



Invesque

# COMPANY OVERVIEW

TSX: IVQ.U, IVQ



# DISCLAIMER



## General

You are advised to read this disclaimer carefully before reading, accessing or making any other use of the information included herewith. These materials are not an offer or the solicitation of an offer to purchase any securities or make any investment. This presentation includes information about Invesque Inc. and its subsidiaries (together, the "Company") as of April 1, 2022, unless otherwise stated. All dollar amounts are expressed in U.S. Dollars unless otherwise stated.

The Company measures the success of its business in part by employing several key performance indicators referenced herein that are not recognized under International Reporting Financial Standards ("IFRS"), including net operating income ("NOI"), funds from operations ("FFO") and adjusted funds from operations ("AFFO"). FFO, AFFO and NOI are not measures recognized under IFRS and do not have a standardized meaning prescribed by IFRS. Such measures are presented in this presentation because management of the Company believes that such measures are relevant in interpreting the purchase price metrics and performance of acquisitions. Such measures, as computed by the Company, may differ from similar computations as reported by other similar organizations and, accordingly, may not be comparable to the measures reported by such other organizations. Please see the Company's most recent management's discussion and analysis, which is available on SEDAR at [www.sedar.com](http://www.sedar.com), for how the Company reconciles FFO, AFFO and NOI to the nearest IFRS measure.

This presentation may contain information and statistics regarding the markets in which the Company and its investees operate. Some of this information has been obtained from market research, publicly available information and industry publications. This information has been obtained from sources believed to be reliable, but the accuracy or completeness of such information has not been independently verified by the Company and cannot be guaranteed.

This presentation is not for distribution in the United States. This presentation does not constitute or form a part of an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any U.S. person. The Company has not registered any of its securities under the United States Securities Act of 1933, as amended ("U.S. Securities Act"), or under any state securities or blue sky laws. Any such offer or solicitation in the United States or to any U.S. person may be made only if registered under the U.S. Securities Act and any applicable state securities or blue sky laws or in reliance upon an exemption from the registration requirements of the U.S. Securities Act and any such applicable state laws.

## Forward-Looking Information

This presentation may contain forward-looking statements (within the meaning of applicable securities laws) relating to the business of the Company and the environment in which it operates. Forward-looking statements are generally identified by words such as "believe", "anticipate", "project", "expect", "intend", "plan", "will", "may" "estimate", "pro forma" and other similar expressions. These statements are based on the Company's expectations, estimates, forecasts and projections and include, without limitation, statements regarding the benefits of certain acquisitions, including the acquisition of the Commonwealth Senior Living Portfolio (the "Commonwealth Portfolio"), (including, without limitation, the extent to which such acquisitions will be accretive to the Company's AFFO per share and NAV and contribute to NOI and the ability to leverage synergies), the composition of the Company's portfolio (including pro forma NOI based on property type) and expected growth and returns and projections relating to the future of the senior care industry. The forward-looking statements in this presentation are based on certain assumptions, including without limitation that the facilities subject to recent acquisitions, including the Commonwealth Portfolio, will be integrated into the Company's operations and perform as expected. They are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the risk that the facilities recently acquired (including the Commonwealth Portfolio) will not perform or be integrated as expected and the risk that the projections relating to the future of the senior care industry, or the Company in particular, could be affected by various factors, including the COVID-19 pandemic. 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 the factors discussed under the heading "Risk Factors" and "Description of the Business - Covid-19" in the Company's annual information form. 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.

# Invesque at a Glance



## Macro Opportunity

Massive wave of aging baby boomers will utilize greater health care services and spend more dollars on health care. **We expect that the real growth is ahead.**

## Investment Thesis

Health care real estate generates long-term, out-paced risk adjusted returns. While any particular asset class may come in and out of favor in any cycle, **long-term, patient investors will be rewarded.**

## Strategy

Build a portfolio of income generating health care real estate. Diversify by type of asset, geography, payor source and operator. **Operating partners are the key to our success.**



# Building the Platform



**Invesque has successfully built a \$1.5B+ diversified health care real estate portfolio and platform**

**The Company's property portfolio generates stable cash flows with strong organic growth**

- Leases are signed with operating tenants on an absolute triple-net ("NNN") basis
- 90%+ of rent from NNN portfolio under master lease structures<sup>(1)</sup>
- Captive, vertically integrated seniors housing operating and management company Commonwealth Senior Living
- ~43% of pro forma NOI from seniors housing operating properties ("SHOP")
- ~58% of pro forma NOI from private pay seniors housing

Note: All figures are pro forma as of April 1, 2022.

(1) Includes contractual rent in NNN portfolio from assets included in master leases or single leases where the Company can consolidate assets into a master lease structure.



# Pro Forma Invesque Portfolio Snapshot



**96**  
Properties



**~11 years**  
Effective average  
age of portfolio



**15**  
Partnerships with  
high-quality operators



Geographically  
diversified across  
**18 States  
and 2  
Canadian  
Provinces**



