

Two Harbors

**May 8, 2019
9:00 am EDT**

Operator: Good day and welcome to the Two Harbors Investment Corp First Quarter 2019 Financial Results Conference Call. This conference is being recorded.

At this time, I would now like to turn the conference over to Maggie Field. Please go ahead.

Maggie Field: Thank you, and good morning, everyone. Thank you for joining our call to discuss Two Harbors' first quarter 2019 financial results. With me on the call this morning are Tom Siering, our President and CEO; Mary Risky, our CFO; and Bill Roth, our CIO. After my introductory comments, Tom will provide an overview of our quarterly results and long term strategy, Mary will highlight key items from our financials, and Bill will review our portfolio and investment opportunities.

The press release and financial tables associated with today's call were filed yesterday with the SEC. If you do not have a copy, you may find them on our website or on the SEC's website at sec.gov. In our earnings release and slides, which are now posted on the Investor Relations section of our website, we have provided a reconciliation of GAAP to non-GAAP financial measures. We urge you to review this information in conjunction with today's call. I would also like to mention that this call is being webcast and may be accessed on our website in the same location.

Before I turn the call over to Tom, I would like to remind you that remarks made by management during this conference call and the supporting slides may include forward-looking statements. Forward-looking statements are based on the current beliefs and expectations of management and actual results may be materially different because of a variety of risks and other factors. Such statements are typically associated with the words such as anticipate, expect, estimate and believe or other such words.

We caution investors not to rely unduly on forward-looking statements. Two Harbors describes these risks and uncertainties in its annual report on Form 10-K for the fiscal year ended December 31, 2018, and in other filings that it makes or may make with the SEC from time to time, which are available in the Investor Relations section of Two Harbors' website or on the SEC's website at sec.gov. Except as may be required by law, Two Harbors does not update forward looking statements and expressly disclaims any obligation to do so.

I will now turn the call over to Tom.

Tom Siering:

Thank you Maggie, and good morning, everyone. We hope that you had a chance to review our earnings press release and presentation that we issued last night. Please turn to Slide 3 to review our results. We had a very strong quarter. Our book value grew to \$13.83 per share representing the total return of 9.1% for the period.

We reported core earnings of \$0.49 per common share, and we generate a comprehensive income of \$1.23 per common share. We also completed underwritten common stock offering and utilized our at-the-market stock issuance program for net proceeds to the company of approximately \$335 million. We deployed this capital into agency and mortgage servicing rights.

Please turn to Slide 4. We believe that our business is differentiated by our strategy appearing agency RMBS with MSR, and our use of a variety of instruments to hedge interest rate exposure. We believe that our approach to investing and risk management should enable us to deliver book value stability through a variety of market environments. As a result of our long term focus, we have produced strong returns for our stockholders, outperforming the Bloomberg Mortgage REIT index on a total return basis by over 53% since our inception.

Today, we believe pairing agency RMBS with MSR is the best investment opportunity for long-term returns. Agencies remain attractive due to wider spreads and more balanced Fed outlook. Additionally, MSR supply is abundant, providing substantial opportunity to participate in purchasing new issue conventional MSR.

We believe that the coupling of these two assets should result in better returns with lower risk. We've also begun to see increased institutional investor interest, as many investors believe that we are in a late cycle economic environment. This was evidenced through robust institutional demand and our recent common stock issuance in the quarter.

We have also been active in our marketing efforts through road shows and conferences. And we are seeing both new players and those who have been on the sidelines during the past few years taking interest in our stock.

I will now turn the call over to Mary to review our financial results.

Mary Risky:

Thank you, Tom. Turning to Slide 5, let's review our financial results. During the first quarter, we generated comprehensive income of \$311.3 million or \$1.23 per share. Our book value at March 31 was \$13.83 per share compared to \$13.11 at December 31. After accounting for our first quarter common stock dividend of \$0.47, we generated a return on book value of 9.1%. The increase in book value was driven primarily by outperformance of higher coupon agencies and specified pools as well as improved credit spreads.

As we turn to Slide 6, let's review our core earnings results. Core earnings including dollar roll income was \$0.49 per share in the first quarter, representing a return on average common equity of 14.3%. Core earnings benefited from MSR portfolio growth and continued lower prepayment speeds due to the higher rate environment in 2018 and the seasonally slow winter period, as well as an increase in net swap income as we actively manage our heads positioning. The lower rate environment and early 2019 and seasonality does lead to increase prepayment speeds in future quarters, which will likely dampen core earnings.

