



Invesque

2020 ANNUAL REPORT

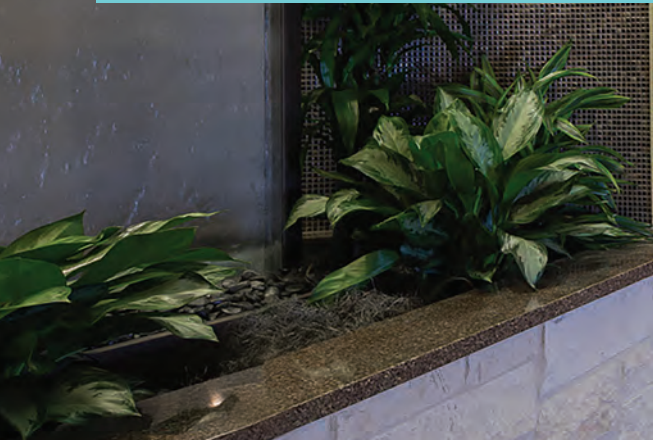
PUBLISHED APRIL 2021



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Our Company



Investing. Uniquely.

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.





Our Culture



During the on-going COVID-19 pandemic, Invesque transitioned to a 100% remote workplace. Invesque's company values became more important than ever as employees adjusted to a new way of working. Throughout the year, Invesque came together in big ways – face-to-face meetings became Zoom calls, and the team stayed in touch via happy hours, wine tastings, cooking classes, and more.

At Invesque, our culture is an integral part of who we are and something we are proud to showcase. As such, Invesque ranked **#4 in the 2020 Best Places to Work in Indiana** in the Small Companies category. We beat out 48 other small company honorees to earn the number four spot.



Core Values



Family

Family truly matters. Possessing a life balance is crucial to our success as a fast growing company. As we work hard (very hard) and take care of our responsibilities, we emphasize a culture of flexibility, balance, and quality time away from the office.



Teamwork

It takes a team to achieve greatness and success. We firmly believe that everyone in the company plays an important role in our success. At Invesque, no one is more important than anyone else. We attract and retain talented professionals who understand the importance of succeeding as a team, not just individually.



Excellence

Everything we do demands our very best. We must insist on excellence in all things, constantly seeking to do better and focusing on each detail. We must commit to the highest standard no matter the task. We continue to raise the bar and hold ourselves accountable for excellence always.



Positive Energy

At Invesque, high energy and a positive attitude are mandatory. We work with a sense of urgency, accomplishing as much as we can today. We find the good in all we do. We find solutions. We are direct, efficient, and swift, while never compromising quality or details. We have a team ready to go, ready to win the day! Every day.



Fun

Every day is a journey. Along the way, we genuinely want to enjoy our work and those we work with. We are committed to finding the fun in all we do, never taking ourselves too seriously. We will celebrate our hard earned successes, affirming our team on wins, big and small. Every day won't be perfect, but we will seek to find fun in what we do. If it's not fun, it's not worth doing.

Commonwealth Senior Living



Founded in 2002 with just three communities and acquired by Invesque in August of 2019, Commonwealth Senior Living (“Commonwealth”) has grown into a leading provider of seniors housing in the United States. As a result of the dedication, quality, and commitment to seniors and their families, Commonwealth has become one of the largest and premier operators in the Mid-Atlantic of independent living, assisted living, and memory care communities, currently managing over thirty properties in the region.

Hydroponic Farming

Commonwealth’s innovative hydroponic farming program resulted in them winning a 2020 Argentum Best of the Best Award. The farming program, conducted in partnership with Bablyon Micro-Farms Inc., is among the first of its kind in the senior living industry and is part of Commonwealth’s commitment to providing residents with fresh, locally-sourced vegetables which are proven to have numerous benefits to seniors, including reducing blood pressure, lowering the risk of heart disease, and promoting higher brain activity.

Virtual Reality

Commonwealth has partnered with MyndVR to bring its virtual reality program to all of its senior living communities in Pennsylvania, Maryland, Virginia, and Tennessee. MyndVR is an advanced virtual reality system designed specifically for seniors featuring immersive experiences in the fields of travel, pets, music/arts, nature, learning, and adventure. Content includes both licensed and original features for users to enjoy. This investment highlights Commonwealth’s continued commitment to helping residents thrive and prosper.



Commonwealth Cares

Commonwealth Senior Living's non-profit, Commonwealth Cares, helps employees suffering from severe financial hardship resulting from a catastrophic event in their lives by making grants available for those who meet low income and other requirements. Since its inception, Commonwealth Cares has funded over \$500,000 to Commonwealth associates in need. This program proved especially beneficial in 2020 as frontline associates were battling the COVID-19 pandemic. The foundation of Commonwealth Cares is built from the same framework of values as Commonwealth Senior Living.