**~8,000**  
Beds  
**~578,000**  
MOB SF



**~11 years**  
Weighted average  
lease maturity<sup>(1)</sup>



**~58%**  
of NOI from private  
pay seniors housing

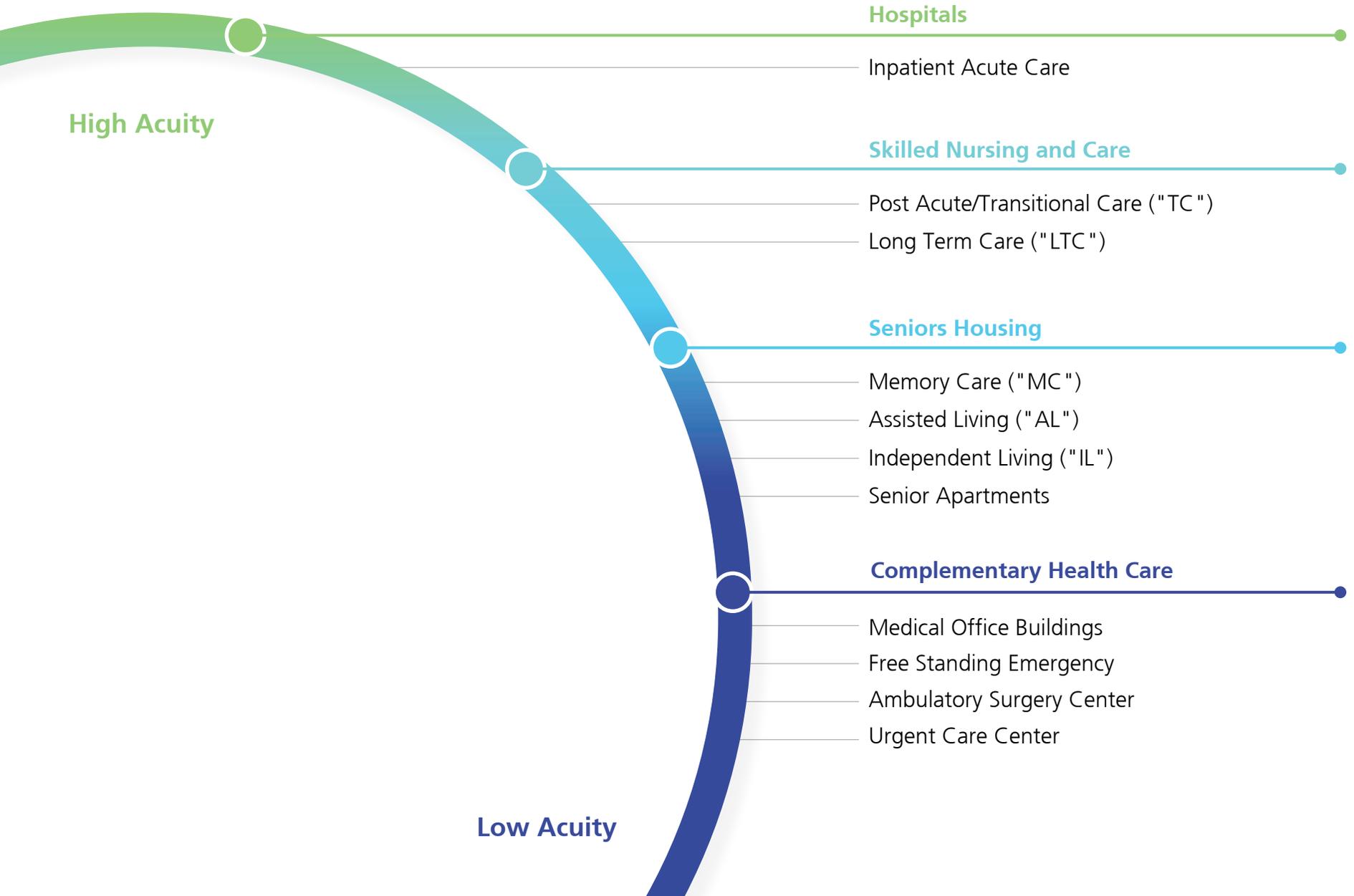


**~43%**  
of NOI from SHOP

Note: All figures are pro forma as of April 1, 2022.

(1) Represents NNN portfolio maturities weighted by rent payment at 100% ownership.

# Spectrum of Care



# Attractive and Stable Industry Dynamics



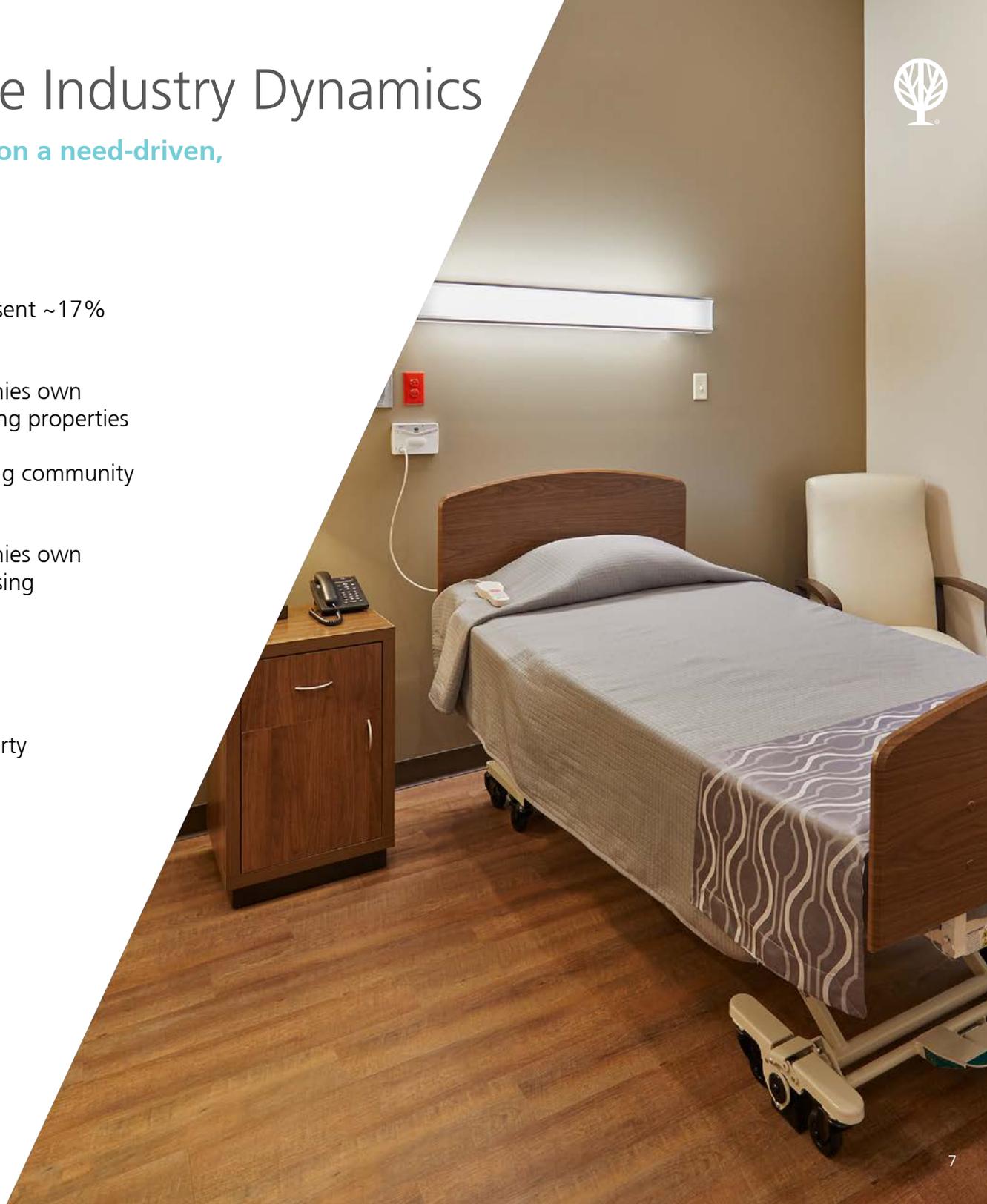
Highly fragmented industry focused on a need-driven, cost-effective care model