As we have discussed in the past, the dividends is a function of several measures, including sustainability, earnings power, impact book value, and taxable income. As Bill will discuss shortly, consistent with the investment landscape today, we believe that we are capable of generating gross returns in the mid double digits. After netting out expenses, we believe our

returns are in the range of low double digits. As such, we will examine our second quarter dividend given all these considerations and the market environment. As always, future dividends remain subject to the discretion and approval of the Board of Directors.

Our other operating expense ratio excluding non-cash LTIP amortization was 1.2% relatively in line with 1.1% in the fourth quarter. As a reminder, we anticipate our expenses should remain stable in the low ones in 2019.

Turning to Slide 7, our net interest margin improved in the quarter, benefiting from the purchase of agency pools at attractive yields. You will note that our non-agency yields went from 7.7% to 6.7%. As we spoke about on our last earnings call, our non-agency yields benefited from a bond that was called at par. In absence of that, the fourth quarter yield would have been around 7%.

As we turned to Slide 8, let's review our financing profile. Our economic debt to equity ratio which includes the implied debt on our TBA positions with 6.5 times at March 31. Our average economic debt to equity was unchanged quarter-over-quarter at 7 times.

The diversity of our financing profile, which includes a mix of traditional repo, convertible debt, and revolving credit facilities, enhances returns across our strategies. We have 27 active agency repo counterparties, and the market continues to function efficiently for us.

On MSR front, we closed an additional financing facility for \$350 million in the first quarter. Across all of our MSR facilities, we had \$675 million outstanding, with an additional available capacity of \$445 million as of March 31.

With respect to financing for non-agencies, haircuts in the first quarter were generally between 20% and 30%, and we are seeing spreads offered between 90 and 110 basis points over LIBOR, an improvement over fourth quarter spreads. The improvement in financing for both MSR and non-agencies is an ongoing opportunity for our business.

With that, I will now turn the call over to Bill for a portfolio update.

Bill Roth:

Thank you, Mary, and good morning everyone. Please turn to Slide 9. In the first quarter, a more balanced Fed outlook led to the markets stabilizing and shifting expectations from rate increases to stable to lower rates. As a result, agency spreads tighten modestly, with up in coupon and specified pools outperforming.

While the economy remains strong, we think that the combination of low levels of inflation and little to no yield to be found in foreign bond markets makes it unlikely that rates will be substantially higher in the near term. Consequently, we expect to see less volatility and interest rates and the curve remain relatively flat.

A consideration for mortgage REIT in this environment is the ability to drive returns given the flattening of the yield curve. At Two Harbors, we focus on taking advantage of the most attractive spreads available to generate income as opposed to playing the curve. Today, agency spreads and OAS are attractive, and we expect that to continue to be the case as we move through 2019 particularly as the Fed reduces its footprint in the mortgage market.

In the servicing market, new issue current coupons servicing values have held steady. This quarter, we once again observed robust bulk transaction activity for MSR, with over 70 billion out for bid.

So far in the second quarter, we have seen continued strong supply and we expect this dynamic to persist throughout 2019. In the residential credit market this quarter, spreads on legacy non-agencies retraced much of their fourth quarter widening in line with similar asset classes. With a strong tailwinds to housing, investors like having exposure to residential credit risk. This has resulted in lower volumes in the legacy market, as well as strong demand for new issue credit pieces.

Let's move to Slide 10, to review our portfolio, which at March 31 was comprised of \$27 billion of assets and \$10 billion of net long TBA. As you can see in the box to the right of the pie chart, our Agency positioning was mostly in higher coupons as we view these assets as offering the best long- term returns.

From a capital allocation perspective, 77% of our capital was allocated to our REIT strategy and 23% to the credit strategy. In our Rates strategy, you will see that MSR capital allocation decreased from 24% to 19%. I would note that the rally in rates reduced the market value of MSR and thus the capital allocation, but this was not reflective of portfolio growth nor of the hedging effectiveness for our agency holding. In fact, despite the market value and capital allocation decline, the increase in the negative duration of MSR, combined with the growth in our portfolio means that more of our agencies are hedged with MSR and therefore, we have less spread exposure, as we will see shortly.