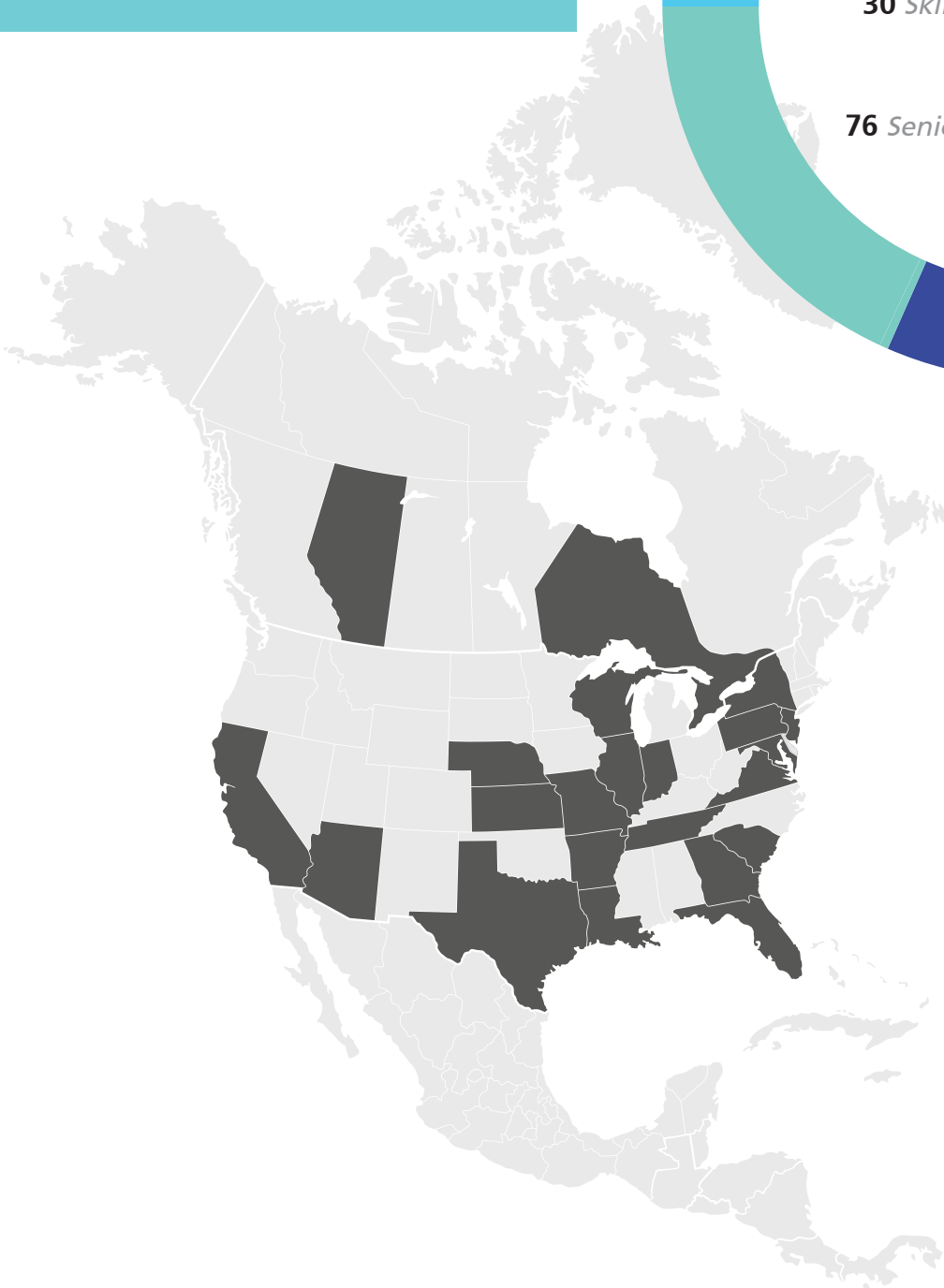
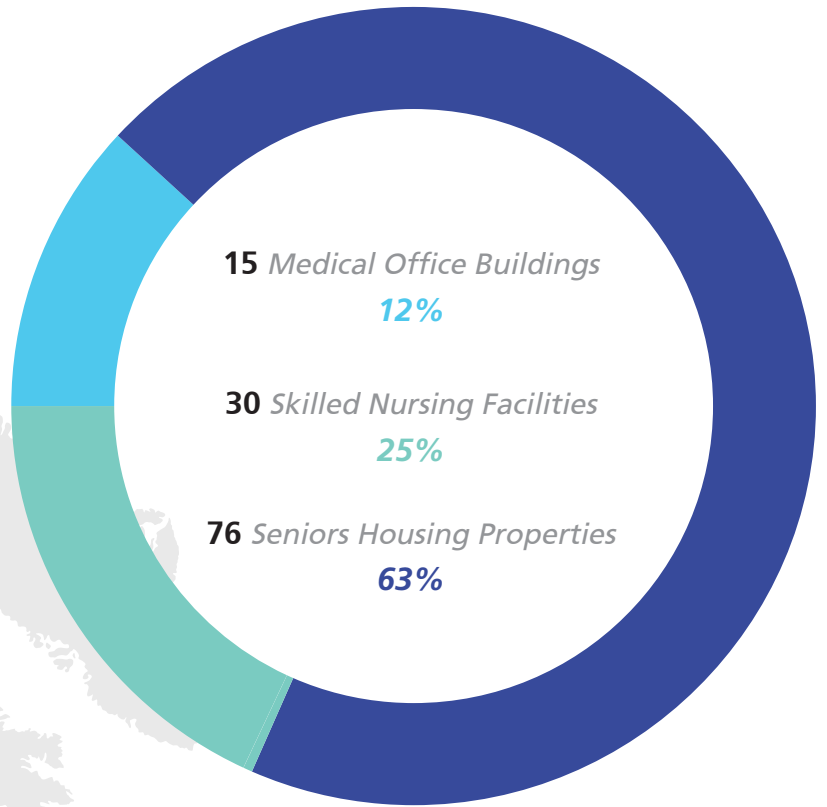
Those core values are:

- We care about people
- We do the right thing
- We are passionate, have fun, and celebrate success
- We speak up! It's our responsibility
- We take ownership and add value in all we do
- We are respectful



Portfolio Highlights

121 Investment Properties



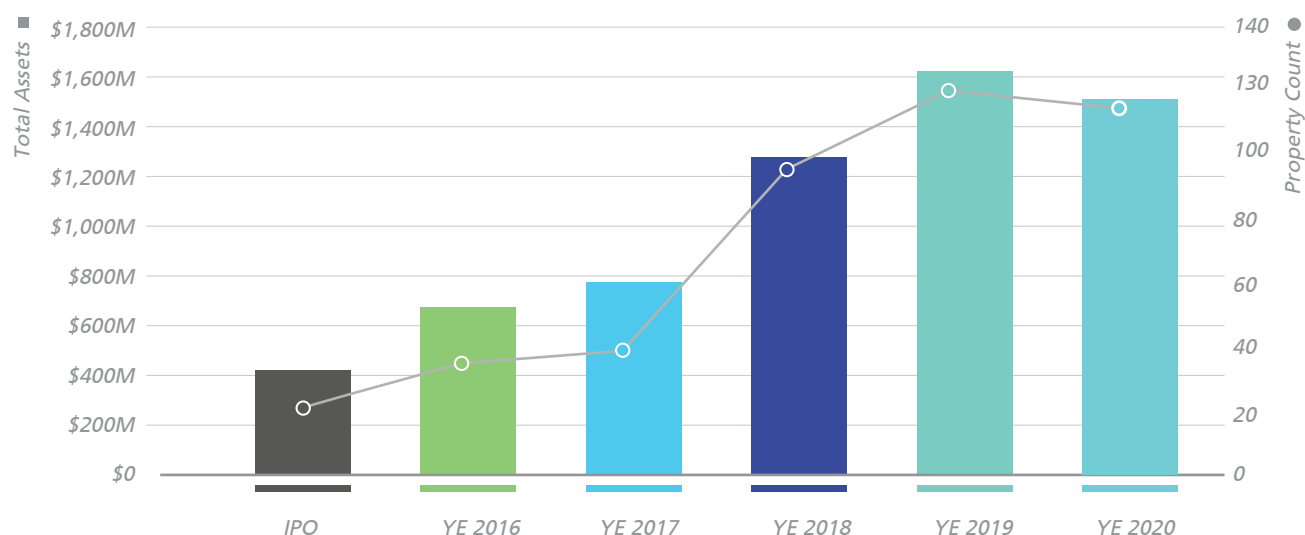
Average Age
~10 years

Beds
~11,000

Number of Operators
19

U.S. States / Canadian Provinces
20 / 2

Growth Trends



	IPO	YE 2016	YE 2017	YE 2018	YE 2019	YE 2020
■ Total Assets (000s)	■ \$418,882	■ \$677,719	■ \$785,005	■ \$1,283,959	■ \$1,630,738	■ \$1,498,424
● Property Count	● 21	● 35	● 40	● 98	● 124	● 121

	IPO	YE 2016	YE 2017	YE 2018	YE 2019	YE 2020
Beds / Suites	~3,300	~4,500	~4,900	~8,000	~11,000	~ 11,000