## Highly Fragmented Industry

- Top 10 skilled nursing facility owners represent ~17% of total beds
- Publicly traded REITs and operating companies own ~11% of total market value of skilled nursing properties
- Top 10 assisted living and independent living community owners represent ~27% of total units
- Publicly traded REITs and operating companies own ~21% of total market value of seniors housing properties

## Cost-Effective Care Alternatives

Skilled nursing facilities provide some of the most cost-effective care alternatives for third-party payer sources



# Attractive Industry Dynamics



## Strong Demographic Driven Growth

- 85+ age group is expected to grow ~4.9% over the next 20 years compared to ~0.6% for the US population

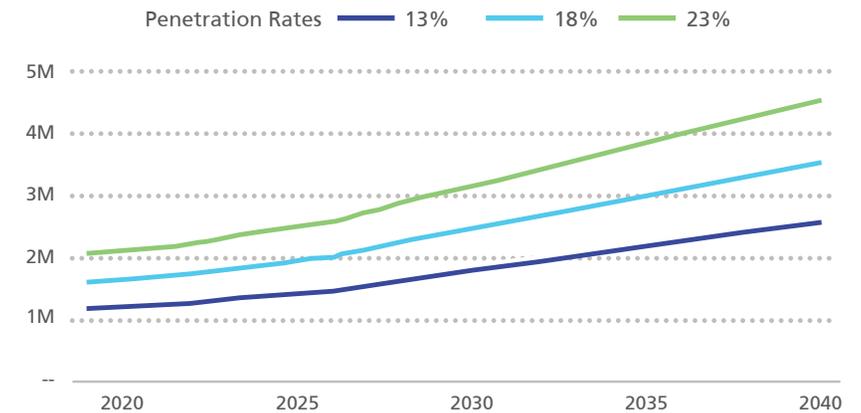
## Need Driven Services

- 85+ age group health care per-capita spending is 2.4x the US average
- Industry inventory and absorption have converged since 2017

## Favorable Demand Projections

- Demand for seniors housing from the 80+ age group is forecasted to grow at a rate of ~4.0% over the next 20 years
- Represents ~1.9 million senior housing units of incremental demand based on current market penetration rate of 18%

## US 80+ Age Group Seniors Housing Demand Projections



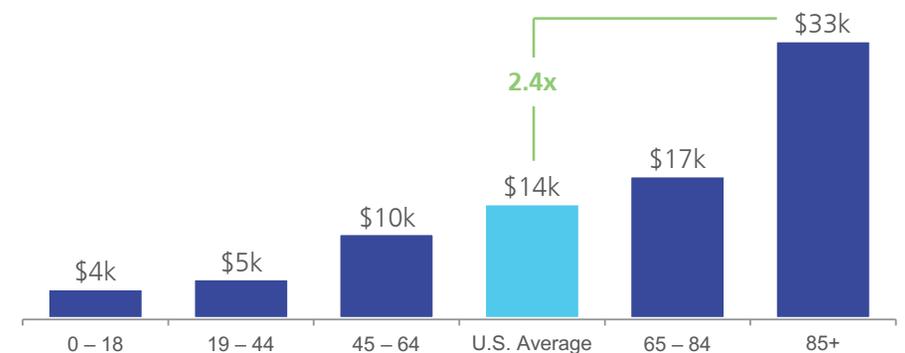
Stable and growing demand driven by strong demographic trends