In terms of portfolio activity, we deployed the capital we raised in the quarter to MSR and agencies both in pool and TBA form. On the MSR side, we added \$16 billion UPB of MSR, bringing our total holdings to \$174 billion. On the agency side, we added over \$9 billion of 30 year 4-4.5's, split between pools and TBA. We expect that our TBA position as a percentage of our total agency holdings to move lower over time, as we find attractively priced pools to investment.

In our credit strategy, we sold \$266 million of legacy bonds that had realized their upside potential and added about \$150 million of deep discount bonds with strong upside potential. As we've discussed in the past, we intend to recycle the capital from non-agencies that have realized their upside potential into the best opportunities we see in the market, which include agency RMBS and MSR, as well as lower dollar price non-agencies as they are available.

Please turn to Slide 11, and let's look at our risk profile and hedging. On the top of the slide, you can see that our book value and net interest income exposure to interest rate moves remains relatively low, though it is modestly higher than in the fourth quarter. This is a function of our outlook for continued rate stability in 2019, and the increased possibility of lower rates later this year or in 2020.

Moving to the bottom of the slide, you can see that the expected book value impact to moves in mortgage spreads is quite low. This is one of the key reasons that we like pairing MSR with agencies. As a reminder, we remain very active in managing our hedge positions to manage appropriate exposures.

Turning to Slide 12, I would like to highlight our opportunities for 2019 and beyond. We are most excited about continuing to pair agencies with MSR and expect returns in the mid double digits in this strategy. We believe that the combination of these two assets also results in a lower risk quotient, which should help us deliver strong returns through various market cycles. Furthermore, we believe there is a long runway to this strategy, given the availability of servicing, particularly new issue conventional MSR, which best hedges our agency holding.

On the credit side, we believe there are still strong tailwinds for our existing legacy credit portfolio particularly for the deeper discount of bonds that still have upside. Baseline levered returns to bonds that we are finding available today or in the mid to high single digits, but with a potential for upside price appreciation, which can be beneficial to our book value. Our plan is to continue to add these types of bonds to our portfolio, but as they realize this upside, we plan to sell these securities and recycle that capital into the best available opportunities.

In conclusion, we are very excited about the opportunities ahead for Two Harbors. We believe that our current portfolio mix of agencies, MSR and legacy non-agencies will continue to drive strong long term stockholder returns. Currently, we believe the most attractive scalable investment opportunity is in agency RMBS paired with MSR and we are focused on growing that strategy.

I will now turn the call back to the operator for Q&A.

Operator: Thank you. [Operator Instructions] We will take our first question from Doug Harter. Please go ahead.

Doug Harter: Thanks, Bill. If you could just compare where you see the returns on agency paired with MSRs, today versus three months ago, and how that and the same question for further credit assets?

Bill Roth: Sure, yeah. Good morning, Doug. Yeah, so current coupon new issue MSR levels have held relatively steady. And the current coupon agency mortgages, high level aren't that much different than they were several months ago. So we're still seeing returns in the mid double-digits to that combined strategy. The other thing that we've talked about on our last couple calls is the continued improvement in financing that we're seeing in MSR land. And obviously, there's - the trend there is very positive. So we're bullish about that.

On the credit side, new issue credit, which we find not attractive yet, has some, basically single digit returns, even once you include leverage on them. We've been sticking with the deep discount non-agencies because even though those baseline returns are in the mid to high single-digits, the opportunity for upside, which we - as you know, we talked about quite a bit leads us to the total returns on that could be much more attractive than that into the double digits.

Doug Harter: Okay. And then just wondering if you could give any more clarity to Mary's comments around the dividend and kind of sort of parsing the kind of the mid double digit returns, you're seeing, less your expenses to, just any more clarity around that around that comment?

Tom Siering: Sure. Hey, Doug. It's Tom, how are you? Good morning.

Doug Harter: Good morning.

Tom Siering: So as Mary gave a pretty fulsome discussion around this topic. And I guess a lot of what I'm going to say is rehashing what Mary had to say, which is - it's our expectation that given the move lower and rates, the prepayment speeds will accelerate, which will diminish core from a high level that we've experienced in this quarter. If post prepayment fees come to provision. Core is a minor input to our dividend and people like to use it as a proxy for the dividend, but there's a lot that goes into how we think about the dividend, which is sustainability, the earnings power of the book, the input, impact of book value, and then of course, we have taxable income considerations.

