FINAL TRANSCRIPT

Invesque Inc.

First Quarter 2018 Earnings Conference Call

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Industrial Alliance — Analyst

Chris Couprie
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PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to Invesque Inc.'s first quarter 2018 earnings conference call.

I'd now like to turn the call over to Scott Higgs, Chief Financial Officer. Please go ahead, Mr. Higgs.

Scott Higgs — Chief Financial Officer, Invesque Inc.

Thank you, Adam. Good morning, everyone. With me today are Scott White, our CEO, and Adlai Chester, our CIO.

For today's call, Scott will discuss our activity for the quarter and highlight some of our key accomplishments. I will then cover our first quarter financial results, and Adlai will recap our recently announced investments. Then we will open the line for your questions.

The first quarter earnings release, financial statements, and MD&A are available on our website, and a replay of this call will be available from 1:00 p.m. today until midnight on May 23rd.

Before we get started, please be reminded that today's call may include forward-looking statements regarding our future operations. Such statements involve known and unknown risks and uncertainties that may cause actual results to differ materially from those expressed or implied today. We have identified such factors in our news release and other public filings.

As we discuss our performance, please bear in mind that all amounts are in US dollars.

With that, I'll turn it over to Scott.

Scott White — Chief Executive Officer, Invesque Inc.

Good morning. As we approach our second-year anniversary as a public company, it is truly remarkable to look back at our accomplishments, the strength of the platform we've created, and the growth we've experienced. Two years. That's it. We'll celebrate the second year of our existence as a public company in early June.

I have to take a minute to give credit to a tremendous team, which is comprised of some of the best talent in the industry. For every strategic objective that we have, each team member rolls up his or her sleeves and digs in with urgency, dedication, and a sense of ownership. The work ethic and drive of each member provides the ability for us as a company to execute our strategic objectives with precision and the utmost professionalism.

As our platform has grown so considerably, we have continued to recruit leading industry talent. Over the last 100 days, we have built one of the best teams in the industry.

In February, we added Azin Lotfi to the senior management team as our General Counsel. Azin comes to us with extensive transactional experience.

In the last month, we announced the addition of two industry veterans to our leadership team. In April, Adam Zeiger joined the team as Senior Vice President and Chief Relationship Officer. Adam has previously held positions with Care Capital Properties, GE Capital, and Welltower.

Then just last week, we announced that Bryan Hickman has also joined the team, and he'll be working with Adlai as our Senior Vice President of Investments.

In addition to the higher store management team, we've expanded our board as well, by bringing on Lis Wigmore as a director. Lis has an extensive career in real estate, corporate governance, and the Canadian public markets.

We're very excited to welcome Azin, Lis, Bryan, and Adam to the team.

Our last earnings call was just 63 days ago, and in that short time, we've executed on a number of strategic initiatives. In early March, we announced our expansion into the medical office sector with the $138 million acquisition of Mohawk Medical Properties REIT. At the beginning of May, we closed that transaction, firmly establishing a foundational platform of medical office real estate.

The Mohawk portfolio is comprised of 14 buildings in Canada and the U.S. We funded the acquisition with the assumption of debt and the issuance of shares to the seller at a price of $9.75 per share. We're very excited to partner with Andy and Sean of Mohawk, as we believe there is substantial opportunity in this sector, and we're excited to continue to grow that platform.

We also announced a strategic partnership with Ellipsis Real Estate Partners. The partnership with Ellipsis is concentrated around our strategic efforts to expand our investments into development.

One of the best ways to build our pipeline of best-in-class assets is to get involved at the beginning of the development process. Ellipsis focuses on the development of seniors housing and medical office buildings, and they currently have five buildings under development in Indiana and Michigan.

Our partnership gives us purchase options on all those properties, as well as the right of first refusal on investments for all future development. In addition to the investment opportunity, we will also have purchase options on all future projects that Ellipsis develops.

As you can tell, we're very excited about this partnership. We see the Ellipsis partnership as a natural synergy for our existing operating partners looking for expansion and growth. You should expect to see more development partnerships out of us.