## US Age 85+ Cohort Population Growth



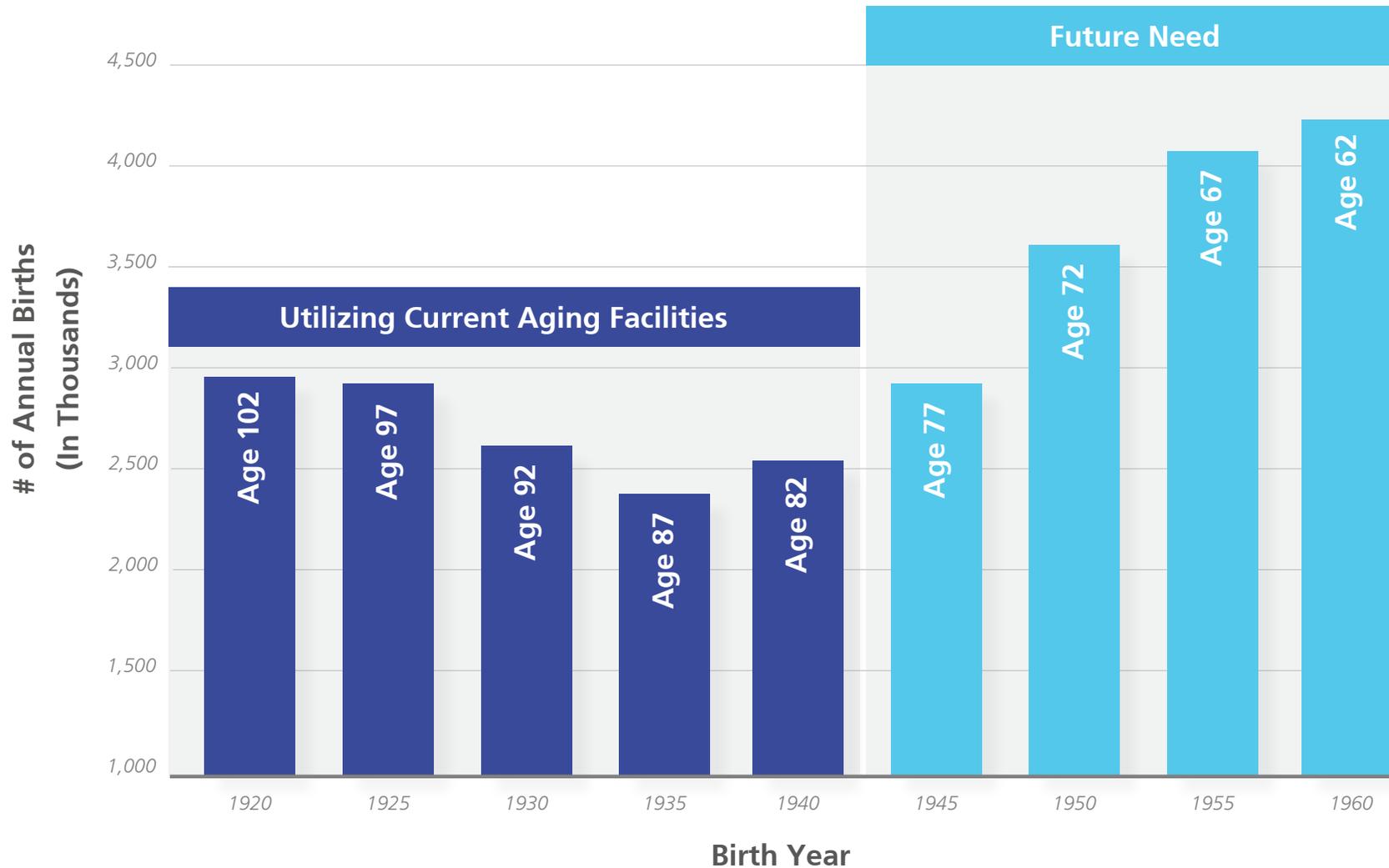
85+ age cohort is the fastest growing and highest spending population segment

## Personal Health Care Per-capita Spend By Age



# Preparing for Unprecedented Growth

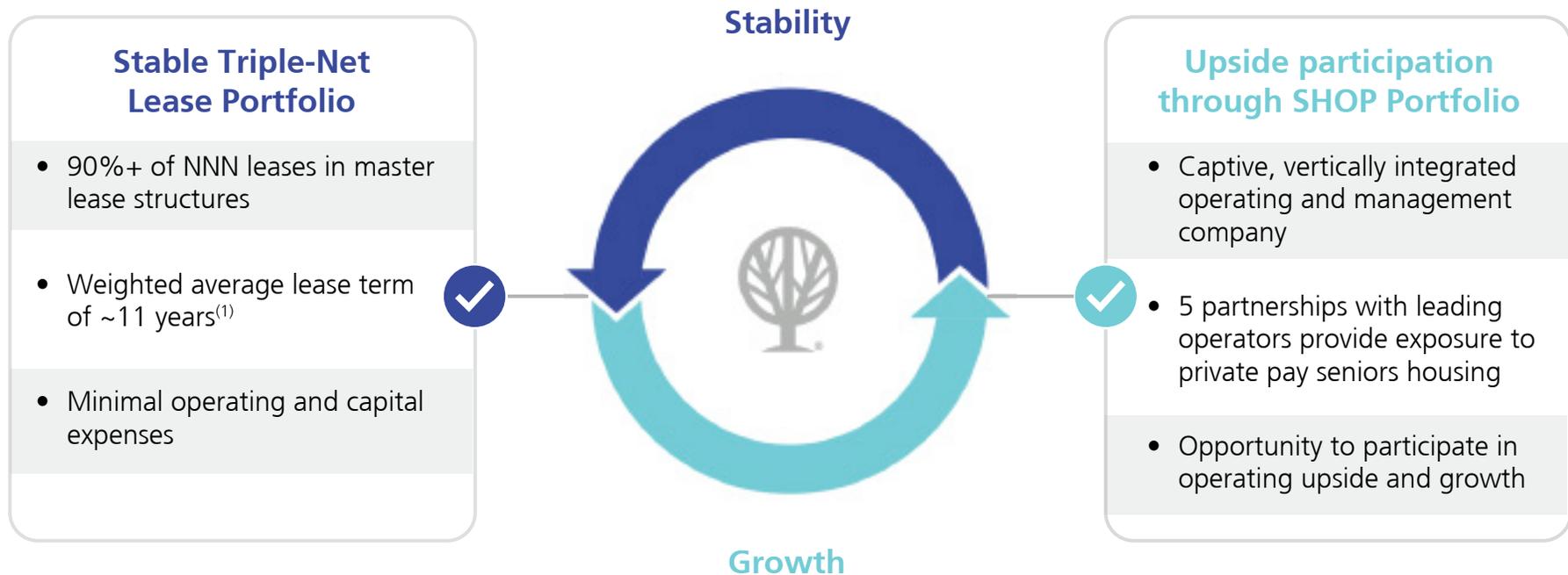
We are at the leading edge of the aging baby boom demographic



