

# Invesque Inc. Reports Third Quarter 2020 Results, Amendment to Corporate Credit Facility and New Framework for Symphony Relationship

TORONTO, Nov. 11, 2020 /CNW/ - Invesque Inc. (TSX: IVQ.U) (TSX: IVQ) (the "Company" or "Invesque") today announced its results for the three and nine months ended September 30, 2020. The Company is also pleased to announce the amendment of Invesque's corporate credit facility and provide an update on the Company's relationship with Symphony Care Network ("SymCare").

## **Amendment of the Company's Corporate Credit Facility**

The Company has modified its senior credit facility led by KeyBank, which includes an incremental surge period through June 30, 2021 (originally scheduled to expire December 31, 2020). The incremental surge period allows the Company to maintain its leverage on the consolidated level with the existing unencumbered asset pool.

Throughout the incremental surge period, the corporate leverage covenant has been increased to 65.0% and the facility pricing has been increased by 15 basis points. Additionally, the Company's fixed charge coverage ratio covenant is permanently reduced from 1.75x to 1.60x.

"We are grateful for the continued commitment and partnership of our bank group," stated Scott Higgs, Chief Financial Officer for the Company. "This credit facility modification provides short-term additional liquidity to execute on our portfolio management initiatives while setting up Invesque for success and stability into the future."

## **New Framework for SymCare Relationship**

The Company has executed a non-binding memorandum of understanding ("MOU") with SymCare. Currently, SymCare operates 16 facilities for the Company under a triple-net ("NNN") lease structure which represents approximately 25% of Invesque's pro-forma net operating income ("NOI").

Under the terms of the MOU, the Company has agreed to sell to SymCare, and/or transition to a new operator, approximately 50% of Invesque's existing assets operated by SymCare. Invesque and SymCare will enter into an amended and restated 15-year, absolute-triple net master lease, with enhanced lease coverage, for the remaining properties to be operated by SymCare (collectively, the "Transaction").

Once the Transaction is consummated, NOI from SymCare will represent less than 15% of the Company's pro-forma NOI. Invesque anticipates closing the Transaction during the first quarter of 2021. As the MOU is non-binding, there are no assurances that the Transaction will be completed on the terms contemplated in the MOU or at all.

## **Third Quarter and Subsequent Highlights**

- Completed the transition of property management and leasing services for the Company's medical office buildings ("MOB") portfolio to JLL, a Fortune 500, industry-leading real estate services firm
- Executed an interest rate reduction ("IRR") on the U.S. Department of Housing and Urban Development ("HUD") loan underlying Keepsake Village at Greenpoint ("Keepsake Village"), and executed a refinancing of the loan underlying Commonwealth Senior Living at Christiansburg

("Christiansburg") utilizing Fannie Mae's Structured ARM program

- 110 basis points reduction in interest rate on the HUD loan underlying Keepsake Village while maintaining the maturity date of the loan of September 2047
- 300 basis points reduction in the interest rate for the Christiansburg loan with a 36-month interest-only period
- The Keepsake Village IRR and the Christiansburg refinancing, in aggregate, reduce Invesque's annual debt service payments by over US\$500,000
- Reported funds from operations ("FFO") of US\$0.25 and US\$0.69 per common share for the three- and nine-months ending September 30, 2020, respectively. The Company reported adjusted funds from operations ("AFFO") of US\$0.22 and US\$0.60 per common share for the three- and nine-months ending September 30, 2020, respectively.

"While our partners continue to navigate the challenging operating environment under the current public health pandemic, I am pleased with our results and steady rental collections over the last quarter," commented Scott White, Chairman & Chief Executive Officer for the Company. "I am excited to welcome JLL as a strategic partner with the successful transition of property management and leasing services for our MOB portfolio this past quarter. We continue to focus on our portfolio management initiatives to ensure we are maximizing the value of each asset within our portfolio."

## Financial Highlights

(in thousands of U.S dollars, except per share values)	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Revenue	\$ 55,429	\$ 38,550	\$ 163,007	\$ 96,598
Net loss	\$ (60,749)	\$ (2,346)	\$ (147,689)	\$ (12,043)
Funds from operations ("FFO") <sup>(1)</sup>	\$ 13,728	\$ 12,507	\$ 38,211	\$ 35,575
FFO per share	\$ 0.25	\$ 0.23	\$ 0.69	\$ 0.66
Adjusted funds from operations ("AFFO") <sup>(1)</sup>	\$ 12,499	\$ 10,711	\$ 33,196	\$ 31,606
AFFO per share	\$ 0.22	\$ 0.20	\$ 0.60	\$ 0.59

<sup>(1)</sup> FFO and AFFO are measures used by management to evaluate operating performance. Please refer to the section "Non-IFRS Measures" in this press release for more information.

## Balance Sheet and Portfolio Highlights

(in thousands of U.S. dollars, except number of properties)	September 30, 2020	December 31, 2019
Total assets	\$1,527,175	\$1,630,738
Number of properties	120 <sup>(1)</sup>	124
Debt	\$1,044,966	\$1,013,475

<sup>(1)</sup> Includes all Company assets currently operated by SymCare, including those that are contemplated to be sold and/or transitioned under the MOU. Excludes other assets held for sale.

## Business Update

### Rental Revenue Collections

(all figures shown are rounded)	July 2020	Month ended	
		August 2020	September 2020
Senior Housing Owner Occupied Portfolio	99%	99%	99%
Medical Office Portfolio	93%	93%	93%
Triple-Net Lease ("NNN") Portfolio	85%	86%	86%
<b>Total Portfolio</b>	<b>94%</b>	<b>94%</b>	<b>94%</b>

Note: All figures above represent actual rental revenue received as a percent of total rental revenue due as per original contracts.