Occupancy						
	IPO	YE 2016	YE 2017	YE 2018	YE 2019	YE 2020
Triple Net Lease	- %	87%	85%	85%	85%	75%
SHOP	- %	- %	- %	89%	84%	82%
Medical Office Building	- %	- %	- %	90%	92%	84%
Operators	4	7	9	20	21	19
States / Provinces	4 / 0	9 / 1	11 / 1	19 / 2	20 / 2	20 / 2
Funds from Operations ("FFO")	-	\$14,736	\$28,188	\$48,219	\$46,122	\$48,640
Adjusted Funds from Operations ("AFFO")	-	\$19,571	\$30,920	\$43,105	\$41,223	\$42,693

FROM THE Chairman & CEO



April 2021

Dear Fellow Shareholders:

To start by saying “Wow, what a year it has been” would truly be an understatement. In so many ways, 2020 was a year like no other. It was a year of change and reflection. A year that we never predicted and a year that has changed us forever. It had hopeful and challenging moments. As we navigated the ongoing COVID-19 pandemic, 2020 proved to be a challenging and transformative year for Invesque, our industry, our team, and the world.

Let me start by thanking the frontline health care workers that showed up every day over the last twelve months to serve our seniors, the most vulnerable population throughout the global health pandemic. Invesque is extremely grateful and proud of our operating partners, and we celebrate their perseverance during this challenging time. We are always appreciative of our operating partner relationships, but 2020 was a year that demonstrated how important it is to have the very best operating partners. We are proud of you, and we commend you.

Like many of you, our Invesque team has been working remotely for the past twelve months, and the impact of COVID-19 on our personal and professional lives continues. What COVID-19 demonstrated is just how vulnerable our senior population is and just how important our industry is. It was a difficult year, and we had to make some very tough decisions regarding corporate headcount, corporate expense reductions, and suspension of the dividend to shareholders. These decisions were made to preserve cash and strengthen our financial position. In this uncertain time, we need to make sure we set Invesque up for success as we navigate the unknowns of a global health pandemic that unfortunately caused a significant number of resident/patient deaths and created a financial burden unlike anything our industry has seen in recent decades.



“While we were all apart and grappling with personal and professional challenges, we came together as one Invesque team and remained focused, energized, and motivated. It was not always easy, but our culture helped us succeed.”



2020 Highlights

While 2020 was not the year that I envisioned it would be when I wrote this letter twelve months ago, I continue to be proud of our team and the platform we have built over the last five years.

Invesque highlights from 2020 include the following:

- Named one of the **Best Places to Work in Indiana** by the Indiana Chamber of Commerce and Best Companies Group
- Celebrated industry recognition of multiple “Future Industry Leaders” of our team members
- Commonwealth Senior Living, Invesque’s subsidiary management company, was certified as a Great Place to Work® by the Great Place to Work Institute for the second year in a row
- Transitioned the operations of four seniors housing assets in South Carolina to Phoenix Senior Living, one of Invesque’s preferred operating partners, expanding our joint venture relationship with Phoenix Senior Living to six communities
- Completed the transition of property management and leasing services for Invesque’s medical office portfolio to JLL, a Fortune 500, industry-leading real estate services firm
- Acquired a 32-unit memory care community in Rogers, Arkansas that expanded Invesque’s relationship with Constant Care Management Company
- Funded and completed significant expansion projects at three communities within the Commonwealth portfolio, providing for continued growth and future success of our captive management company
- Successfully amended our US\$400 million credit facility led by KeyBank to include an incremental surge period through June 30, 2021 and a permanent reduction of the fixed charge coverage ratio covenant

Continued Emphasis on Culture

One of my proudest and most consistent observations of 2020 was how important the Invesque culture continues to be to our long-term success. I have often talked about the power of our team and our culture. The crisis we faced in 2020 made that so clear to me. We moved the entire team to remote work for the last year without missing a beat. Our culture is built on a foundation that is core to who we are. We focus on five key tenets: Family, Teamwork, Excellence, Positive Energy, and Fun. While we were all apart and grappling with personal and professional challenges, we came together as one Invesque team and remained focused, energized, and motivated. It was not always easy, but our culture helped us succeed. I am so proud that Invesque was named one of the Best Places to Work in Indiana in 2020. I am even prouder that Invesque has been selected as one of the recipients of this prestigious award for a second consecutive year in 2021.

2021 and Beyond

As we look to 2021 and beyond, the Invesque team is confident and excited about the future of our company and our industry. As I write this in the spring of 2021, there are signs the worst of the pandemic is behind us. The vaccine rollout has had a tremendous positive impact on our industry.