# Exposure to Stable Long-Term Triple-Net Leases and Operating Properties with Growth



Attractive cash flow profile comprised of stable triple-net leases and SHOP portfolio with private pay seniors housing operating properties



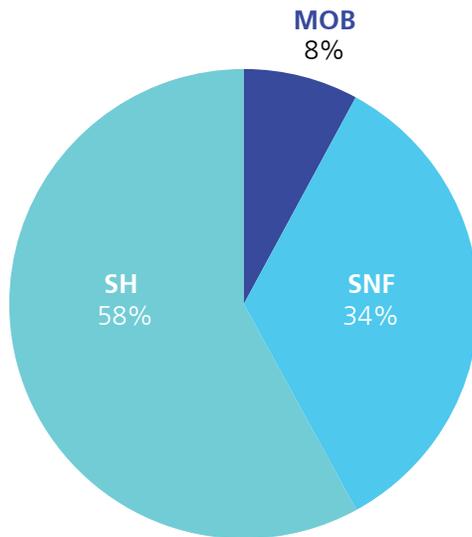
Note: All figures are pro forma as of April 1, 2022.

(1) Weighted by rent payment at 100% ownership.

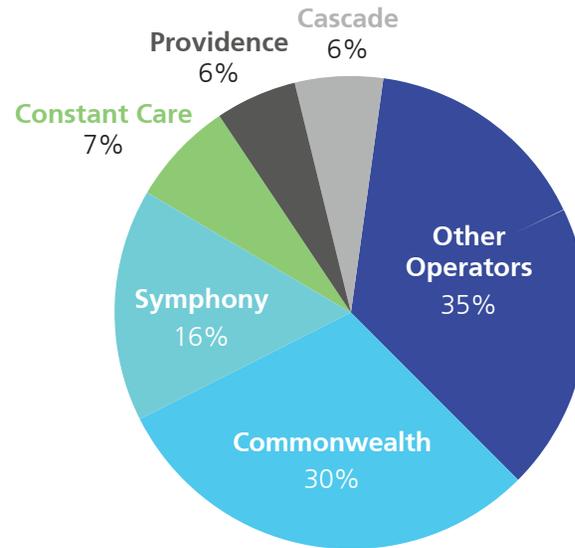
# Pro Forma Portfolio Composition



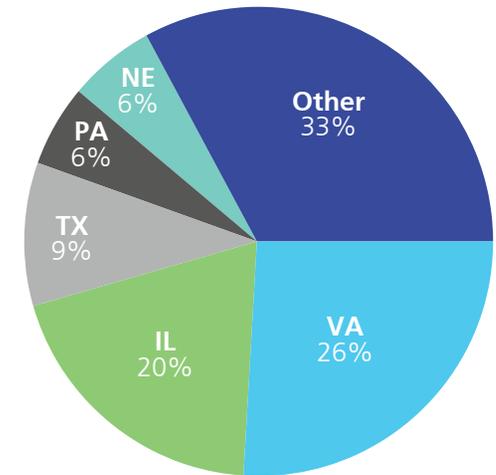
### NOI by Asset Type



### Portfolio Operator Exposure

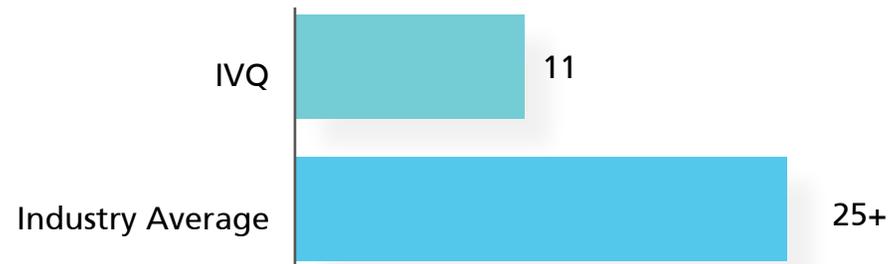


### NOI by State



## US Health Care Asset Age (Years)<sup>(1)</sup>

Youngest average portfolio age relative to public peers



Note: All figures are pro forma as of April 1, 2022.

(1) Source: Public Filings, SNL Financial.