Lastly, we've closed the third tranche of preferred equity from a private placement offering with Magnetar. We're very lucky to have such a great capital partner. We continue to find ways to partner and grow the portfolio even in a challenging capital markets environment.

Since the beginning of the year, we've closed almost $700 million in transactions. In less than two years, we more than tripled our total asset value to more than $1.4 billion. In that same period, we've more than quadrupled our number of operators, property count, and states, resulting today in a portfolio of 103 facilities operated by 20 best-in-class partners across 20 states and two Canadian provinces.

These metrics matter to us. These metrics demonstrate our ability to continue diversifying the portfolio in a very meaningful way, exactly as we said we would. We continue to focus on scale and diversification. We aren't stopping here. We continue to see significant opportunities in our pipeline, and our team continues to remain disciplined in identifying new investments to drive our strategic initiatives and generate shareholder value.

Adlai will talk a little bit more about our investment activity later in the call, but to discuss the financial results from the quarter, I will now hand it over to Scott Higgs.

Scott Higgs

Thanks, Scott. I'm excited to announce performance for our first quarter since the closing of the acquisition of Care Investment Trust.

For the quarter ending March 31st, FFO was $0.27 per share, AFFO was $0.23 per share, and our payout ratio remains conservative at just 79 percent on an AFFO basis. On a run-rate basis, we anticipate our payout ratio to remain in the mid-70s.

Another key component to our strong financial health is our ability to maintain an attractive debt profile. At quarter-end, our credit facility had approximately 220 million drawn, with approximately 27 million of capacity. Also at quarter-end, our debt was over 70 percent fixed rate. Our debt to total assets was 52.9 percent, and excluding the debentures our debt to total assets was approximately 49 percent, largely unchanged from previous quarters and in line with our target.

Early in the call, Scott gave a comprehensive overview of the Company's growth over the last two years. When we set out to establish Invesque, we told our shareholders and partners that we would grow the platform while maintaining our level of G&A.

I'm happy to say that we've executed again. For the quarter, our G&A costs were just 23 basis points of our total assets, which is roughly a 12-basis- point reduction from the same quarter last year. Based on our current infrastructure, we believe we can continue to scale the platform at the lower G&A level.

Operating partners continued to perform at the facility level. At quarter-end, on a trailing 12-month basis across the stabilized portfolio, our occupancy is largely unchanged at 85 percent, and our EBITDAR and EBITDARM coverage ratios remain largely unchanged at 1.2 and 1.6 times respectively.

Finally, let me recap some of the details around the preferred equity private placement I spoke about on the last call. As previously mentioned, we received a commitment for 71.5 million in a convertible preferred equity structure. This capital commitment was spread across three tranches. The first tranche was 26.5 million and funded in December. Second tranche was 30 million and funded in February. Third tranche funded at the end of March, resulting is gross proceeds of 15 million.

We're very pleased with the terms, including the 5.65 percent coupon rate, and the accreting of dividends into the conversion feature of the instrument, which provides cash flow stability and does not affect the cash flow available for our common shareholders. Further, this preferred equity structure highlights our ability to creatively source capital, as well as enhance the balance sheet and liquidity of the Company.

I'd like to echo Scott's previous comments surrounding the partnership with Ellipsis. Investment and development has always been a strength of the team, and I'm very excited to see that portion of our portfolio grow.

I'd now like to hand it over to Adlai to talk some more about investments and our future opportunities.

Adlai Chester — Chief Investment Officer, Invesque Inc.

Thanks, Scott. We've been very active the past few quarters, and we continue to see lots of opportunity to continue to drive growth.

Before I recap the most recent transaction we've closed, I'd also like to welcome Azin, Adam, Bryan, and Lis to the Invesque family.

In the first quarter, we closed on the acquisition of Care Investment Trust, doubling our portfolio by facility count. Subsequent to the end of the first quarter, we closed the previously announced acquisition of Mohawk Medical Properties REIT.

The Mohawk portfolio is a group of 14 medical office buildings, making up over 545,000 square feet, located in Canada and the United States. We purchased the portfolio for approximately $138 million. The Mohawk acquisition has already started to bear fruit in the form of potential bolt-on investment opportunities to continue to grow that platform.