## COVID-19 Update

Invesque's management team has remained in close contact with the Company's operating partners regarding the current and prospective impact of COVID-19. As of November 6, 2020, the Company has confirmed that 77 of its 105 seniors housing and skilled nursing properties have been impacted by COVID-19 based on positive test results for either residents or staff members over the last few months. Of the 77 impacted communities, 40 are subject to NNN lease agreements. Also, as of November 6, 2020, there were only 28 total patients or residents with COVID-19 being treated and quarantined in the Company's communities. The current rate of incidences in the Company's portfolio is significantly below peak activity observed across the portfolio in mid-May and has been substantially similar since the first week of July. The cases currently being observed in the Company's skilled nursing facilities are primarily admissions of COVID-19 patients from hospitals to improve capacity in local health systems and are being cared for in dedicated COVID-19 units.

"The COVID-19 pandemic has impacted every operator within our portfolio in one way or another," commented Adlai Chester, Chief Investment Officer for the Company. "The number of COVID-19 cases directly impacting our communities has remained consistent for several months now. Many of our operators have implemented protocols to allow families to visit with residents and patients in our communities, and families seeking assisted living and post-acute care can tour many Invesque communities. While a vaccine will provide the greatest level of confidence to completely re-open all of our communities, we are encouraged by the steps our operators have taken to resume activities that create some semblance of normalcy. We will continue to support our operators however we can as they recover from the COVID-19 pandemic."

### Investor Conference Call

A conference call hosted by the Company's senior management team will be held November 12, 2020 at 10:00 AM ET. The telephone numbers for the conference call are: Local: (647) 427-7450 or Toll Free: (888) 231-8191. The passcode for the conference call is: 5953538. The conference will also be available via webcast at <https://www.invesque.com/company-presentations/>. Please log on at least 15 minutes before the call commences. The telephone numbers to listen to the call after it is completed (taped replay) are: Local: (416) 849-0833 or Toll Free: (855) 859-2056. The passcode for the taped replay is 5953538.

### About Invesque

Invesque is a North American health care real estate company with an investment thesis focused on the premise that an aging demographic in North America will continue to utilize health care services in growing proportion to the overall economy. Invesque currently capitalizes on this opportunity by investing in a highly diversified portfolio of income generating properties across the health care spectrum. Invesque's portfolio includes investments in independent living, assisted living, memory care, skilled nursing, transitional care and medical office properties, which are operated primarily under long-term leases and joint venture arrangements with industry leading operating partners. Invesque's portfolio also includes investments in owner-occupied seniors housing properties in which Invesque owns the real estate and provides management services through its subsidiary management company, Commonwealth Senior Living. For more information, please visit [www.invesque.com](http://www.invesque.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, including without limitation information with respect to the restructuring of the Company's relationship with SymCare. 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. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Company's control, including without limitation the risk that the restructuring of the Company's relationship with SymCare will not be completed on terms consistent with the MOU or at all. Although the Company believes that the expectations in its forward-looking statements are reasonable, its forward-looking statements have been based on factors and assumptions concerning future events which may prove to be inaccurate. Those factors and assumptions are based upon currently available information, including the assumption that the restructuring of the Company's relationship with SymCare will be completed on terms consistent with the MOU and on the timeline described in this press release. Such statements are subject to known and unknown risks, uncertainties and other factors that could influence actual results or events and cause actual results or events to differ materially from those stated, anticipated, or implied in the forward-looking statements. Accordingly, readers are cautioned not to place undue reliance on the forward-looking statements. Additional risks, uncertainties, material assumptions and other factors that could affect actual results are discussed in the Company's public disclosure documents available at [www.sedar.com](http://www.sedar.com), including in the risk factors described in the Company's current annual information form. In addition, the Company is subject to the risk and uncertainties related to the COVID-19 pandemic. In particular, a novel strain of coronavirus causing the disease known as COVID-19 has spread throughout the world, including across the United States and Canada, causing the World Health Organization to declare the COVID-19 outbreak a pandemic in March 2020. To contain the spread and impact of the pandemic, authorities throughout the United States and Canada have implemented measures such as travel bans and restrictions, stay-at-home orders, social distancing guidelines and limitations on other business activity. The pandemic has resulted in a significant economic downturn in the United States, Canada and globally, and has also led to disruptions and volatility in capital markets. The Company has already experienced negative impacts on its financial results due to the pandemic and is not able to fully quantify the impact that the COVID-19 pandemic will have on the Company's financial results during 2020, but expect that the pandemic could have a material adverse effect on its results of operations, financial position and/or cash flows, particularly if negative economic and public health conditions in the United States and Canada persist for a significant period of time. The ultimate impact of the pandemic on the Company's financial results will depend on, among other factors, the duration and severity of the pandemic as well as negative economic conditions arising therefrom, the impact of the pandemic on occupancy rates in our communities, the volume of COVID-19 patients cared for across our portfolio, rent deferral rates, and the impact of government actions on the seniors housing industry and broader economy, including through existing and future stimulus efforts. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.

## **Non-IFRS Measures**

The Company reports its financial results in accordance with International Financial Reporting Standards ("IFRS"). Included in this news release are certain non-IFRS financial measures as supplemental indicators used by management to track the Company's performance. These non-IFRS measures are NOI, FFO and AFFO. The Company believes that these non-IFRS financial measures provide useful information to both management and investors in measuring the financial performance and financial condition of the Company. These measures do not have a standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies, nor should they be construed as an alternative to other financial measures determined in accordance with IFRS. For a full definition of these measures and a reconciliation to net profit for the three months and nine months ended September 30, 2020, please refer to the Financial Measures section of the September 30, 2020 MD&A available on the Company's website and on SEDAR at [www.sedar.com](http://www.sedar.com).

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