

Invesque Inc. Reports Fourth Quarter and Full Year 2021 Results

Strengthened Portfolio Throughout 2021 With Sale of US\$213 Million of Non-Core Assets and Reduction of Overall Company Leverage by over 300 Basis Points

TORONTO, ON, March 10, 2022 - Invesque Inc. (TSX: IVQ.U and IVQ) (the “Company” or “Invesque”) today announced its results for the three- and twelve-months ended December 31, 2021.

Fourth Quarter 2021 Highlights

- As previously announced, in October of 2021, the Company closed on the sale of a community in Richmond, Virginia, previously operated by the Company’s subsidiary seniors housing operating and management company, Commonwealth Senior Living (“Commonwealth”), netting Invesque approximately US\$3.4 million in cash proceeds
- As previously announced, in October of 2021, the Company closed on the sale of five non-core seniors housing communities in Pennsylvania, netting the Company approximately US\$2.7 million in proceeds that the Company used to reduce existing indebtedness
 - The five communities sold were previously operated by Saber Healthcare Group (“Saber”), subject to an absolute triple-net (“NNN”) master lease
 - The Company’s remaining two skilled nursing facilities that Saber continues to operate are subject to a revised NNN master lease, which was adjusted for the sale of the five communities
- As previously announced, in November of 2021, the Company sold a five-property portfolio to The Ensign Group (“Ensign”), for a total sale price of US\$93.0 million. The sale included a four-property skilled nursing portfolio with 436 beds operated by Ensign and a 144-bed assisted living community operated by The Pennant Group (“Pennant”) (collectively, the “Portfolio”)
 - The Portfolio was located in California, Kansas, and Arizona, and the properties were previously subject to long term NNN leases
 - The Portfolio was part of Invesque’s Jaguarundi Ventures, LP joint venture (the “Jaguarundi JV”) between Invesque and Magnetar Capital (“Magnetar”), of which the Company owns an approximately 66% ownership interest
 - As a result of the sale of the Portfolio, neither Invesque nor Magnetar has an ongoing ownership interest in the Portfolio. Additionally, Ensign and Pennant no longer operate any communities owned by Invesque
 - The sale of the Portfolio provided the Jaguarundi JV with approximately US\$22 million of net proceeds after the repayment of outstanding debt and transaction costs.
 - The Portfolio sale price represented an attractive capitalization rate of 7.2%
- On November 15, 2021, the Company announced an amendment (“Amendment”) and partial redemption of US\$20.0 million of the 2022 Convertible Debentures (“Debentures”)



- o In January of 2022, Invesque redeemed the US\$20.0 million of the principal amount of the Debentures outstanding, plus all accrued and unpaid interest
- o The remaining outstanding Debentures were amended to change the interest rate to 7.00%, effective January 31, 2022, and extend the maturity date of the remaining outstanding 2022 Convertible Debentures to January 31, 2025
- On December 20, 2021, the Company announced that the Toronto Stock Exchange (“TSX”) approved its notices of intention to make a normal course issuer bid for a portion of its common shares (“Shares”) and a portion of its 6.00% convertible unsecured subordinated debentures due September 30, 2023, as appropriate opportunities arise from time to time. Invesque’s normal course issuer bids will be made in accordance with the rules of the TSX
- On December 31, 2021, Invesque extended the maturity of the Company’s US\$200 million revolving credit facility, led by KeyBank, by one year. The credit facility is now due in December 2023, and the extension reduced the Consolidated Fixed Charge Coverage Ratio from 1.60x to 1.50x

