# IVQ Announces Fourth Quarter 2024 Results

TORONTO, March 20, 2025 /CNW/ - Invesque Inc. (TSX: IVQ.U) (TSX: IVQ) (the "Company") today reported its results for the three and twelve months ended December 31, 2024.

## Fourth Quarter and Subsequent Highlights

- As previously announced, on October 15, 2024, the Company sold seven seniors housing assets for US$65.4 million. The Company used sale proceeds to pay off the property level mortgage debt associated with the communities and further reduce borrowings under the KeyBank credit facility. The remaining cash was retained by the Company to maintain appropriate liquidity levels.

- As previously announced, on December 30, 2024, the Company completed the exchange (the "**Debenture Exchange**") of its 7.00% Convertible Unsecured Subordinated Debentures due January 31, 2025 (the "**2025 Debentures**") and its 8.75% Convertible Unsecured Subordinated Debentures due September 30, 2026 (the "**2026 Debentures**"). The 2025 Debentures and 2026 Debentures were exchanged for an aggregate principal amount of US$27.3 million of 9.75% unsecured subordinated debentures (the "**Amended Debentures**") due December 30, 2027, and an aggregate of 140,516,942 common shares of the Corporation. The Amended Debentures are trading on the Toronto Stock Exchange under the symbol "IVQ.NT.U". Simultaneously with the Debenture Exchange, the Company completed the exchange (the "**Preferred Share Exchange**") of its class A convertible preferred shares (the "**Preferred Shares**"), all of which were held by certain funds managed by Magnetar Financial LLC. The Preferred Shares were exchanged for an aggregate of 716,875,000 common shares.

- Reported funds from operations ("FFO")[1] of US$0.00 and US$0.08 per common share for the three- and twelve-months ending December 31, 2024. The Company reported adjusted funds from operations ("AFFO")[2] of US$0.02 and US$0.09 per common share for the three- and twelve-months ending December 31, 2024.

- During the first quarter of 2025, the Company reduced the KeyBank credit facility balance to below US$35.0 million and exercised the first of two six-month extension options, extending the maturity to September 30, 2025.

"Following the completion of the Debenture Exchange and Preferred Share Exchange at the end of 2024, we are now focused on execution of the previously announced sale transactions comprising 23 communities, which are expected to close between now and the end of the second quarter," commented Adlai Chester, Chief Executive Officer for the Company. "In addition to the properties that are currently under definitive contract to be sold, Invesque plans to strategically dispose of additional assets to optimize and return value to shareholders."

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[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.

## Financial Highlights

| | Three months ended December 31, | | Year ended December 31, | |
|---|---|---|---|---|
| (unaudited; in thousands of U.S dollars, except per share values) | 2024 | 2023 | 2024 | 2023 |
| Revenue | $ 38,747 | $ 46,290 | $ 167,869 | $ 192,829 |
| Net loss | $ (6,555) | $ (38,308) | $ (36,137) | $ (99,240) |
| FFO | $ (216) | $ 1,970 | $ 4,793 | $ 18,920 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| FFO per share | $ | - | $ | 0.03 | $ | 0.08 | $ | 0.33 |
| AFFO | $ | 1,554 | $ | 1,613 | $ | 5,749 | $ | 17,128 |
| AFFO per share | $ | 0.02 | $ | 0.03 | $ | 0.09 | $ | 0.30 |

## Balance Sheet and Portfolio Highlights

| (in thousands of U.S. dollars, except number of properties) | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Total assets | $637,220 | $828,283 |
| Number of properties[3] | 28 | 66 |
| Debt | $394,839 | $588,245 |

[3] Excludes one medical office buildings and 24 seniors housing assets held for sale as of December 31, 2024. Excludes two medical office buildings and one seniors housing asset held for sale as of December 31, 2023.

## 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").

## 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, statements regarding the closing of the sale of certain assets under definitive agreements and the timing thereof, as well as the Company's plan to strategically dispose of additional assets to optimize and return value to shareholders. 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 information is generally based on a number of assumptions, opinions, and estimates, including, but not limited to: that the conditions to closing in respect of the sale of certain assets under definitive agreements will be satisfied or waived and that such transactions will close within the expected timeline and that the Company will be in a position to dispose of certain of its portfolios in the future and return value to shareholders. While these assumptions, opinions, and estimates are considered by the Company to be appropriate and reasonable in the circumstances as of the date of this Press Release, they are subject to a number of known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, levels of activity, performance, or achievements to be materially different from those expressed or implied by such forward-looking information. Such risks and uncertainties include, but are not limited to: the conditions to closing in respect of one or more of the sale of certain assets under definitive agreements will not be satisfied or waived and that such transactions will not close at all or within the expected timeline; the Company will not be in a position to dispose of certain of its portfolios in the future as a result of there being no buyers or as a result of other market conditions and the risks described in the Company's current annual information form and management's discussion and analysis, available on SEDAR+ at www.sedarplus.ca, 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.