Our pipeline of MOB investments continues to grow with opportunities in the cap range of 7 percent to 8 percent.

In addition to core investments, we're exploring various value-add opportunities. These investments range in strategy from management improvements, capital improvements, potential expansions, or tenant enhancements. We're excited to explore these opportunities and expand that piece of the portfolio to produce additional shareholder value.

On the last call, we spent some time discussing the closing of our largest investment, the acquisition of Care Investment Trust. The addition of the 42 properties and nine operators has enhanced our internal base for organic growth. Adam and his team have been working to create a comprehensive strategic plan to identify opportunities within that base to help our operating partners grow and expand.

We aim to be the preferred partner for our operators. To be that partner of choice, we are constantly exploring opportunities to be supportive, including structured CapEx programs, expansion investments, investments into new development, and working capital loans.

We now have several partnerships across numerous disciplines, focused on growing and expanding their respective platforms. The aging population is not changing any time soon, and the macro environment remains strong.

With partnerships in skilled nursing, senior housing, development, and medical office buildings, we obtain real-time industry insights and a very consistent flow of new investment opportunities. Our team has and will remain disciplined in our deal sourcing, underwriting, and opportunity validation, to help build a forever portfolio.

With that, I'd like to thank everyone for joining the call, and I will now open the line for questions.

Q&A

Operator

And thank you. If you do want to ask a question, press *, 1 on your telephone keypad.

Our first question comes from Mark Rothschild of Canaccord. Mark, your line's open.

Mark Rothschild — Canaccord

Thanks, and good morning, guys. In regards to the Ellipsis deal, can you just maybe give a little bit more information on the types of yields we're expecting? And also the quantum of investment you could see this being over the next few years? And how is that structured, as far as future developments that they would start? Would you be funding development costs?

Adlai Chester

Yeah. So good question. So with it being senior housing and MOB, we would expect in that 7 to 8 percent in terms of cap rates. We're seeing, in the skilled nursing sector, the 8 to 9 percent, but Ellipsis is focused on senior housing and medical office.

Future opportunities, they currently have five projects, call it roughly $50 million worth of development. I think you could see somewhere between around 40 million to $50 million a year potential opportunity. I think you'll see the structure very similar to what we've done in the past. We love the mezz structure, where we invest mezz with the right to purchase. So the majority of what we do will be in that, from that perspective.

Mark Rothschild

Okay. And then my only other question, just in regards to the cap rate that you have in your disclosure to value your properties. It changed a little—went up a little. Is that just a function of acquisitions? Or did anything change in any specific properties or markets?

Scott Higgs

Yeah. Mark, it's primarily just a function of the acquisition, and it's really predominantly with the Care IT portfolio and the range of different properties and investments in that portfolio.

Mark Rothschild

Okay. Great. Thank you very much.

Operator

Our next question comes from Stephane Boire from Echelon Wealth Partners. Stephane, your line's open.

Stephane Boire — Echelon Wealth Partners

Thank you. Good morning. Just wondering, could you give us a little bit more details on your strategy regarding the renewal of your mortgages expiring this year? I mean, it looks quite substantial at this point. And was wondering, what you expect in terms of a rate? Or what—yeah. What are your expectations that you might get on the renewals?

Scott Higgs

Sure. So largely, the function of the current balance is acquisitions, and assumed debt is part of those acquisitions. It's a forefront piece of our strategy to refinance those. And in terms of a—so I guess first of all, I don't anticipate any issues with those. We're in active discussions today on basically all of those. And from an interest rate perspective, I think you can anticipate a similar rate that what we have running today, on an average basis, for those refinancings as well. So in the mid-4s.

Stephane Boire

Mid-4. Okay. Okay. And just a quick one on the Keepsake. When do you expect to execute on this one?

Scott White

I'd say some time over the next quarter or two, and I'm being a little bit vague just because we're trying to get everything lined up. Just as a reminder for those that don't remember the Keepsake story, Keepsake was part of the original IPO portfolio—a fairly small asset, by the way, that we love. I mean, we're ready to own it this afternoon if we can get all our documentation in order.