Subsequent to Year-End 2021 Highlights

- Effective January 1, 2022, the Company repaid US\$10.0 million to the Municipal Capital Appreciation Partners (“MCAP”) preferred equity holders. The paydown reflects the Company’s continued focus on reducing fixed costs and enhancing the balance sheet
- On February 1, 2022, Invesque closed on the purchase of a 38-unit memory care community located in Grand Rapids, Michigan, operated by one of Invesque’s preferred operating partners, Constant Care Management Company (“Constant Care”)
 - o Upon closing of the property acquisition, Invesque and Constant Care amended the existing absolute NNN master lease agreement to add the Grand Rapids, Michigan community
 - o In addition, the Rogers, Arkansas community that Invesque acquired in 2020 was also consolidated into the NNN master lease between Invesque and Constant Care, and the initial term expiration was reset to be fifteen years from the date of the Grand Rapids, Michigan acquisition
 - o The acquisition expands the Company’s relationship with Constant Care to nine properties and enhances Invesque’s overall private-pay exposure
- On March 1, 2022, Invesque closed on the sale of a non-core seniors housing community in Harrisburg, Pennsylvania. The community was sold for approximately US\$5.5 million, and proceeds were used to further reduce the Company’s existing indebtedness. The community was previously managed by Greenfield Senior Living and operational management was transitioned to Commonwealth in 2019
- Reported funds from operations (“FFO”) of US\$0.11 and US\$0.47 per common share for the three- and twelve-months ending December 31, 2021, respectively. The Company reported adjusted funds from operations (“AFFO”) of US\$0.09 and US\$0.44 per common share for the three- and twelve-months ending December 31, 2021, respectively



“2021 was an extremely busy year as our team focused on portfolio management of our existing portfolio. While the year consisted of more dispositions than acquisitions, the sales completed were at attractive prices and in-line with our goal to strengthen and streamline the portfolio. I am very happy that we were able to kick off 2022 with the acquisition of the Grand Rapids community and expand our relationship with Constant Care, who we believe is one of the best memory care operators in the country,” commented Scott White, Chairman & Chief Executive Officer of the Company.

Financial Highlights

	Three months ended December 31,		Twelve months ended December 31,	
(in thousands of U.S. dollars, except per share values)	2021	2020	2021	2020
Revenue	\$ 51,603	\$ 54,380	\$ 210,450	\$ 217,387
Net loss	\$ (5,453)	\$ (36,315)	\$ (12,235)	\$ (184,004)
Funds from operations ("FFO") ⁽¹⁾	\$ 5,996	\$ 10,429	\$ 26,746	\$ 48,640
Funds from operations per share	\$ 0.11	\$ 0.19	\$ 0.47	\$ 0.87
Adjusted funds from operations ("AFFO") ⁽¹⁾	\$ 5,317	\$ 9,522	\$ 25,047	\$ 42,693
Adjusted funds from operations per share	\$ 0.09	\$ 0.17	\$ 0.44	\$ 0.77

(1) 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)	December 31, 2021	December 31, 2020
Total assets	\$1,301,011	\$1,498,424
Number of properties	102 ⁽¹⁾	121 ⁽²⁾
Debt	\$893,746	\$1,052,471

(1) Includes the asset sold in Harrisburg, PA during the first quarter of 2022. Excludes one asset held for sale as of December 31, 2021.

(2) Excludes the asset sold in October of 2021 in Richmond, VA.



Investor Conference Call

A conference call hosted by the Company's senior management team will be held March 10, 2022, at 10:00 AM ET. The telephone numbers for the conference call are: Local: (647) 794-4605 or Toll Free: (888) 204-4368. The passcode for the conference call is: 7568548. 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: (647) 436-0148 or Toll Free: (888) 203-1112. The Passcode for the taped replay is 7568548.

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.

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. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Company's control. 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. 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, 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 in the future, but the Company expects that the pandemic could continue to 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 impact of COVID-19 has been partially offset to date by certain government stimulus programs which have helped to offset COVID-19 related expenses and compensate for lost revenues, but the Company is not able to provide assurance that such programs may continue to be available in the future. 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 to not 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. 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 Standard ("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 and/or net loss for the three months and twelve months ended December 31, 2021, please refer to the Financial Measures section of the December 31, 2021, MD&A available on the Company's website and on SEDAR at www.sedar.com.

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