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 December 31, 2024, MD&A available on the Company's website and on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), which information is incorporated herein by reference, and the full reconciliation to which are included below.

## FFO Tables

| (unaudited; in thousands of U.S dollars, except per share values) | Three months ended December 31, 2024 | Three months ended December 31, 2023 | Year ended December 31, 2024 | Year ended December 31, 2023 |
|---|---|---|---|---|
| Net loss from continuing operations for the period | $ (7,472) | $ (33,592) | $ (35,728) | $ (90,110) |
| Add/(deduct): | | | | |
| Change in fair value of investment properties | (1,606) | 13,506 | 4,147 | 64,716 |
| Property taxes accounted for under IFRIC 21 | (843) | (2,310) | — | (46) |
| Depreciation and amortization expense | 3,264 | 4,181 | 13,079 | 15,182 |
| Amortization of tenant inducements | 60 | 60 | 242 | 243 |
| Accretion expense and amortization of non-cash adjustments to the 2016 Convertible Debentures | 1,925 | 1,939 | 9,101 | 9,463 |
| Change in fair value of financial instruments | (4,185) | 4,286 | (799) | (14,214) |
| Change in fair value of contingent consideration | — | — | — | — |
| Transaction Costs | 1,403 | (541) | 1,741 | 787 |
| Debt extinguishment costs | — | 3,270 | — | 3,270 |
| Loss on sale of property, plant and equipment | 875 | (10) | 640 | (22) |
| Impairment of property, plant and equipment | 985 | 5,147 | 3,095 | 8,783 |
| Executive severance | — | — | 3,060 | — |
| Deferred income tax recovery | — | 1,605 | (1,605) | (312) |
| Allowance for credit losses on loans and interest receivable | 3,127 | 1,097 | 4,011 | 15,732 |
| Change in non-controlling interest liability in respect of the above | 7 | (64) | (174) | (163) |
| Adjustments for equity accounted entities | 2,391 | 4,256 | 5,076 | 6,939 |
| FFO from continuing operations | $ (69) | $ 2,830 | $ 5,886 | $ 20,248 |
| FFO from discontinued operations | (147) | (860) | (1,093) | (1,328) |
| Total FFO | $ (216) | $ 1,970 | $ 4,793 | $ 18,920 |
| Weighted average number of shares, including fully vested deferred shares: Basic | 75,321,406 | 55,659,499 | 61,360,442 | 56,703,764 |
| Funds from operations per share | $ — | $ 0.03 | $ 0.08 | $ 0.33 |

## AFFO Tables

| (unaudited; in thousands of U.S dollars, except per share values) | Three months ended December 31, 2024 | Three months ended December 31, 2023 | Year ended December 31, 2024 | Year ended December 31, 2023 |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| Cash flows provided by (used in) operating activities | $ 3,394 | $ (2,193) | $ 9,273 | $ 6,031 |
| Change in non-cash working capital | (3,375) | 3,115 | (3,037) | 9,006 |
| Less: interest expense | (7,928) | (9,500) | (38,119) | (38,625) |
| Less: change in non-controlling interest liability | (279) | (11) | (805) | (242) |
| Plus: loss from joint ventures | (2,935) | (4,527) | (6,194) | (4,133) |
| Plus: interest paid | 8,601 | 8,545 | 36,554 | 37,385 |
| Less: interest received | (53) | (499) | (209) | (774) |
| Plus: debt extinguishment costs | 995 | 3,387 | 583 | 3,740 |
| Plus: realized loss on currency exchange | (71) | (14) | (63) | (21) |
| Plus: amortization of lease asset | (11) | (25) | 7 | (217) |
| Plus: current income tax | — | (110) | — | 882 |
| Plus: non-cash portion of non-controlling interest expense | 7 | (51) | (161) | (147) |
| Plus: adjustments for equity accounted entities | 2,439 | 4,271 | 5,274 | 6,984 |
| Plus: deferred share incentive plan compensation | (9) | (72) | (77) | 71 |
| Plus: executive severance | — | — | 3,060 | — |
| Plus: interest savings from debenture extinguishment | 1,151 | — | 1,151 | — |
| Less: capital maintenance reserve | (372) | (703) | (1,488) | (2,812) |
| AFFO | $ 1,554 | $ 1,613 | $ 5,749 | $ 17,128 |
| Weighted average number of shares, including fully vested deferred shares: Basic | 75,321,406 | 55,659,499 | 61,360,442 | 56,703,764 |
| Funds from operations per share | $ 0.02 | $ 0.03 | $ 0.09 | $ 0.30 |

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CNW 07:30e 20-MAR-25