So over time the dividend reflects the economic return of our business and so we'll just have to see we had a solid April and, but I will say that it's our expectation that prepayment speeds will pick up and that will diminish Core from pretty lofty level that we experienced in the first quarter.

Doug Harter: Thank you, Tom.

Operator: We'll now take the next question from Trevor Cranston. Please go ahead.

Trevor Cranston: Hey, thanks. Good morning. Question on the agency portfolio, their last quarter you guys talked about taking that higher coupon spread pools were particularly attractive and they obviously performed very well in the first quarter. Curious how you're thinking about that as you go forward and reallocate out of TBAs into pools, if still find the higher coupon spec pools to be the most attractive, given how much pay-ups increased or if there's been any change in your thinking there. Thanks.

Bill Roth: Yeah, thanks for joining us, Trevor, great question. Yeah certainly, specified in 2018 had a really difficult year they underperformed dramatically, which is why one of the reasons that we liked them so much and we continue to like them, that being said, your point about the other performance is accurate. So the way that we approach it is, we basically look at, all the available specifies off of all coupons. So this fanny three, three and halves on up and some are low pay-up and some are high pay up. And frankly, what we're looking at is what do we think is the best expected return, given the relative payoff.

So we are finding opportunities in low, we are finding some opportunities in some of the lower coupons and some of the lower pay up stories. But keep in mind that as a long term holder you benefit greatly by having much more stable cash flows, in terms of hedging. So, even if pay ups are higher than they were before, that doesn't mean that they still can't be good holdings for us for a long period of time.

Trevor Cranston: Got it. Okay, that's helpful. And then you talked about your expectation that interest rate volatility will be somewhat lower this year, given the markets recalibration to their Fed expectations and some other factors. It's curious if you could talk about how you guys are going to approach that if you view a low volatility environment as and as an opportunity to, add more optional protection against unforeseen events to the portfolio or if you just think it's less needed given the expectation the rates are going to be range bound?

Bill Roth: Yeah, that's a great question. I mean obviously, unforeseen events are, as you said, unforeseen, right. So the way I think what I would do is I would highlight some of the metrics on Slide 11. We typically keep our overall rate exposure, fairly tight as, as I think you know. And while the numbers are a little bit higher than they have been historically, they're actually not much higher. And so these, these numbers actually show in immediate shocks. So, I would say that we are managing the book frankly, consistently with the way we have in the past. The one notable difference is that our mortgage spread exposure is so much lower, as I discussed on the call.

So I would say that, our use of options and mortgage swaptions, et cetera, continues and we will continue to use them, just to make sure that our overall risk metrics are in line with where we want them.

Trevor Cranston: Okay. Great. Appreciate the comments. Thank you.

Bill Roth: Thanks, Trevor.

Operator: We will now take the next question from Bose George. Please go ahead.

- Bose George: Hey, good morning. I just wanted to see what are your thoughts on what the Fed might do and to the extent that you been anticipating this or to the extent the expectation growth of a Fed cut? Could you shift have your portfolio is positioned?
- Bill Roth: Yeah I wish I had a crystal ball just like the rest of the folks on this call. But the thing about it is, right, what is - what our view is - is that they've become very highly dependent on data. What we saw in the easing cycle was obviously, that's what they were going to do and more recently in the hiking cycle, they wanted to get off of zero and get to a more quote normalized and you could argue whether they're normalized today or not, but they're much more balanced. So I think the view on what they do is really a view on the economy. And our view there is - is that the economy continues to do really quite well, growing very consistently at not, silly crazy levels, but fairly stable, and there's not much inflation. So it looks like the markets pricing in not 5050. But close to even odds of a cut our potential hike, which is sort of led to our sort of lower volatility view of what rates could do.
- In terms of - if that view changed, we might make some adjustments to the portfolio, but I think, you followed us over a long period of time and we typically like to be very balanced in our risk metrics.
- Bose George: Okay, that makes sense. Thanks. And?
- Bill Roth: I think that - that process that - that approach.
- Bose George: Okay, that makes sense, thanks. And then that you just booked value transporter to date has any shifts in book?
- Bill Roth: Yeah as I remarked earlier, we had a solid but on remarkable April.
- Bose George: Okay. Okay, great, thanks.
- Bill Roth: Thank you.
- Operator: We'll now take the next question from Mark DeVries. Please go ahead.
- Mark DeVries: Yeah. Thanks. Tom, as you indicated earlier, Core is not always a perfect proxy for the dividend. Is there anything you're aware of though, in the current situation that would make it a poor proxy? Because we think about where the dividend may be headed?
- Tom Siering: Well really, what the - the primary determinant of dividend is taxable income. That's the thing that we really have to be mindful of the market really isn't accepting of that. I mean, they're much more fixated on Core earnings. And I guess we decided we're not going to fight town hall on that anymore. So, but as I said, it's our expectation that the lower rates will lead to accelerated prepayment speeds, which will tend to mute Core earnings somewhere as we go forward. But we still have quite a bit of time within the quarter, as I said, we had a solid April but as my wire would admonish me, a month does not a quarter make and so we'll just have to see.
- Mark DeVries: Okay. And then when you - when you think about supporting the dividend, how do you weigh investments in these legacy non-agencies where the cash return, I guess is probably a little bit lower than some of the alternatives up front. When I guess a lot of the - some of the realized return the - you expect comes more on the back end as the bonds rerate?
- Bill Roth: Well, hey Mark, this is Bill. So the way we think about the business overall, is actually where do we think we can get the best returns? And so it's not necessarily a current yield return, that's a total

