeah, I mean, when this started, people just were not prepared for this to happen this quickly and to have a need for this level of supplies that they have.

Connor Siversky
Okay. Appreciate the color there, and then, in terms of external opportunities, you mentioned that some potential investors may be pulling away from senior housing and skilled nursing, but it does sound like you guys are in a bit of a holding pattern right now maybe until the timing it becomes more prudent. If that's the case, I mean, what kind of factors would you need to fall into place for becoming more comfortable with these real estate markets?

Clint Malin
I mean, we need to see more normalized period and more stability of what occupancy is going to be as far as some recovery on both skilled nursing and -- so let me just get a scene, okay. What is the need and what you get back to a normal level, and what is that level? One thing we also need to see is, what is pricing. We've talked in previous calls about cap rates being at pretty low levels and pricing being at a premium, we really need to see going forward, what does that look like and also what is our cost of capital going forward once the equity market starts to normalize. That will give us a better sense of where we can accretively deploy capital.

Connor Siversky
Right. Right, and then, a final one from me, we are seeing reintroduction of elective procedures, several states, and I am kind of wondering what portion of your skilled nursing occupancy would be attributable to elective rehab, and then, as we see this reintroduction occur, do you think you could see an uptick of occupancy under SNF portfolio?

Clint Malin
We do think – we've talked about this, as far as we think the skilled recovers faster, because sort of that pent-up demand on the elective surgeries, so we do think it's going to happen. Occupancy will increase more at skilled initially, and it really depends on where you are at, I think, in the country. Some parts of the country, hospitals have stopped those procedures, are really focused on caring for COVID. If there has been a decline in incidence of COVID and that sort of normalizes being able to have people going back into the hospitals.

Connor Siversky
Okay. I appreciate the color. That's all from me.

Clint Malin
All right. Thank you very much.

Operator
Our next question comes from Daniel Bernstein of Capital One. Please go ahead.

Daniel Bernstein
Okay. Good morning. Like everybody else, we appreciate all the color that you're giving, given the circumstances. I wanted to touch on the wages. In your beginning comments, Wendy, you had said wages were up an unbelievable amount.

So, I wanted to see if we could get a little bit more color on whether you are referring to both skilled nursing, seniors housing and then, relative to that, do you see those as more permanent kind of increases or semi-permanent or something that's going to stick around for quite a while? Obviously, occupancy can fluctuate a great deal in the next couple of months or come back or not come back, but I am a little bit more worried about the long-term impact from expenses on seniors housing and skilled nurse margins.

Wendy Simpson
Yeah. It's early days, and we've talked about it with our operators, and it's very hard to take back money after it's been given for a while. So, I would expect that just the average salary costs at any facility at any level is probably going to tick up. It's too early to tell how much. This Paycheck Protection Program has helped defer some of that increase over time.

Perversely enough, our operators last month were saying that the employment base is much better for them because people who can't get jobs other places are applying for jobs at nursing homes and assisted living properties. So, in order to get new staff, and in fact at -- a lot of hospitals have furloughed people, so there are more nurses and clinicians available. So, on the plus side, there is sufficient labor. On the negative side, it's costing more. I would just predict that going forward, labor costs are going to be higher. I don't think it's going to be like 10% or anything like that, but it will just be higher.

Daniel Bernstein
Okay. Was it more of an issue in seniors housing than skilled nursing, just because skilled nursing has generally higher labor to patient ratios, and so maybe they were already – you already had high staffing for seniors housing to go ahead and cope with COVID, you needed to increase your staffing levels?

I was just trying to understand, if maybe one sector versus another had more of an impact from wages or expenses generally?

Clint Malin
Yes, Dan, from our visibility, it seems like it's been both assisted living and skilled. I mean, you've had situations when if there is an outbreak of COVID or more diagnosed at a building or a competitor, now there can be concern of staff and getting people motivated to come into work. Those – so we've seen that across both assisted and skilled.

Daniel Bernstein
Okay, and then, in terms of Anthem, and I guess the ex-Thrive properties, you expected a certain level of increases in those rents for 2020 and presumably, hopefully 2021. Could you talk a little bit about more of the trends in those properties in terms of occupancy and rate, margin? Were the impacts there similar?