It is now time to look forward. We learned some key lessons and we have some very positive beliefs about where the industry is headed. The first key lesson we learned is that we must be better prepared to take care of a senior population that is incredibly vulnerable to infectious disease. The industry was caught off guard early but learned and evolved. Today, our industry is considerably stronger when it comes to infectious disease control. The second key lesson we learned is that our industry is so vitally important to such a large part of our population. We are not only vital to our residents, but we also serve a very important role for the families of our residents, the staff in our facilities, and the communities that surround our properties. The rest of our society now collectively realizes how much we rely on our industry to care for the aging population. The third key lesson we learned is that we must continue to be flexible as an industry and proactively adjust to changing times. The industry before COVID-19 will not be the industry after COVID-19.

As for my beliefs, I am confident that our industry and Invesque will come out stronger in many ways. It will take time and there is no single event or specific day where you will see this. However, we will do a much better job at caring for our senior population due to the lessons I identified above. I also believe our industry has cemented its role as a considerably more important part of the overall health care system.

As I think about our ability to deliver high-quality, professional health care services in a community setting, I realize how vital this is to our society. I think about those who might not have had sufficient family support and were not living in a senior care facility and how difficult it was for them to deal with health care, food shopping and preparation, medication management, and social isolation. More than anything, I believe we learned about the serious and painful consequences of social isolation. This applies broadly to all segments of our society.

The demand for services provided by facilities-based senior care will be so much greater as we come out of the COVID-19 crisis. One needs only to look at the social interaction that takes place within our properties to see how effective our communities are at battling social isolation. As families consider the possible risks of another prolonged period of social isolation for our aging seniors, it truly makes me appreciate and realize how important our facilities and services are.

Collectively, we learned and grew during 2020, despite, or because of, the challenges it presented. We changed as a company and as an industry. There was great sadness, fear, and loss. There was also great triumph, teamwork, and success. We continue to be honored to have your support as shareholders. We promise to continue to work tirelessly to support our residents, caregivers, and shareholders. As always, we will be prudent stewards of your capital in our ongoing quest to be a leading health care real estate company in North America.

In continued appreciation of your support,

A handwritten signature in black ink, appearing to read "Scott White", followed by a long horizontal line extending to the right.

Scott White
Chairman and CEO
Invesque

INVESQUE INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION FOR THE YEAR ENDED DECEMBER 31, 2020

March 11, 2021

Basis of presentation

Financial data in this Management's Discussion and Analysis of Results of Operations and Financial Condition ("MD&A") is for the year ended December 31, 2020. Financial data has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

This MD&A is intended to provide readers with an assessment of the performance of Invesque Inc. (the "Company") for the year ended December 31, 2020. This MD&A should be read in conjunction with the audited consolidated financial statements and notes of the Company for the years ended December 31, 2020 and 2019.

Additional information relating to the Company, including the Company's annual information form for the year ended December 31, 2020 (the "2020 AIF"), can be found on SEDAR at www.sedar.com.

All financial information is in thousands of U.S. dollars unless otherwise noted.

Forward-looking disclaimer

Certain information in this MD&A may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements (which involve significant risks and uncertainties and should not be read as guarantees of future performance or results) include statements related to, among other things, the impact of COVID-19 on the business, operations and financial performance of the Company. the expected seniors housing and care industry and demographic trends, acquisitions, development activities, future maintenance and leasing expenditures, financing, the availability of financing sources and income taxes. Management of the Company ("Management") believes that the expectations reflected in forward-looking statements are based upon reasonable assumptions; however, Management can give no assurance that actual results will be consistent with these forward-looking statements.

Without limiting the foregoing, the words "believe", "expect", "anticipate", "should", "may", "will", "intend", "estimate" and similar expressions identify forward-looking statements.

Factors that could cause actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements include, but are not limited to, general economic conditions, competitive uncertainties and contingencies, demographic and industry trends, legislative and regulatory changes, tax laws and those factors set forth under the heading "Risks and Uncertainties" in this MD&A and 2020 AIF, including risks relating to the effect of COVID-19 on the business, operations and financial performance of the Company. Readers are cautioned that the foregoing list of factors that may affect future results is not exhaustive. When relying on forward-looking statements to make decisions, with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events.

These forward-looking statements are made as of March 11, 2021 and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as required by law.

Financial Measures not Defined Under IFRS

Certain terms used in this MD&A are performance measures that are not defined by IFRS such as Funds From Operations ("FFO"), Adjusted Funds From Operations ("AFFO"), fixed charge coverage ratio, payout ratio, effective payout ratio, earnings before interest, income taxes, depreciation, amortization and rent ("EBITDAR"), earnings before interest, income taxes, depreciation, amortization, rent and management fees ("EBITDARM"), revenue per occupied room and any related per share amounts used by the Company to measure, compare and explain the operating results and financial performance of the Company. Such performance measures do not have standardized meanings under IFRS and therefore may not be comparable to similar measures presented by other issuers. Such performance measures should not be construed as alternatives to income (loss) and comprehensive income (loss) or cash flows from operating activities calculated in accordance with IFRS. Further, the supplemental measures used by management may not be comparable to similar measures presented by other real estate enterprises. Management believes that these terms are relevant measures in comparing the Company's performance to industry data and assessing its ability to meet its ongoing obligations. Please

refer to the "Financial Measures" section of this MD&A for a more detailed description of FFO and AFFO and a reconciliation to IFRS measures.