return, right. So it's a combination of current return plus book value. And I think that we've been consistent, over our 10 years as a company, and basically focusing on driving total return. So I think one of the key metrics you asked about Core, I mean, the reality is - is our gross returns that we can generate over a long period of time, less expenses are going to be really what we can deliver to stockholders, whether it's in the form of a dividend or book value.

So in terms of the non-agencies, if you want to think about that, yeah, the, if we bought a bond today, the - income return is as I discussed in the mid to high single digits. But if we think that the total return on that is going to be 15% or 20% return on the capital allocated to that. We think that's a very compelling investment. And that would show up, obviously, in book value performance overtime, if that occurs.

Mark DeVries: Okay. And you don't weigh it all, what impact that may have been the near term cash flows when you're just thinking about, we want to make sure we have enough to support current dividend today?

Tom Siering: Well, yeah, non-agencies aren't particularly exciting and respective core. And we don't capital gains are not included in our core numbers. But as Bill said, from a total return perspective, we get pretty excited about these legacy non-agency bonds and what we're really concerned with is the total return of the portfolio with less volatility. So we think in terms of sharp ratios, information ratios, things such as that, and from that perspective, non-agencies are still very exciting to us. I not really exciting when it comes to core, but from a total return perspective, very exciting to us.

Mark DeVries: Okay. And I'm sorry if you comment on this, but how is the supply that you're seeing these days and on the legacy agencies?

Tom Siering: Bill? You want to?

Bill Roth: Yeah, thanks, Tom. Yeah, the - I did have a - I did pay a little bit comment on that in my remarks, and if you know, if you came on late.

Basically, the comment I made was that, people, investors, do like residential credit risk, currently, which we're in agreement with, but as a result, we have seen two things, first of all the available supply of legacy trading, basically the volumes have declined. And I mean, you expect that because the sector continues to decline, but a lot of people are holding on to their - the bonds that they have.

And then also that has also led to strong demand for new issue credit, which we don't fancy currently as you know at the level that those deals are pricing. So I'd say overall volumes have been somewhat lower in the first quarter. That being said, we did add 150 million of deep discount bonds, so we do find bonds and just the overall volume have declined somewhat.

Mark DeVries: Okay. Great. Thank you.

Bill Roth: Thank you.

Operator: We will now take our next question from Rick Shane. Please go ahead.

Rick Shane: Hey, guys, thanks for taking my questions this morning. Curious given sort of the focus on up in coupon and the fact that - there's some pretty high premiums in there, but you guys have some embedded games. Is the dividend outlook really a function of how well the prepayment

protections going to work and does it make sense to trade down into some lower coupons in order to reduce that the prepayment risk?

Bill Roth: Okay, hey, Rick, good morning. So, I can address the holdings because if you look at Slide 20, in our deck, and this has been consistent over a long period of time and relates to my comments in a discussion with Trevor earlier. Over 90% of the pools that we own have some degree of prepayment protection. In other words, their loan balance pools or other specified stories were speeds, typically are much more stable. And historically our prepayment speeds have on our agency pools have range between sort of 5 and 10 CPR.