The State of New York needed to transfer the licence, so to speak, as part of that acquisition, and the State of New York does not move very quickly. Here we are, almost two years post-IPO, and they have finally formally approved the licence transfer. So now that the licence has been transferred, we're lining up the debt and getting all of our ducks in a row, so to speak.

But we couldn't do that for the last two years because we had no idea when it would be approved. So it is now approved. It is now with us to move the ball forward. If not, Q3 is probably a reasonable timeline, to be honest with you.

Scott Higgs

I think that's right.

Stephane Boire

Okay. Okay. That's good. So it should close before the end of the year?

Scott White

Yes. Yes. It'll close before the end of the year.

Stephane Boire

Okay. Okay. Perfect. And on the partnership front. How many more partnerships should we expect this year? And, I mean, what's your current pipeline in this regard today?

Adlai Chester

Yeah. So one of the things that we want to be cognizant of—if a year from now, we have 50 operating partners, that would be problematic from my perspective. We want to continue to enhance the existing partnerships.

With that said, our pipeline is still robust. If you look at us for the last four or five years, we've typically acquired between 300 million to 400 million a year. Obviously, we already hit that this year, but the pipeline's there with new operators. I wouldn't expect it exceeding 30, as an example, but increasing from 20 is very possible over the next 6 to 12 months.

Stephane Boire

Okay. And how about your developers partnership?

Scott White

You know, that's a great question. I'm hard pressed to give a number. I can tell you we're having a half a dozen conversations right now with various developers. We love that part of the strategy. You should definitely expect to see more of that going forward.

But like the opportunities for acquisitions, we want to be partnered with the right developers. This is not a story about getting as many partnerships as possible, about getting as many assets as possible. It's a story about getting it right, so we've been very disciplined. There's lots of developers out there, hundreds quite frankly, that are in this space, small developers, and last thing we want to do is partner with the wrong developer.

We spent a significant time diligencing Ellipsis. We know a lot of the Ellipsis principles well, and this is a solid group. We're very proud to be partnered with them. I think, if I had to venture a guess, and I had to put a number out there, I'd like to see at least one or two more this year. But if we get more opportunities, these are great for us.

I don't think Adlai did it enough justice when he explained what this opportunity presents for us. We now have the exclusive right to their pipeline indefinitely. However, and this is a key component to this, we have no obligation. We don't have to do a single thing with Ellipsis. If we just decide we don't have access to capital, it doesn't fit into our portfolio, timing isn't right, we don't like the asset, we're not obligated.

If we like the asset, then we have the right to either 1) as Adlai explained, invest mezzanine or preferred equity or something small in the development. We're not going to take on significant early stage development risk, to be very clear.

Historically, we've invested a few million dollars as mezz—nice-yielding mezz by the way. Our historical norm around mezz—and I don't want to necessarily commit this will absolutely be on a go-forward basis. But historically, we've been in the 12 to 14 percent yield category on mezz. That's very nice paper that we like to have in our portfolio.

And then we have clear visibility on a long-term pipeline where we could look at and say, all right, so Ellipsis, five projects under development right now. We know one will be completed next quarter. We know another one will be completed the following quarter. We know two will be completed in Q1 of next year. And we can start to line up our pipeline and think about, okay, we think this'll fit, that won't fit. So a long answer to your question, but I hope you can appreciate that we're pretty excited about development partnerships, particularly Ellipsis.

Stephane Boire

Absolutely. I appreciate the details. Thank you. And lastly in terms of G&A. I know it was mentioned earlier that obviously you want to keep it as low as possible. But is the 90 to 100 bips to total assets still sustainable, given your recent and future acquisitions?

Scott Higgs

Yeah. Absolutely. Absolutely. I think the team that we've got now and the platform that we have is at a sustainable level to continue to grow the asset base. And if you think about our business of buying assets for triple-net leases, it's a very scalable business and scalable platform that we've built.