# Pro Forma Geographic Footprint

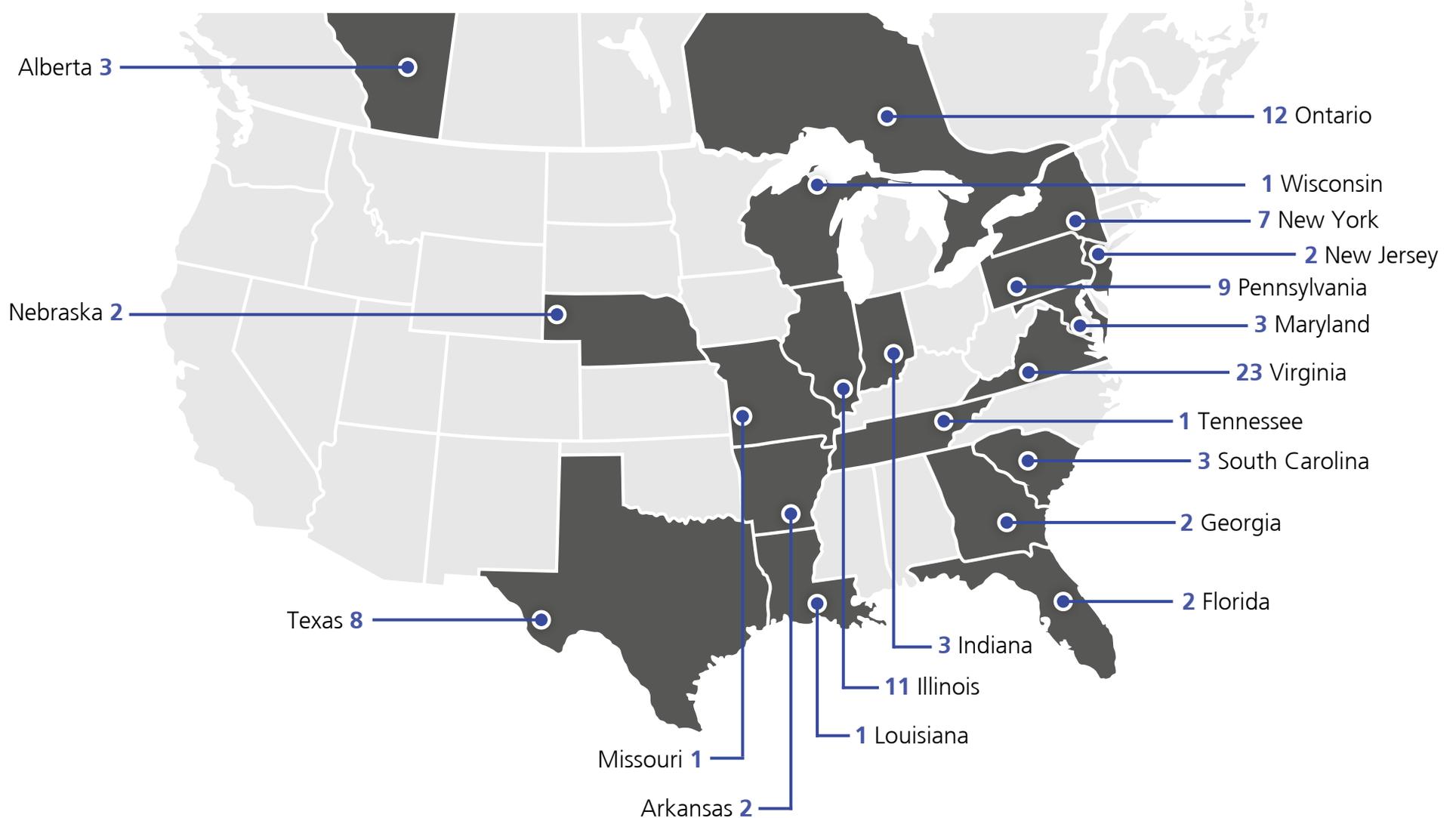


**96**  
Properties

**~8,000**  
Beds

**~578,000**  
MOB ft<sup>2</sup>

**~\$1.5B**  
of Investment Properties



Note: All figures are pro forma as of April 1, 2022.

