

NexLiving Communities Reports Record Q3 2023 Operating and Financial Results and Declares Quarterly Dividend

HALIFAX, NS, Nov. 28, 2023 /CNW/ - (TSXV: NXLV) – NexLiving Communities Inc. ("NexLiving" or the "Company") announced operating and financial results for the three- and nine-month periods ended September 30, 2023.

Stavro Stathonikos, President & CEO commented: "NexLiving has delivered another quarter of strong organic growth with an +11.6% increase in same-property NOI. Our focus on cost containment is yielding positive outcomes, with a moderate +2.4% increase in same-property operating costs and a marginal +1.7% uptick in G&A expenses year-over-year, resulting in an +200 bps increase in the portfolio profit margins. These gains have significantly contributed to an exceptional +50% growth in FFO per share, despite the rising interest rate environment."

Summary of Results

- Suite count increased year-over-year from 867 to 1,166 (+34% Y/Y).
- Property revenue increased +54% to \$4.7 million for the three-month period and +60% to \$13.7 million for the nine-month period ended September 30, 2023.
- Net operating income ("NOI") increased +65% to \$3.0 million (62.4% margin) for the three-month period and +67% to \$8.1 million (59.5% margin) for the nine-month period ended September 30, 2023.
- FFO per share increased +50% for the three-month period and +32% for the nine-month period on a fully diluted basis.
- Same property NOI increased +11.6% for the three-month period as revenue growth of +8.0% outpaced the +2.4% increase in same property expenses.
- Same property NOI increased +10.7% for the nine-month period as revenue growth of +7.4% outpaced the +3.1% increase in same property expenses.
- The portfolio remained highly occupied at 98.2% at September 30, 2023. New Brunswick occupancy was 99.3% and Ontario occupancy was 88.1%, as approximately half of the overall portfolio vacant units were attributable to the Company's suite repositioning program in the Ontario market.

Q3 2023 Operating and Financial Highlights:

As at	30-Sep-23	31-Dec-22	Change
Number of suites	1,166	1,016	150
Occupancy	98.2 %	96.8 %	145 bps
Debt to GBV*	68.5 %	66.0 %	258 bps
Weighted average term to debt maturity (years)	4.0	2.8	1.2 yrs
Weighted average contractual interest rate	3.62 %	2.99 %	63 bps
Net asset value	77,761,457	69,896,825	11.3 %
Net asset value per share	\$ 4.64	\$ 4.77	(2.6) %

For the three months ended September 3	2023	2022	Change
NOI	2,962,644	1,796,660	64.9 %
NOI margin	62.4 %	58.2 %	424 bps
FFO*	832,970	494,781	68.4 %
FFO per share - diluted*	\$ 0.05	\$ 0.03	50.1 %
FFO payout ratio*	20 %	30 %	(1,008) bps
Same property revenue*	2,782,857	2,577,595	8.0 %
Same property operating expenses*	1,036,531	1,012,370	2.4 %
Same property NOI*	1,746,326	1,565,225	11.6 %
Same property NOI margin*	62.8 %	60.7 %	203 bps

For the nine months ended September 3	2023	2022	Change
NOI	8,130,807	4,862,359	67.2 %
NOI margin	59.5 %	56.8 %	273 bps
FFO*	1,981,179	1,360,028	45.7 %
FFO per share - diluted*	\$ 0.12	\$ 0.09	31.9 %
FFO payout ratio*	25 %	33 %	(791) bps
Same property revenue*	8,233,791	7,664,142	7.4 %
Same property operating expenses*	3,372,278	3,272,061	3.1 %
Same property NOI*	4,861,513	4,392,081	10.7 %
Same property NOI margin*	59.0 %	57.3 %	174 bps

*Refer to section "Non-IFRS Financial Measures"

Fair Value of Investment Properties:

The Company's weighted average capitalization rate as at September 30, 2023, increased to 4.74% from 4.69% at December 31, 2022. The increase in capitalization rates reflects the decline in market activity levels due to the uncertain macroeconomic environment and the current level of interest rates. The loss in fair value recorded by the Company in the three month and nine month periods ended September 30, 2023, was due to higher capitalization rates used to value the Company's investment properties.