Just trying to gauge whether how confident you are that the rent increases for Anthem are going to stick or not.

Clint Malin
Well, obviously with Anthem, they're in the same boat as everybody else is as far as going through this challenge in occupancy. We have not maximized the rents on Anthem, as we have stepped up rents as they have an increased occupancy, so there was some cushion that we had provided into the Anthem step-ups. Where that goes beyond this, we'll have to wait and see where the environment is, but we did not try to take every single dollar stepping up the Anthem rate increases, and on the Thrive properties, we've set rents and phased those in. A couple of properties have performed better than expected. We've had one property that had a step-back on the occupancy side. So it's been a little bit of a mixed bag on -- but it takes time, as I mentioned before, with these transitions and operations that people need to come in and implement their protocol, their staffing levels, they had some turnover on staffing. So, we expected that to take a little bit of time to put in place on the Thrive properties.

Daniel Bernstein
Okay, and I guess, just one last question from me is, are investment is under-writable at all at this point? If something came your way, would you feel comfortable underwriting?

Clint Malin
It's very challenging. Something that could possibly will be done, Dan. We mentioned structured finance products. If somebody was looking at selling a mezz loan for instance, they had put in place, because somebody had liquidity needs, and we could see that in the capital stack as far as what we would buy was well covered, and in that type of investment, you don't have to go and do property-specific diligence. So that's an example of where we could potentially see opportunity. Those are going to be bite-size investments. We are staying close to the ground, talking to a lot of people, seeing where opportunity is, but as Wendy mentioned, any large investments, I don't see any major transactions during this timeframe, but we are going to look at being opportunistic and stay connected to see where opportunities could arise.

Daniel Bernstein
Okay. Again, appreciate you taking our calls and giving us all the color that you can. Thank you.

Clint Malin
Great.

Wendy Simpson
Thank you.

Operator
Our next question is a follow-up from Tayo Okusanya of Mizuho. Please go ahead. Tayo, your line is open on this end. Is it muted on yours?

Tayo Okusanya
Yes. Hi. How are you? I just wanted to follow up on Jordan's question about the CARES Act and specifically what may be going on in regards to allocations of the skilled nursing and as well as the senior housing. Is there any data or are you kind of aware at this point of how much exactly those particular sectors have received under the act, and if ultimately there could be a specific allocation either to skilled nursing or senior housing at some point?

Clint Malin
Well, right now, of what has been deployed so far, there were different methodologies to the skilled industry out of the first $30 billion deployed, and that was 6.2% of the 2019 Medicare payments, so there was a methodology. On average, we've heard that that's -- of that $30 billion, approximately $1.5 billion was deployed to skilled nursing, that's an average. It could be a little higher, but that's what we've received from industry information. The next $20 billion that was allocated was based on basically a facility's share of net patient revenues for 2018 relative to all net revenues for Medicare cost report, so there's a different methodology about how that was deployed for the different two tranches.

Again, using the industry information as far as the averages we've heard, some were in the $175,000 per property. That obviously depends on the size of the building and how much Medicare payments you've had. Now, there is a remaining $100 billion that has not yet been allocated on that, so we don't know what that methodology is. I know that the trade organizations on the private pay side between Argentum and ASHA have been lobbying to participate in that and it's possible there could be participation in the remaining funds to be deployed under the

CARES Act for both private pay as well as skilled nursing that have not yet been determined, to our knowledge, as of this morning

Tayo Okusanya
Got you. Okay. That's helpful, and then, just one other follow-up. Just within the quarter itself, again, some of the occupancy changes that did happen within the portfolios, I guess, again, when you kind of have occupancy down, kind of 300 basis points in Q1 was that all kind of in March, when the whole COVID pandemic started? Or were there some things kind of going on throughout the quarter as well? Just trying to understand some of the occupancy drops within the actual Q1?

Clint Malin
Nothing specific other than COVID, as far as there is no – nothing else that specifically stood out to us.

Tayo Okusanya
Okay. So, there was just a really big sharp pullback in March, it sounds like what may have happened?

Clint Malin
That seems to be what our data shows.

Tayo Okusanya
Okay. Great. Thank you very much again.

Clint Malin
All right. Thank you.