# Commonwealth Senior Living



## A Case Study in Building a Vertically Integrated Health Care Real Estate Platform

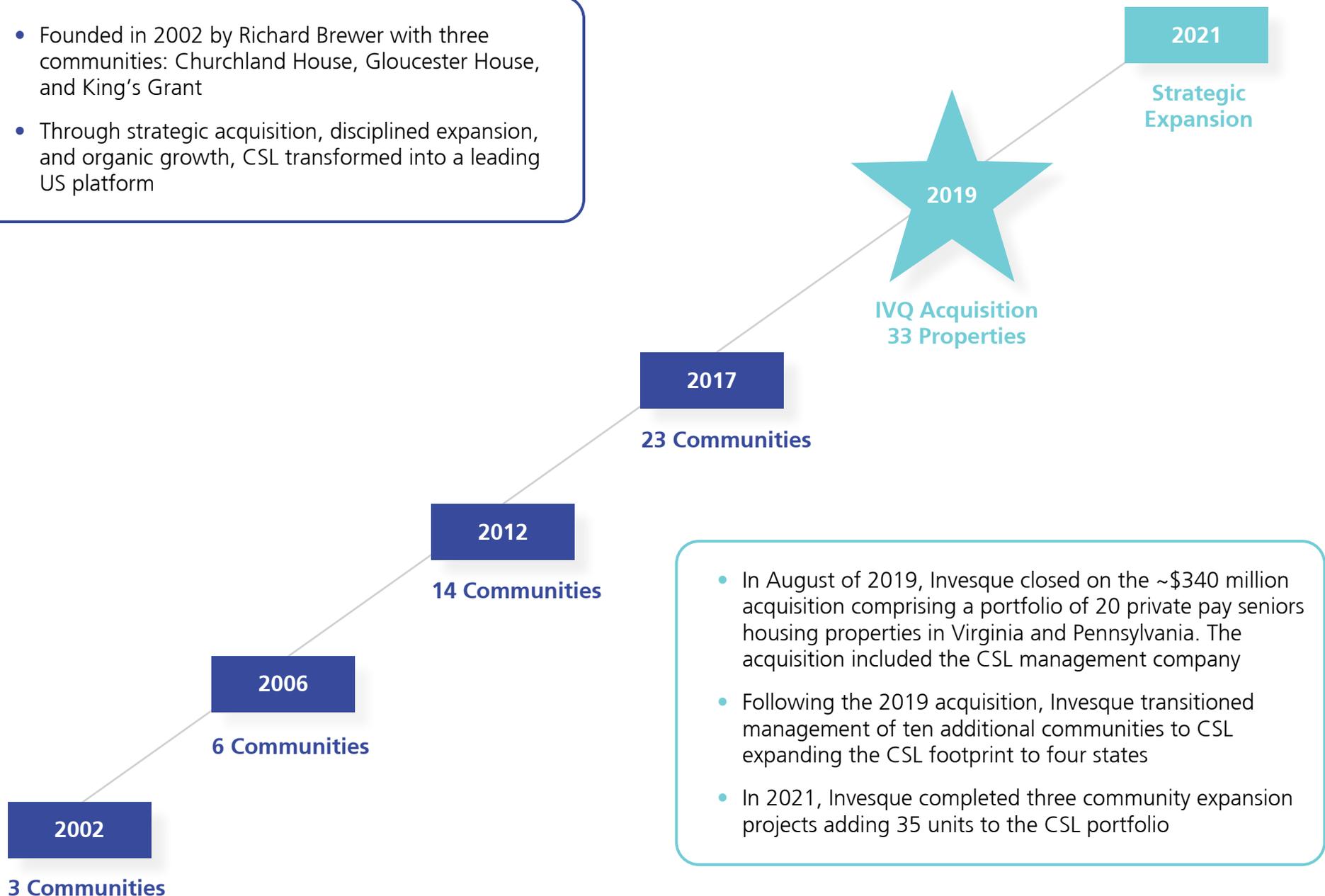
In 2019, Invesque closed on the transformative ~\$340 million acquisition of Commonwealth Senior Living ("CSL") comprising a portfolio of 20 private-pay seniors housing properties in Virginia and Pennsylvania. The acquisition included the Commonwealth Senior Living management company.

- 20 assets representing ~1,440 private pay independent living, assisted living, and memory care units
- Exclusive right of first offer to acquire three additional assets currently managed by CSL
- CSL does not have direct exposure to government funding sources
- Private pay seniors housing now represents 58% of total pro forma Invesque NOI
- Strengthened Invesque platform with a captive, vertically integrated operating and management company
- Properties purchased for ~\$236,000 per unit, representing an ~20% discount to replacement cost at the time of acquisition
- Preferred equity issued to sellers with initial dividend of 6.5% exchangeable at \$9.75 per share highlighting intrinsic value in Invesque portfolio
- Accretive to NAV given positive spread investment with weighted average cost of capital ~200 basis points inside of going in cap rate
- Accretive to AFFO per share
- Provided for further synergies by leveraging vertically integrated platform
  - Transitioned 10 communities previously operated by Greenfield to CSL
  - CSL represents Invesque's largest pro forma NOI exposure at ~30%

# Commonwealth Senior Living



- Founded in 2002 by Richard Brewer with three communities: Churchland House, Gloucester House, and King's Grant
- Through strategic acquisition, disciplined expansion, and organic growth, CSL transformed into a leading US platform