Share Consolidation:

The Company commenced trading on the TSX Venture Exchange on a one-new-for-20-old consolidated basis effective August 3, 2023. As a result, the number of issued and outstanding shares was reduced from 330,782,648 to 16,539,133. All common share, per common share and share-related amounts disclosed herein reflect the post-consolidation common shares for the periods presented, unless otherwise noted.

NCIB Activity:

During the three- and nine-month periods ended September 30, 2023, the Company purchased for cancellation 64,650 shares at a cost of \$151,461, representing a weighted average price of \$2.34 per share.

Dividend:

The Company's board of directors has approved and declared a dividend of \$0.01 per common share for the quarter ending December 31, 2023, representing \$0.04 per share on an annualized basis. The dividend is payable on, or after December 29, 2023, to shareholders of record at the close of business on December 8, 2023.

The Company designates these taxable dividends to be paid to its holders as eligible dividends and will notify the holders such dividends are being paid as eligible dividends for the purposes of the Income Tax Act (Canada) and corresponding provincial legislation.

DSU Grant:

On August 17, 2023, the board of directors, in accordance with the terms of the company's DSU plan, approved the issuance of 30,000 DSUs to the Company's CEO. The DSUs vest over three years in accordance with the provisions of the Company's DSU plan.

About the Company

The Company continues to execute on its plan to acquire recently built or refurbished, highly leased multi-residential properties in bedroom communities across Canada. The Company aims to deliver exceptional living experiences to our residents and provide comfortable, affordable housing solutions that cater to a wide range of demographics. The properties offer a range of modern and updated suites, with a variety of amenities and features that allow residents to experience a hassle-free and maintenance-free lifestyle. The Company is committed to investing in its properties to ensure that they are modern and up-to-date. For its recently acquired properties in Ontario, the Company has undertaken a targeted value-add capital program to modernize and reposition the large existing suites. The Company currently owns 1,166 units in New Brunswick and Ontario. NexLiving has also developed a robust pipeline of qualified properties for potential acquisition. By screening the properties identified to match the criteria set out by the Company (proximity to healthcare, amenities, services and recreation), management has assembled a significant pipeline of potential acquisitions for consideration by the Company's Board of Directors.

For more information about NexLiving, please refer to our website at www.nexliving.ca and our public disclosure at www.sedarplus.ca.

Forward-Looking Statements

This news release forward-looking information within the meaning of applicable Canadian securities laws ("**forward-looking statements**"). All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "projects", "estimates", "forecasts", "intends", "continues", "anticipates", or "does not anticipate" or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements contained in this news release include, but are not limited to, management's expectations of additional rental increases to come into effect by year end and the further enhancement of the Company's financial results. Such forward-looking statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. These forward-looking statements reflect the current expectations of the Company's management regarding future events and operating performance, but involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Actual events could differ materially from those projected herein and depend on a number of factors. These risks and uncertainties are more fully described in regulatory filings, which can be obtained on SEDAR at www.sedarplus.ca, under NexLiving's profile, as well as under Risk Factors section of the MD&A released on November 27, 2023. Although forward-looking statements contained in this new release are based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this new release speak only as of the date of this news release. Except as required by applicable securities laws, the Company does not undertake, and specifically disclaims, any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by applicable law.

Non-IFRS Financial Measures

The Company prepares and releases unaudited consolidated interim financial statements and audited consolidated annual financial statements prepared in accordance with IFRS. In this and other earnings releases, as a complement to results provided in accordance with IFRS, NexLiving discloses financial measures not recognized under IFRS which do not have standard meanings prescribed by IFRS. These include FFO, FFO (cents per share) – diluted, FFO payout ratio, Debt to GBV and same-property metrics (collectively, the "**Non-IFRS Measures**"). These Non-IFRS Measures are further defined and discussed in the MD&A dated August 17, 2023, which should be read in conjunction with this news release. Since these measures are not recognized under IFRS, they may not be comparable to similar measures reported by other issuers. The Company presents the Non-IFRS measures because management believes these Non-IFRS measures are relevant measures of the ability of NexLiving to earn revenue and to evaluate its performance and cash flows. A reconciliation of these Non-IFRS measures is included in the MD&A dated November 27, 2023. The Non-IFRS measures should not be construed as alternatives to net income (loss) or cash flows from operating activities determined in accordance with IFRS as indicators of the Company's performance.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this press release.

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