Business Overview

Invesque Inc. is a corporation continued under the *Business Corporations Act* (British Columbia). The registered office of the Company is located at 700 W Georgia Street, 25th Floor, Vancouver, British Columbia V7Y 1B3 and the head office of the Company is located at 333 Bay Street, Suite 3400, Toronto, Ontario, M5H 2S7.

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 highly diversified portfolio of income generating properties across the health care spectrum. The Company'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. The Company's portfolio also includes investments in owner occupied seniors housing properties in which it owns the real estate and provides management services through its subsidiary management company ("Commonwealth").

Description of the Company's asset types are as follows:

- **Independent Living ("IL") Communities:** IL communities are the least medically-intensive type of seniors housing and care properties. Unlike AL (defined below) communities and SNFs/LTCs (defined below), IL communities generally do not offer nursing, rehabilitative care or therapy services and typically do not provide assistance with daily living activities. Rather, IL communities are designed as a seniors housing and care option for those who are able to perform their own basic activities of daily living and need little or no medical assistance. IL communities come in many forms ranging from age-restricted apartment communities to villa homes which are on a retirement village campus or part of a continuing care retirement community. IL communities in North America are generally unregulated and unlicensed, with some exceptions for IL communities providing more extensive care services. Most IL communities receive revenue through private pay sources, such as residents paying directly out of pocket and private insurance, rather than government sources.
- **Assisted Living ("AL") and Memory Care ("MC") Communities:** AL and MC communities play a key role in the continuum of seniors housing and care, as they bridge the gap between IL communities and SNFs/LTCs (defined below). AL communities provide relatively independent elderly persons with typical amenities associated with less medically-intensive seniors housing and care as well as assistance with activities of daily living and some healthcare services. Services provided at AL communities typically include 24-hour care for resident protection, an emergency response system, supervision for persons with disabilities, housekeeping, maintenance and transportation. MC communities are substantially similar to AL communities because they also focus on elderly persons who need assistance with activities of daily living and healthcare services but differ from AL communities because MC residents need to be cared for in a secured environment to prevent seniors from leaving the community in a confused state. AL and MC communities in the United States are typically licensed and regulated by state and local governments rather than the federal government. In Canada, AL communities are licensed or certified and regulated in most jurisdictions but are typically less regulated than LTCs (defined below). Licensure for MC communities is generally identical to AL licensure except for specific building requirements including locked exterior doors secured by keys or an access code. AL communities receive most of their revenues through private pay sources and may also receive revenue from third-party pay sources, including federal, state and provincial governments.
- **Skilled Nursing Facilities ("SNFs") and Long-Term Care Facilities ("LTCs"):** SNFs, as referred to in the United States, and LTCs, as referred to in Canada, are senior care facilities that provide a room, meals and assistance with daily life activities and have licensed nursing staff on duty 24 hours per day. These facilities provide the most intensive level of medical and nursing care in a residential setting for seniors, typically treating residents with physical or mental impairments that prevent them from living in IL or AL communities. In many cases, these facilities supplement hospital care by providing care to patients who require medical and therapeutic services but are stable enough to have these services provided in a facility that is less expensive than a hospital or other post-acute care setting. The SNF and LTC segment includes services to patients requiring medical and/or nursing care and rehabilitation services for post-operative procedures including hip or knee replacements and cardiac surgeries, among others. SNFs and LTCs also provide transitional care services, and facilities that specialize in this type of care are often referred to as Transitional Care Centers ("TCCs"). TCCs are designed for

