Invesque Inc. Reports Third Quarter 2023 Results

Successfully Extended Corporate Credit Facility, Disposition of Non-Core Assets and Opening of Newly Developed 102-unit Community in Colorado

TORONTO, Nov. 9, 2023 /CNW/ - Invesque Inc. (TSX: IVQ.U) (TSX: IVQ) (the "Company") today announced its results for the three and nine months ended September 30, 2023.

Third Quarter and Subsequent Highlights

The Company had a busy third quarter, continuing to streamline and strengthen the portfolio through dispositions and operator transitions. In addition, the Company opened up a newly developed community.

- As previously announced, Adlai Chester assumed the role of Chief Financial Officer in addition to EVP – Investments, effective August 1.
- As previously announced, on September 26, the Company received debentureholder approval to pass an extraordinary resolution amending certain terms of its 8.75% Convertible Unsecured Subordinated Debentures due September 30, 2026 (the "Debentures"). On October 5, the Company redeemed US$4.8 million of the Debentures pursuant to the amendment.
- On October 27, the Company received confirmation that final licensure approval was granted for a newly constructed seniors housing community in Parker, Colorado. The property consists of 102 units of assisted living and memory care and will be part of a joint venture between the Company and Health Dimensions Group ("HDG"). HDG will manage day-to-day operations of the community.
- On November 1, the Company sold two seniors housing communities in Georgia and two seniors housing communities in South Carolina to Logos Living Capital, LLC ("Logos"), a New York-based private equity firm focused on senior housing. Viva Senior Living will manage the properties on behalf of Logos. The communities, which were previously part of the Company's joint venture with Phoenix Senior Living, sold for US$25.1million.
- On November 8, the Company executed an Amended and Restated Credit Agreement (the "A&R Credit Agreement") with a syndicate of lenders led by KeyBank. The A&R Credit Agreement extends the maturity from December 19, 2023 to March 31, 2025.
- Reported funds from operations ("FFO")[1] of US$0.07 and US$0.30 per common share for the three and nine months ending September 30, 2023. The Company reported adjusted funds from operations ("AFFO")[2] of US$0.05 and US$0.27 per common share for the three and nine months ending September 30, 2023.

[1] FFO is a measure used by management to evaluate operating performance. Please refer to the section "Non-IFRS Measures" in this press release for more information.

[2] AFFO is a measure used by management to evaluate operating performance. Please refer to the section "Non-IFRS Measures" in this press release for more information.

"The Company made great strides over the last ninety days on a number of fronts, including the sale of a non-core and underperforming seniors housing portfolio, the opening of a newly constructed community in Colorado, and an extension of the KeyBank credit facility that was previously set to expire at year-end," commented Scott White, Chairman & Chief Executive Officer.

Financial Highlights

(in thousands of U.S dollars, except per share values)	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Revenue	$ 46,471	$ 49,665	$ 146,539	$ 147,991

Net income (loss)	$ 592	$ (13,503)	$ (60,932)	$ 17,845
FFO	$ 4,223	$ 6,725	$ 16,950	$ 17,087
FFO per share	$ 0.07	$ 0.12	$ 0.30	$ 0.30
AFFO	$ 3,017	$ 6,207	$ 15,515	$ 16,460
AFFO per share	$ 0.05	$ 0.11	$ 0.27	$ 0.29

Balance Sheet and Portfolio Highlights

(in thousands of U.S. dollars, except number of properties)	September 30, 2023	December 31, 2022
Total assets	$890,403	$1,097,340
Number of properties[3]	65	77
Debt	$616,713	$765,457

About Invesque

The Company 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. The Company currently capitalizes on this opportunity by investing in a portfolio of income-generating predominantly private pay seniors housing communities. The Company's portfolio includes investments primarily in independent living, assisted living, and memory care, which are operated under long-term leases and joint venture arrangements with industry-leading operating partners. The Company's portfolio also includes investments in owner-occupied seniors housing properties in which the Company owns the real estate, the licensed operations, and provides management services through Commonwealth Senior Living, LLC, a Delaware limited liability company ("Commonwealth").

[3] Excludes two medical office buildings and one seniors housing community held for sale as of September 30, 2023. Excludes three medical office buildings held for sale as of December 31, 2022.