Stephane Boire

Okay. That's great. All right. Thank you. I have no more questions. Thanks.

Scott White

Thanks so much.

Operator

And your next question comes from Richard Benedict from Raymond James. Richard, your line's open.

Richard Benedict — Raymond James

Thank you. Good morning.

Adlai Chester

Good morning.

Scott Higgs

Good morning.

Richard Benedict

All right. Quick question on the Mohawk deal. By my calculations, you would have issued about 35 million shares. Is that right?

Scott Higgs

$35 million worth of shares, yes. That's approximately correct.

Scott White

Dollars not shares.

Richard Benedict

So how many shares would you have issued on it then?

Scott Higgs

We issued them at 9.75 per share.

Richard Benedict

Okay. So regardless, I'm just looking at the daily trading in your stock, and you're going to have a lot of stock, newly issued shares out there. Do you have any lock-up agreements with the principals or any other parties?

Scott White

Yeah. So we do have a lock-up agreement with the two principals in Mohawk, our partners Andy and Sean. And the fact that we mention them in our earnings call should give you some indication of how important that relationship is to us. They are locked up. The other shareholders are not locked up.

Now I'll be honest with you. We actually looked at it as a real positive opportunity for us to expand our shareholder base. The Mohawk investors, I think, have been with Mohawk for a few years right now. They've, I think, generally been pleased with their Mohawk investment. Now they have exposure to a much broader platform and the ability to grow with us.

Those shares were issued probably 10, 11 days ago, and we haven't seen massive trading out of it. I actually think, the flip side, we've seen more volume and our stock has held pretty strong. So I think what it has done for us, which is something we've been trying to do, is create some volume in the market, create buying opportunities for buyers that hopefully want to get into our name and give us a chance to get out and tell our story to more and more people.

One of the things that Mohawk provided us which is really exciting is we have now done one or two calls with some of their investors, and we have another one scheduled later this week where we're getting out, and we're telling our story. So here's a chance to have a new investor base in an efficient way. Overnight, we picked up a few hundred more investors that we hope will be long-term partners with us.

Richard Benedict

That's interesting. And just one other quick question I was thinking about as I was listening to you guys. The convertible debt that you've been issuing to finance some of your acquisitions, is that carried as equity or debt on your balance sheet?

Scott Higgs

The convertible preferred is carried as equity.

Richard Benedict

That's what I thought. Okay. Basically, thank you very much.

Adlai Chester

All right. Thank you.

Scott White

Thanks so much.

Richard Benedict

Okay. Bye.

Operator

And your next question comes from Brad Sturges from Industrial Alliance. Brad, your line's open.

Brad Sturges — Industrial Alliance

Hi, guys.

Scott White

Hi, Brad.

Brad Sturges

Just to carry on, on the discussion on adding potentially more development partners, potentially maybe one or two more maybe later this year. I'm curious to know a little bit more about what you're looking for to add in that pipeline. Is it more geographic-based? Or is it relationships with existing tenants that you have? Is there certain metrics you're looking for to add to that pipeline right now?

Adlai Chester

Yeah. No. It's a great question. So we are not in a hurry to invest in additional skilled nursing development. I won't say we'll never do it, but right now, we're targeting more the senior housing MOB development opportunities. We do like looking for the groups of—there's certain operators out there that we would love to have in our portfolio. So to the extent that we are finding developers that are partnering with those operators, that's intriguing to us.

And then to your point, geographical, we're not looking for necessarily rural or secondary markets. We want strong MSAs. And Ellipsis, as an example, is building in some strong MSAs that we're very comfortable with. So I think it's kind of a mixed bag, but you're exactly right. Operator and certain geographical locations is our focus.

Brad Sturges

Right. And with Ellipsis projects right now, I think you said $50 million. How far along is that pipeline right now? And when could we perhaps start seeing a stabilized asset being offered to the public co?