Operator
Our next question is a follow-up from Jordan Sadler of KeyBanc. Please go ahead.

Jordan Sadler
Thanks. I just wanted to try and follow up on that occupancy question one more time, and one of the other questions, I think, helped flesh it out a little bit and I thought I might re-ask in another way. Surrounding sort of Medicare census, do you have or know the Medicare census of your SNF portfolio?

I know that we have 21.7% reported in the fourth quarter as a payer source. Is that a – I assume that's probably higher than the occupancy.

Clint Malin
Correct. That's reported for – in our supplemental, we do...

Wendy Simpson
[unintelligible], yes.

Jordan Sadler
All revenue.

Wendy Simpson
That's what it is, that really have, yes.

Jordan Sadler
That's all revenue. So just trying to get a sense of sort of what might happen to this occupancy, but really profitability of SNFs in the short-term is, you would essentially -- given the nature of Medicare, over a 30-day period of lockdowns and -- or delaying elective procedures etc, you could expect a significant portion of this occupancy and payer source to essentially go away until it returns, right, until these elective procedures come back. Is that fair?

Clint Malin
You would have a lesser number of Medicare and Managed Care admissions. Correct. I mean, you still have – I mean, it could be the same percentage relevant to your total, but as you have people convert over to Medicaid and you have Medicaid discharges, you are probably not filling us with this higher number of Medicare and Managed Care admissions.

Not to say the percentage of your occupancy, that's a mistake. Because right now, through December, March, and April, the percentage at those timeframes for us as far as for skilled patients, Managed Care and Medicare dipped just slightly. It was based on the average occupancy, a pretty constant number. So, as your occupancy went down, your skilled was still the same percentage of your occupancy.

Jordan Sadler
Okay. Do you have a sense of recent census from these most recent updates from your operators? Do you have a sense of recent census, at least qualitatively from SNF operators?

Clint Malin
I mean, qualitatively, it's just that they've definitely seen a slow in admissions from hospitals. I mean, that's just pretty constant across operators in different parts of the country.

Jordan Sadler
Okay.

Clint Malin
But they also think that qualitatively.

Jordan Sadler
Well, I think ….

Clint Malin
But qualitatively, they also think that as it has decreased, they do think that it would – once business – things become a little bit normal, there is going to be – they expect an uptick on hospital admissions and hopefully, census into skilled.

Jordan Sadler
Okay, and has there been any discussion with operators surrounding what could potentially happen at least on the Medicare side in terms of rehab? I see potential risk to some of the Medicare census as some of these folks look to maybe rehab at home or rehab in an alternative location to avoid sort of the risk potentially of being in a facility where you may have COVID-19 or just being exposed to another vulnerable population -- with a vulnerable population. Any thoughts surrounding how that may play out?

Clint Malin
Sure. I saw an article this morning that there was going to be a waiver for telehealth for OT, PT and speech, because right now those waivers, I think, have been more on the physician side, but that's something that I think is being put in place temporarily from a telehealth medicine standpoint to allow for those type of therapies to be available, and to be able to be reimbursed.

Jordan Sadler
So, you could have a – so this could be maybe a little bit prolonged in terms of the decline in Medicare census. In other words, you may see a slight snap back, but it may be sort of a flatter U rather than sort of a V-shaped.

Clint Malin
It's hard to say. I think what you're probably going to see, Jordan, is it probably depends what geography you're at in the country. Some areas have been hit harder. Other ones that haven't been hit as hard. You are probably going to see that disproportionately in different parts of the country, is my guess, as far as timing, but at this point, it's a – obviously a unprecedented time and it's hard to say exactly what – we just don't have a crystal ball to know what will happen. It probably will differ by state and geographies, I guess.

Jordan Sadler
Well, I certainly appreciate all your candor and all of your efforts. Thank you, guys.

Clint Malin
All right. Thank you. Appreciate it.

Operator
This concludes our question-and-answer session. I would like to turn the conference back over to Wendy Simpson for any closing remarks.

CONCLUSION

Wendy Simpson
Again, thank you all for joining us, and we look forward to updates that we can provide into this coming quarter, and everybody, stay safe and stay well. Thank you.

Operator
The conference has now concluded. Thank you for attending today's presentation and you may now disconnect.