Forward-Looking Information

This press release (this "Press Release") contains certain forward-looking information and/or statements ("forward-looking statements"), that reflect and are provided for the purpose of presenting information about management's current expectations and plans relating to the future, including, without limitation. Forward-looking information is typically identified by terms such as "anticipate," "believe," "continue," "expect," "expectations," "look," "may," "plan," "project," "should," "will," and other similar expressions that do not relate solely to historical matters and suggest future outcomes or events. Readers should not place undue reliance on forward-looking statements and are cautioned that forward-looking statements may not be appropriate for other purposes. Forward-looking statements in this Press Release are based on current beliefs, expectations, and certain assumptions of the Company's management and are subject to significant known and unknown risks, uncertainties, and other factors that are beyond the Company's ability to predict or control and may cause actual results or events to differ materially from those expressed or implied by such statements and, accordingly, should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not such results will be achieved. The Company's actual results may differ as a result of various factors, including without limitation, the risks described in the Company's current annual information form and management's discussion and analysis, available on SEDAR at www.sedar.com, which risks may be dependent on market factors and not entirely within the Company's control. Although management believes that it has a reasonable basis for the expectations reflected in these forward-looking statements, actual results may differ from those suggested by the forward-looking statements for various reasons. These forward-looking statements reflect current expectations of the Company as of the date of this Press Release and speak only as of the date of this Press Release. The Company does not undertake any obligation to publicly update or revise any forward-looking statements except as may be required by applicable law.

There can be no assurance that forward-looking statements will prove to be accurate as actual

outcomes and results may differ materially from those expressed in these forward-looking statements. Readers are cautioned not to place undue reliance on any such forward-looking statements, which are given as of the date hereof, and not to use such forward-looking statements for anything other than the intended purpose. Further, except as expressly required by applicable law, the Company assumes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise. Forward-looking statements contained in this Press Release are expressly qualified by this cautionary statement.

Non-IFRS Measures

The Company reports its financial results in accordance with International Financial Reporting Standard ("IFRS"). Included in this Press Release are certain non-IFRS financial measures as supplemental indicators used by the Company's 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 the Company's 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, please refer to the Financial Measures section of the September 30, 2023, MD&A available on the Company's website and on SEDAR at www.sedar.com, which information is incorporated herein by reference, and the full reconciliation to which are included below.

FFO Tables

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net loss from continuing operations for the period	$ 751	$ (12,449)	$ (56,518)	$ (16,017)
Add/(deduct):				
Change in fair value of investment properties	1,563	13,898	51,210	35,433
Property taxes accounted for under IFRIC 21	(1,423)	(2,827)	2,264	2,824
Depreciation and amortization expense	3,742	3,838	11,001	11,315
Amortization of tenant inducements	61	61	183	182
Accretion expense and amortization of non-cash adjustments to the 2016 Convertible Debentures	6,024	635	7,524	2,204
Change in fair value of financial instruments	(11,962)	(6,463)	(18,500)	(23,150)
Change in fair value of contingent consideration	—	—	—	—
Transaction Costs	673	68	1,328	—
Loss on sale of property, plant and equipment	—	3,670	(12)	3,009
Impairment of property, plant and equipment	3,636	—	3,636	—
Deferred income tax recovery	(958)	—	(1,917)	(1,127)
Allowance for credit losses on loans and interest receivable	465	6,752	14,635	7,222
Change in non-controlling interest liability in respect of the above	(29)	(38)	(99)	60
Adjustments for equity accounted entities	1,855	(295)	2,683	(5,428)
FFO from continuing operations	$ 4,398	$ 6,850	$ 17,418	$ 16,527
FFO from discontinued operations	(175)	(125)	(468)	560
Total FFO	$ 4,223	$ 6,725	$ 16,950	$ 17,087
Weighted average number of shares, including fully vested deferred shares: Basic	56,674,097	56,626,021	56,718,681	56,684,212
Funds from operations per share	$ 0.07	$ 0.12	$ 0.30	$ 0.30

AFFO Tables

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Cash flows provided by (used in) operating activities	$ 4,704	$ 6,168	$ 8,224	$ 14,287
Change in non-cash working capital	(1,260)	(719)	5,891	2,074
Less: interest expense	(9,313)	(9,655)	(29,125)	(29,116)
Less: change in non-controlling interest liability	(95)	(72)	(231)	(448)
Plus: loss from joint ventures	(1,454)	221	394	4,146
Plus: interest paid	9,552	11,412	28,840	31,483
Less: interest received	(19)	(144)	(275)	(414)
Plus: debt extinguishment costs	(4)	(10)	353	584
Plus: realized loss on currency exchange	22	—	(7)	—
Plus: amortization of lease asset	(66)	—	(192)	—
Plus: current income tax	—	—	992	—
Plus: transaction costs for business combination	—	—	—	—

Plus: non-cash portion of non-controlling interest expense	(21)	(42)	(96)	49
Plus: adjustments for equity accounted entities	1,865	(286)	2,713	(4,373)
Plus: deferred share incentive plan compensation	(191)	63	143	376
Less: capital maintenance reserve	(703)	(729)	(2,109)	(2,188)
AFFO	$ 3,017	$ 6,207	$ 15,515	$ 16,460
Weighted average number of shares, including fully vested deferred shares: Basic	56,674,097	56,626,021	56,718,681	56,684,212
Adjusted Funds from operations per share	$ 0.05	$ 0.11	$ 0.27	$ 0.29

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