Adlai Chester

Yep. Their first asset is going—that we have the opportunity to acquire—is opening in July of this year, so that one's soon. I wouldn't necessarily say we're going to buy it in July. To your point, we want to see how some of these assets perform. Then the next one I believe—next couple are, call it early to mid-'19. The MOBA will be done at the end of this year as well, and that asset's an interesting asset that we're intrigued with. And then I think the fifth one will be end of '19. So we have a pretty clear idea of the next five is all should be complete by 2019.

Brad Sturges

Okay. And then last question. You talked about working with your tenants for expansion. Is that existing assets in the portfolio? Or is that helping them find new sites for like a new community to be opened up and working with developers? Or perhaps it's a combination of both? Just trying to get a sense of what colour—or what that opportunity could look like, I guess, in the next year or two.

Adlai Chester

Yeah. It's absolutely both. So if you look at Autumnwood partnership as an example, we have two developments that we're partnering with them to expand—something we're very excited about.

You know, expanding existing facilities, improving existing facilities—the one thing that we've asked Adam to do as part of his first couple months is really take a look at across the portfolio and see which partners are excited about new development and potential acquisitions to add to the portfolio. And so we really see organic growth as a big part of our story over the next couple years.

Brad Sturges

Okay. Great. Thank you.

Scott White

Thanks, Brad.

Operator

And your next question comes from Chris Couprie from CIBC. Chris, your line's open.

Chris Couprie — CIBC

Good morning, guys. So just circling back to Ellipsis. The press release said that there's projects active in Indiana and Michigan. Are there any other—are all—if you looked at these five assets, can you help us understand which ones are in which state? And then, Adlai, what's your kind of current involvement with Ellipsis?

Adlai Chester

Yep. So there's three around the Indianapolis area, so there's one in Zionsville, one in Fishers, and one in Greenwood. So we'd say those are probably the three best markets in the Indianapolis area. There's one development in Grand Rapids, Michigan, and then the medical office building in their portfolio is a triple-net lease with one of the Ascension hospitals and Witham Hospital out of Indiana, which are high-rated, credit-rated opportunities. So those are the five.

I have no relationship with Ellipsis. I was bought out a while back, which allowed us to partner with them post that.

Chris Couprie

Got it. And then on the MOB side, in terms of Andrew and Sean, did they have any other MOBs that were outside of Mohawk that you guys would have access to? And then just in MOBs in general, where are you seeing the opportunities? More Canada? Or U.S.?

Scott White

Yeah. So they do not own any other MOBs. However, they have a very nice, robust pipeline that we have exclusive access to. In fact, they've brought us very specific transactions. It's more than a pipeline; there's real transactions that we're looking at.

In terms of the growth opportunities, I think it's both at the moment. It's probably more the U.S. than in Canada, but I think there's vast opportunities in both. One of the things that excited us about this, and Andy and Sean actually—this is such an important part of our platform; they actually presented to our board yesterday, and they were explaining how we fundamentally believe there is no one else really focused on these types of assets, aggregating them, and as a result, there's fairly limited competition.

The types of assets that we're looking for right now are not a core focus of a lot of investors. They will be. There's no doubt in our mind. But today, as we stand here in the middle of 2018, they're not a core focus. So we want to be ahead of that. We don't want to be chasing what everyone else is chasing. We want to assemble that portfolio ahead of time.

Chris Couprie

So would you characterize the MOB that you're focused on as kind of off-campus in—

Scott White

Right.

Chris Couprie

—kind of not centre-ice markets?

Scott White

That's exactly right. That's exactly right. These are generally Class B, multi-tenant, off-campus facilities. Yeah. I mean that's it right down the fairway. There's lots of on-campus, single-tenant, credit-rated types of MOBs that a lot of institutional capital is chasing. A very big deal got done in the U.S. last year with a fore-handle on it, a high fore-cap. That's not the types of things that we have a cost of capital to chase, nor do we want to. We don't have any competitive edge.

So what you've seen us do over the last two years is assemble a portfolio where we could bring something to the table to our—I like to tell everybody that whenever we look at transactions, it's got to work for both sides. There's no such thing as a one-sided transaction. So for us, this is an opportunity to go out and look at assets that we really like, a team in Andy and Sean that we really believe in, and find limited competition.