I think the key thing is - is that we think about is actually the OAS, the yield and how easy they are the hedge because they're much more stable, so whether a bond is \$102 price or \$122 price. If it's stable, it's easier to hedge and you can earn the spread. And so that's kind of the way we think about it. If speeds, surprise to the upside say, obviously, I would defer to Mary on what the impact there would be but over the almost 10 years that we've been in business our speeds have been very stable on our prepaid protected assets.

Rick Shane: Got it. Yeah. And that's exactly, I would look at Slide 20 and trying to relate all of that exactly back to Mary's comment in terms of speed and the dividend policy. And so it sounds to me like you are confident that you're the - we're going to be an environment where it's not so volatile, that that's going to be an issue. But I'm just trying - I'm just trying to relate it back to the comments on dividends going forward.

Bill Roth: Well, let me just - let me just make sure that we're clear on the comment which related more towards servicing not pools. Okay, because our agency pools that we have our almost all prepaid protected, as I discussed. The servicing is relatively generic new issue and while we can pick and choose when we're buying bulk pools, you would expect speed on that to be more in line with, generic prepays that you see in the market as opposed to what we see unspecified. So, I think that was - I think, just to clarify think that was more related to Mary's comments.

Rick Shane: Understood. Okay, that helps very much. Thank you, guys.

Operator: We will now take the next question from Stephen Laws. Please go ahead.

Stephen Laws: Good morning. My question is a little bit about prepayments as well. So I'll be following up on Rick's line of questioning but, can you talk, Bill, can you talk a little bit about the prepayment protection looks like about 92% of agency RMBS as it in place. But for example, I guess, can you talk a little bit about what types of protection are in your portfolio but in the event of things like low loan balance, Is it a mathematical formula? I mean, is there a certain is it 25 or 50 basis points that the mortgage coupon falls that - that makes that prepayment protection less effective? Or are there other things going on in some of these assets as well, if you could talk a little bit about that, 25, 50 basis point decline in mortgage rates, what that would potentially do to the prepayment speeds on the agency [indiscernible]?

Bill Roth: Yeah. Good morning, Stephen. Thanks for joining us. I actually think we could have a discussion that would be way longer than the operator would let us have today on that question. But the high level answer is the following. For every borrower has, a loan of some sort in a potential incentive and the lower the incentive given a certain rate move, the less likelihood the speeds would do that borrower would choose to exercise the ability to refinance.

So people who have lower loan balances, don't save as much money and it costs money to revise. So you need a bigger rate move. So it's very hard within the context of today's call to go through

every story and what it means. But I think the biggest point is - is that what we look at is, how much protection are you getting, typically you need a much, much bigger rally and rates than a typical borrower need at least 50, maybe 75. And for most of the stories that we traffic in and others traffic and you're needing much more than that. And if you want to dig into that deeper, we can point you to some research or have a follow-up discussion, but that's hopefully that helps you out this morning.

Stephen Laws: Yeah, that's helpful. And just from the to think about the origination process from other side, with refinance volumes I mean, originators have basically been purchased volume only is there anything they can do that would incentivize borrowers to refinance or to do something else or again you feel pretty good about the effectiveness of the - the prepayment protection across the portfolio?

Bill Roth: Well, the answer, the second part is absolutely true. We're very comfortable with the prepayment protection that we have. In terms of what originators, do obviously, they're going to look and see who are the most likely and they're going to pursue them. So the most likely are typically, super high credit quality jumbo borrowers, right. And then as you go away from that in credit and size, they just don't make the rolodex.

Stephen Laws: So, yeah loan balance certainly is a pretty big key indicator there. So well, great, Bill. Appreciate the comments and look forward to speaking to you later on and dive into this more detail. Thanks.

Bill Roth: We'll talk to you later today. Thanks, Stephen.

Operator: That will conclude this question-and-answer session. I'd like to hand the call back over to Maggie Field for any closing remarks.

Maggie Field: Thank you, Marion and thank you for joining our conference call today. We will be hosting our Annual Meeting on Stockholders on May 16, which can be accessed by visiting the Investor Section of our website. We will also be presenting at the 2019 KBW Real Estate Finance and Asset Management Conference in New York on May 30. We look forward to the opportunity to speak with you then. Have a wonderful day.

Operator: Thank you. That will conclude this conference call. Thank you for your participation. Ladies and gentlemen, you may now disconnect.