

Mainstreet Health Investments Inc. (to be renamed Invesque Inc.) Announces Issuance of Convertible Preferred Shares and Acquisition of Three Private Pay Memory Care Communities

TORONTO, Dec. 22, 2017 /CNW/ - Mainstreet Health Investments Inc. (to be renamed Invesque Inc.) (TSX:HLP.U) (the "**Company**") announced today it has entered into subscription agreements (collectively, the "**Subscription Agreement**") with certain funds managed by Magnetar Financial LLC (collectively, "**Magnetar**"), in respect of the issuance of class A convertible preferred shares of the Company (the "**Preferred Shares**") for aggregate gross proceeds of US\$54 million (the "**Investment**").

The Investment is being funded in two tranches. The first tranche closed today resulting in the issuance of 2,802,009 Preferred Shares for aggregate gross proceeds of US\$26.5 million. The remaining US\$27.5 million portion of the Investment is subject to shareholder approval under the rules of the Toronto Stock Exchange (the "**TSX**") and other customary closing conditions and is expected to close in the first quarter of 2018.

The proceeds from the Investment will be used for the repayment of debt, for general working capital purposes, to fund the equity portion (approximately US\$5.0 million) of the acquisition of the Properties (as defined below) and to fund future acquisitions that have not yet been identified.

Acquisition of Private Pay Memory Care Communities

The Company also announced today that it has entered into a definitive agreement to acquire three freestanding memory care communities (collectively, the "**Properties**") for a purchase price of US\$21.5 million. Upon closing this transaction, the Company will lease the Properties to Constant Care Management Company (the "**Operator**") under an absolute net master lease with an initial 15-year term. The Properties are all located within Dallas, Texas sub-markets with strong demographics. As part of the acquisition of the Properties, the Company will receive the right to fund the next three facilities developed by the Operator as well as an option to acquire each facility upon completion.

"We continue to execute on our strategic initiatives, diversify our portfolio and grow our platform with industry leading operating partners who are actively expanding within premier markets and providing us significant organic growth opportunities. This transaction is another example of our team's ability to identify and execute on such opportunities as well as increase private pay reimbursement within our portfolio" noted Scott White, the Company's Chief Executive Officer. "We are excited to begin a new partnership with Constant Care."

The Company will fund the acquisition of the Properties through a combination of new debt, cash on hand and proceeds from the Investment. Upon closing, the Company's portfolio will expand to 43 properties with over 5,100 beds/units across 11 U.S. States and one Canadian province. The Company previously announced the acquisition of Care Investment Trust, which upon its closing will further boost the portfolio to 85 properties and 8,700 beds/units.

The acquisition of the Properties is subject to certain closing conditions, including satisfactory completion of due diligence. There can be no assurances that any such conditions will be satisfied or that the acquisition of the Properties will be completed.

Issuance of Convertible Preferred Shares

The Preferred Shares are non-voting and are initially convertible into common shares of the Company ("**Common Shares**") on a one-for-one basis at the option of the holder based on an initial liquidation preference and a conversion price of US\$9.75. The Preferred Shares are being issued at a price per share equal to the initial liquidation preference of US\$9.75, subject to a 3% discount. Following issuance, the liquidation preference of the Preferred Shares will accrete at a rate of 5.65% per annum, compounded quarterly, increasing the number of Common Shares into which each Preferred Share is convertible, and is subject to further adjustments in certain circumstances. In certain circumstances, the Company may redeem the Preferred Shares for an amount equal to their liquidation preference and may also require the conversion of the Preferred Shares. If the Preferred Shares are redeemed or mandatorily converted in the first year following issuance, the liquidation preference of such shares will include a 4% premium to the initial liquidation preference. This premium will be reduced by 1% per year in respect of redemptions or mandatory conversions in the second, third or fourth years following issuance.

Concurrently with the Investment, the Company and Magnetar have entered into a registration rights agreement pursuant to which the Company has granted Magnetar certain customary demand and "piggy back" registration rights in respect of the Common Shares controlled by Magnetar, including the Common Shares issuable upon conversion of the Preferred Shares.

To the knowledge of the Company, Magnetar and its affiliates beneficially own or control 13,190,383 Common Shares and, upon conversion of the Preferred Shares (including the Preferred Shares to be issued as part of the second portion of the Investment) at an initial liquidation preference and conversion price of US\$9.75, would beneficially own or control 18,990,137 Common Shares representing approximately 49.7% of the Company's outstanding Common Shares after giving effect to the conversion of the Preferred Shares.

Pursuant to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"), the Investment constitutes a "related party transaction" as Magnetar is a related party of the Company. The Company is relying on an exemption from the formal valuation and minority shareholder approval requirements of MI 61-101, pursuant to the exemptions provided for in sections 5.5(a) and 5.7(1)(a) of MI 61-101, on the basis that at the time of the Subscription Agreement, neither the fair market value of the securities to be distributed under the Investment nor the consideration to be received for those securities, insofar as the Investment involves the related party, exceeds 25% of the Company's market capitalization. A material change report was not filed at least 21 days prior to closing the first tranche of the Investment, as the

details of the Investment had not been confirmed at that time and in order to allow the Company to timely secure the financing opportunities described herein.

The second tranche of the Investment is subject to certain closing conditions, including approval of the TSX. There can be no assurances that any such conditions will be satisfied or that the second tranche of the Investment will be completed.

About Mainstreet Health Investments Inc. / Invesque

Mainstreet Health Investments Inc. / Invesque is a North American health care real estate company with a growing portfolio of high quality properties located in the United States and Canada and operated by best-in-class senior living and care operators, primarily under long-term leases and joint ventures. The Company expects to formally change its name to Invesque Inc., pending shareholder approval on January 3, 2018. Further, the Company remains on target to close the previously announced acquisition of Care Investment Trust in the first quarter of 2018. Invesque's mission is to create long-term shareholder value while providing an investment opportunity that matters. For more information, visit www.invesque.com.

About Constant Care

Constant Care Management Company is a family-owned developer and operator of standalone memory care communities throughout Texas, Arkansas and Indiana. Constant Care oversees all aspects of management and maintenance of communities including health care and nursing, dietary operations and life enrichment programs. In addition to development and operating memory care communities, Constant Care provides family support groups, educational seminars and ongoing feedback to help families better understand Alzheimer's and dementia. More information about Constant Care is available at www.constantcare.com.

Forward-looking Information

This press release contains forward-looking information that reflects the current expectations of management about the future results and opportunities for the Company. Forward-looking statements generally can be identified by words such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans", "project", or "continue" or similar expressions suggesting future outcomes or events. More particularly and without limitation, this press release contains forward looking statements and information concerning the completion of the acquisition of the Properties, the leasing of the Properties to the Operator and the closing of the second tranche of the Investment. Such forward-looking statements reflect the Company's current beliefs and are based on information currently available to management. Although the Company believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward looking statements and information because the Company can give no assurance that they will prove to be correct. By its nature, such forward-looking information is subject to various risks and uncertainties, which could cause the actual results and expectations to differ materially from the anticipated results or expectations expressed. These risks and uncertainties include, but are not limited to, the conditions to the acquisition of the Properties and/or the second tranche of the Investment not being satisfied or waived. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date hereof and to not use such forward looking information for anything other than its intended purpose. The Company undertakes no obligation to update publicly or revise any forward looking information, whether as a result of new information, future events or otherwise, except as required by law.

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