# Commonwealth Senior Living – Regionally Focused Premier Provider

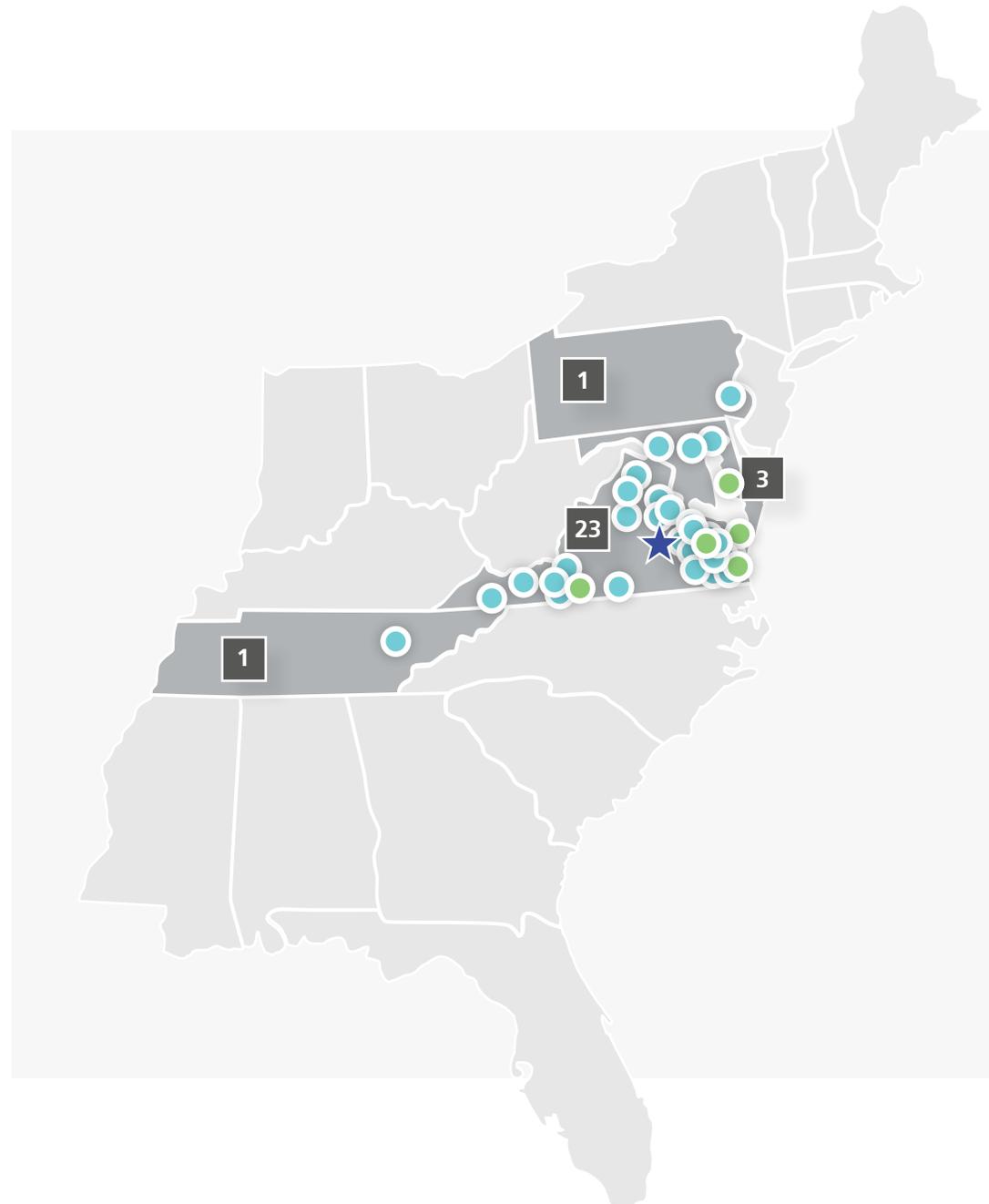


CSL currently operates 33 communities, making them one of the largest operators of seniors housing in Virginia and a premier operator in the mid-Atlantic

- 28 Invesque owned properties in Pennsylvania, Maryland, Virginia, and Tennessee
- 5 non-Invesque owned properties
- ~2,400 units, ~2,800 beds

## Map Key

-  Invesque owned property
-  Non-Invesque owned, CSL managed property
-  CSL Home Office – Charlottesville, VA
-  Total number of Invesque owned CSL properties in state



# Well-Established Industry Leading Operating Partners



# Financial Profile and Strategy



## Low Cost of Capital and Flexible Debt Funding Structure as of December 31, 2021

- Weighted average interest rate of 4.1%
- ~85% fixed rate / ~15% floating rate
- \$400 million senior unsecured credit facility which includes a \$200 million term loan and \$200 million revolver
- Average debt maturity of ~3 years
- ~6% of total debt maturing in the next 12 months<sup>(1)</sup>



Balanced Financial Structure  
with Attractive Debt Terms

(1) Assumes exercise of all Company-controlled extension options.

# Investment Highlights



## Growth Opportunities with SHOP Portfolio

- SHOP portfolio provides the opportunity to participate in the operating upside of the private pay seniors housing segment



## Exposure to Long-Term NNN Leases

- Long-term NNN leases with experienced operators
- Weighted average NNN lease term of ~11 years



## High Quality Health Care Portfolio of Significant Scale

- 96 high quality health care properties with a geographic footprint that spans across 18 US states and two Canadian provinces
- Average property age of 11 years versus industry average property age of 25+ years



## Diversified Portfolio Across the Health Care Spectrum

- Strong tenant diversification by mix and geography
- Majority private pay portfolio with ~58% of NOI from seniors housing



## Long-standing Partnerships with Leading Operators

- Strong and growing partnerships with 15 leading national and regional tenants / operators
- Best-in-class operators with significant industry knowledge and experience are well-positioned to serve local markets
- Unique, vertical integration with owned seniors housing operating and management company



## Experienced Management Team

- Extensive experience across real estate investment, operations, management, finance, development, and legal disciplines
- Deep relationships with operating partners, including many not yet part of Invesque's portfolio
- Creative abilities to structure and re-structure transactions / investments

# Experienced Management Team



## Scott White

Chairman and Chief Executive Officer

- Served as Executive Vice President of HealthLease Properties until its acquisition by Welltower in 2014; prior to that Mr. White was a Senior Vice President in the Private Funds Group of Brookfield Asset Management
- 25 years of investment banking, accounting, real estate and prior capital market experience
- Mr. White received an M.B.A. from Rutgers Graduate School of Management and J.D. from the University of Pennsylvania Law School; he is a Certified Public Accountant (inactive) and is admitted to the bars of New York and New Jersey (retired)



## Adlai Chester

Director and Chief Investment Officer

- Previously Chief Financial Officer of HealthLease Properties
- 20+ years of experience in finance, real estate, development and capital markets
- Named CFO of the Year in 2014 by the Indianapolis Business Journal
- Mr. Chester earned a Bachelor's and Master's degrees in Accounting from Ball State University and held both Certified Public Accountant and Certified Fraud Examiner designations and is a member of the American Institute of CPAs



## Scott Higgs

Chief Financial Officer

- Previously SVP at a national real estate investment company
- 18 years of experience in finance, accounting and real estate capital markets
- Mr. Higgs was nominated for CFO of the Year in 2018 by Indianapolis Business Journal
- Mr. Higgs graduated summa cum laude with a Bachelor's degree in Accounting from Butler University and is a Certified Public Accountant

# Experienced Management Team



**Bryan Hickman**

Senior Vice President – Investments



**Dennis Dechow**

Senior Vice President – Asset Services



**Mark Lyons**

Senior Vice President – Controller



**Quinn Haselhorst**

Senior Vice President – Finance



**Kari Onweller**

Senior Vice President – Partner  
and Investor Relations

# Invesque

(317) 643-4017

[ir@invesque.com](mailto:ir@invesque.com)

[Invesque.com](http://Invesque.com)