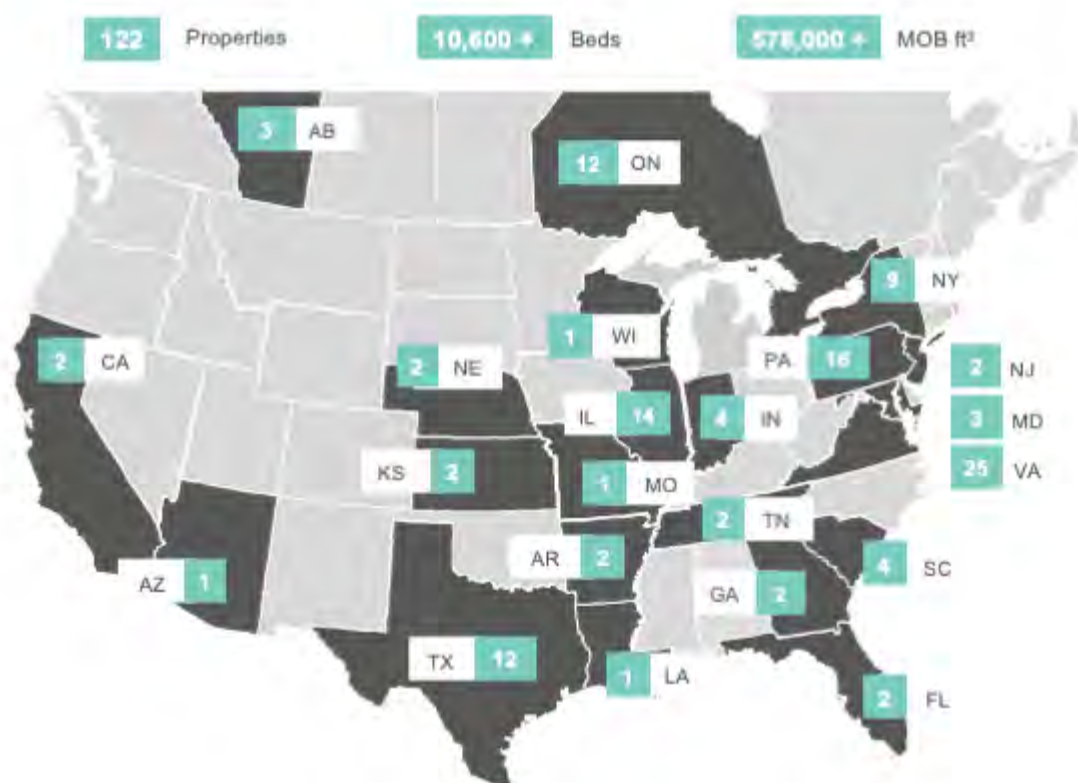
patients transitioning from the hospital to their home after a surgery or an acute health episode. TCCs, a sub-segment of SNFs and LTCs, are the most common destination for post-acute care patients requiring short-term, physician-ordered intense rehabilitation for post-operative procedures. They are staffed by registered nurses, therapists, pharmacists and social workers. SNFs and LTCs in North America are subject to extensive federal, state and provincial regulation, including licensing requirements and regulations relating to government funding. SNFs and LTCs receive revenue from private pay sources and third-party pay sources, including federal, state and provincial governments and insurance companies.

For the Company's SNF and TCC properties, it generally owns the land and buildings and leases them to third party operators on a long-term, triple-net lease basis. For its IL and AL properties, it either owns the land and buildings and leases them to third party operators on a long-term, triple-net basis, has an interest in both the property and operations in joint ventures and joint arrangements with the operating partner at the facility, or wholly owns and operates the property. For the triple-net lease structured assets, the tenant operators assume the operational risks and expenses associated with operating a seniors housing and care facility on the leased premises. The tenant operators provide and manage the service offerings available at the facilities, deliver all care services, and maintain the buildings.

The Company's multi-tenant medical office building ("MOB") portfolio transitioned management to and is currently operated by the third party operator Jones Lang LaSalle ("JLL"). JLL is an industry leader in property management services and will significantly expand the Company's capabilities in the medical office building portfolio. The portfolio was previously operated via third party property and asset management contracts with Mohawk Realty Advisors Ltd. The transition of management occurred in September 2020.

As of March 11, 2021, the Company owns or has a majority interest in a portfolio of 107 properties in the United States, comprised of 72 assisted living and memory care facilities, 17 skilled nursing facilities, 13 transitional care properties, 4 medical office buildings, and 1 property held for sale. In Canada, the Company owns an interest in 15 properties comprised of 11 medical office buildings and 4 seniors housing and care facilities.

The Company's geographic footprint as of March 11, 2021:



Management believes that certain characteristics of the North American seniors housing and care industry, including favorable demographic trends, increasing demand with stagnant supply of new facilities and the shift from high cost hospitals for post-acute care to lower cost settings such as skilled nursing facilities, provide for a unique investment

opportunity. The increased demand for health care facilities further enforces the growing demand for health care spending in medical office buildings as well. Management also believes that, as a result of the high quality of the Company's properties, its triple-net lease and joint venture structures and its relationships with reputable operators, including the majority owned Commonwealth management company, and industry participants, the Company is well-positioned to succeed in the industry by capitalizing on these market opportunities.

Liquidity Assessment and COVID-19 Risk

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. In an attempt 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. These trends are likely to continue into 2021 and potentially beyond.

The pandemic has had an impact on results and operations of the Company, including decreased occupancy, delays in collections from tenants, and increased operating expenses. The Company announced on April 10, 2020 that it suspended the dividend for all common shares beginning from April 1, 2020 until further notice.