Chris Couprie

And in terms of just the organic growth potential in the existing portfolio that you bought. How do you think about the potential organic growth opportunity for the Mohawk portfolio? Or how has it been trending?

Adlai Chester

Yeah. So I think we actually asked them this—part of the due diligence process, how much they thought they could do. From the platform standpoint, I think the ability is there to add one a month. I think as we look at our cost of capital and where we're trading right now, I think that's going to play a lot in how much we grow the portfolio in the short term.

But I would say long term, I think the opportunity is substantial. It's a very fragmented in this Class B, off-campus, multi-tenant MOB space, but I think we have a real opportunity to grow this platform to a substantial amount.

Chris Couprie

Sorry. I meant organic growth, like same-property NOI growth.

Adlai Chester

Yeah. So I apologize—

Chris Couprie

Like rents at market?

Adlai Chester

I thought you were going on—yeah. I think we're modelling 2 percent to 3 percent.

Chris Couprie

All right. Thanks, guys.

Scott White

Thanks so much, Chris.

Operator

And your next question comes from Troy MacLean from BMO Capital Markets. Troy, your line's open.

Troy MacLean — BMO Capital Markets

Thank you. Good morning.

Scott White

Good morning, Troy.

Troy MacLean

You mentioned probably doing no SNIF developments going forward or very few. How do you feel about acquiring SNIF properties, given the yields are so high?

Adlai Chester

Well, what's interesting, we haven't seen them go as high as some might think. I mean, you still have operators out there now, acquiring properties. But to answer just pointed, absolutely. We will—if the cap rate is at the right price and the coverage, which is more important, is at the right price or at the right place, we will absolutely acquire SNIF assets.

As we've talked on the past, we want to build a diversified portfolio. And we've kind of given those general a third, a third, and a third, but we will never manage specifically to those buckets. So if we see the right opportunity in the SNIF space, we're absolutely still buyers.

Troy MacLean

And just on the same-property NOI guidance you just gave of the 2 percent to 3 percent. Was that on just the Mohawk portfolio? Or on the overall portfolio?

Scott Higgs

Troy, that's an overall portfolio metric. I do think it applies generally to the Mohawk transaction as well, as Chris was asking. But that's a good run rate on the overall portfolio as well, both on a triple-net-lease and a JV perspective.

Troy MacLean

And then the trailing 12-month stabilized occupancy decline quarter over quarter to 85 percent. What drove that? Was it just the change in the mix of what's included in the stabilized bucket? Or was there any tenant that saw occupancy decline?

Scott White

So we're seeing some occupancy declines across our SNIF portfolio. As you've just identified, Troy, the yields are creeping up in SNIF. Well, why is that? Because the SNIF assets are facing some headwinds. There's no doubt about it, across the industry. We look on the one hand as a buying opportunity.

On the other hand, it gets back to the investment thesis that we have pounded the table on since day one. Building a highly diversified portfolio in any given week, quarter, month, year—different parts of the health care real estate sector are going to struggle. Right now, the SNIF assets are certainly under pressure. You see it across the United States.

And that's why it was important to us to make sure that we had a diversified portfolio, seniors' housing, a highly diversified portfolio of MOB. You should expect to see other types of assets that we're looking at right now to possibly vend in. And this won't last forever. SNIF goes through these cycles every couple years.

You look back historically, we expected it, and we're not afraid of it. It's the nature of the beast. Yes, our occupancy has been hit at the moment. Yes, we are keeping a careful eye on our SNIF portfolio. But that's part of health care real estate investing. And we know over the long term, by continuing to focus on scale and diversification, this portfolio is going to be in great shape.

Troy MacLean

Thank you. That's it for me. I'll turn it back.

Scott Higgs

Thanks, Troy.

Scott White

Thank you, Troy.

Operator

And we have no further phone questions at this time, so I'll turn the call back over to Mr. Higgs for closing remarks.

Scott Higgs

Thank you all for participating in the call this morning and for your continued support of Invesque. And we'll look forward to talking to everyone next quarter.

Operator

And this concludes today's conference call. You may now disconnect.

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