The Company expects that the pandemic could continue to have a negative affect on its results of operations, financial position and 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 future developments, which are highly uncertain and cannot be predicted with confidence. This includes, 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 the Company's communities, the volume of COVID-19 patients cared for across the portfolio, 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. For the year ended December 31, 2020, the Company recognized \$3,415 of other income related to government grants funded through programs designed to assist seniors housing operators who have experienced both lost revenue and increased expenses during the COVID-19 pandemic. For the year ended December 31, 2020, the Company recognized \$1,294 of income from joint ventures related to the Company's share of government grants recognized at the joint venture properties for COVID-19 pandemic relief.

Liquidity risk is the risk that an entity is unable to fund its assets or meet its obligations as they come due. Liquidity risk is managed in part through cash forecasting. While there are uncertainties in assessing future liquidity requirements under normal operating conditions, the stressed conditions caused by COVID-19 have introduced increased uncertainties. The Company monitors forecasts of liquidity requirements to ensure it has the ability to meet operational needs by maintaining sufficient availability of the combination of cash and credit facility capacity, and to ensure the Company will meet its financial covenants related to debt agreements. Such forecasting involves a significant degree of judgment which takes into consideration current and projected macroeconomic conditions, the Company's cash collection efforts, debt financing and refinancing plans, and covenant compliance required under the terms of debt agreements. There is a risk that such liquidity forecasts may not be achieved and that currently available debt financing may no longer be available to the Company at terms and conditions that are favorable, or at all.

As a result of the risks and conditions associated with COVID-19, the Company has amended certain terms of various financing arrangements having conducted an assessment of its liquidity. The Company believes that it has sufficient available liquidity to meet its minimum obligations as they come due and to comply with financial covenants in its credit facilities, as amended, for a period of at least 12 months from December 31, 2020. Further, the Company has assessed that there are no material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. In making this significant judgment, the Company has prepared a cash flow forecast with the most significant assumptions in the preparation of such forecast being the ability of its most significant tenant, Symcare, to meet its rental obligations to the Company and the continued availability of financing.

In response to a severe downside scenario, management has the ability to take the following mitigating actions to reduce costs, optimize the Company's cash flow and preserve liquidity:

- (i) utilizing available cash to pay down debts,
- (ii) sell certain properties and use the proceeds to buy down debt,
- (iii) exercise the Company's right to convert its convertible debentures into common shares,
- (iv) satisfying the \$10,000 Magnetar Facility (defined below) through the issuance of common shares,
- (v) reducing non-essential capital expenditures.

Recent Activities

The Company sold one community, located in Arlington, TX, on February 28, 2020 for total consideration of \$12,450 less transaction costs. The consideration was paid in the form of cash and an \$8,000 repayment of the mortgage secured by the property.

On May 6, 2020 the Company acquired 100% of Royal Senior Living's ("Royal") interests in five properties in which the Company already had a majority ownership interest. Simultaneous with this transaction, four of these properties were transitioned to Phoenix Senior Living ("Phoenix") and combined with two assets in the Company's portfolio already managed by Phoenix. The Company owns a controlling 90% interest in the entity that owns and operates the six assets, and as a result they have been consolidated following this transaction. The Company received \$650 from Phoenix as consideration for their buy-in to the entity, and issued a \$476 note to Phoenix for the remaining portion of their 10% ownership in the entity.

The remaining asset in the former Royal joint venture, a seniors housing community in Tampa, FL, was non-strategic for the Company, and was sold to a third party on May 11, 2020 for \$3,290 less transaction costs.

In addition to the five-asset Royal joint venture referenced above, the Company also had a single-asset joint venture with Royal for a seniors housing community in Eatonton, GA. As part of the agreed upon wind down of the Royal relationship, Royal purchased the Company's 65% ownership interest in the community on May 6, 2020. Cash proceeds to the Company for this sale were \$1,447.

On November 2, 2020, the Company executed a non-binding, memorandum of understanding ("MOU") with Symcare and the tenant operator of one building in Chesterton, Indiana (collectively "Symphony"). Currently, Symphony operates 16 facilities for the Company under triple-net lease structures. Under the terms of the MOU, the Company has agreed to sell to Symphony, and/or transition to a new operator, approximately 50% of Invesque's existing assets operated by Symphony. Invesque and Symphony will enter into an amended and restated 15-year, triple-net master lease, with enhanced lease coverage, for the remaining properties to be operated by Symphony (collectively, the "Transaction"). The Transaction will substantially reduce Symphony's share of the Company's rental revenue going forward. Invesque anticipates closing the Transaction during the second quarter of 2021. Upon completion of the transaction with Symphony, the Company anticipates using any cash proceeds from disposed assets to pay down debt and decrease leverage.

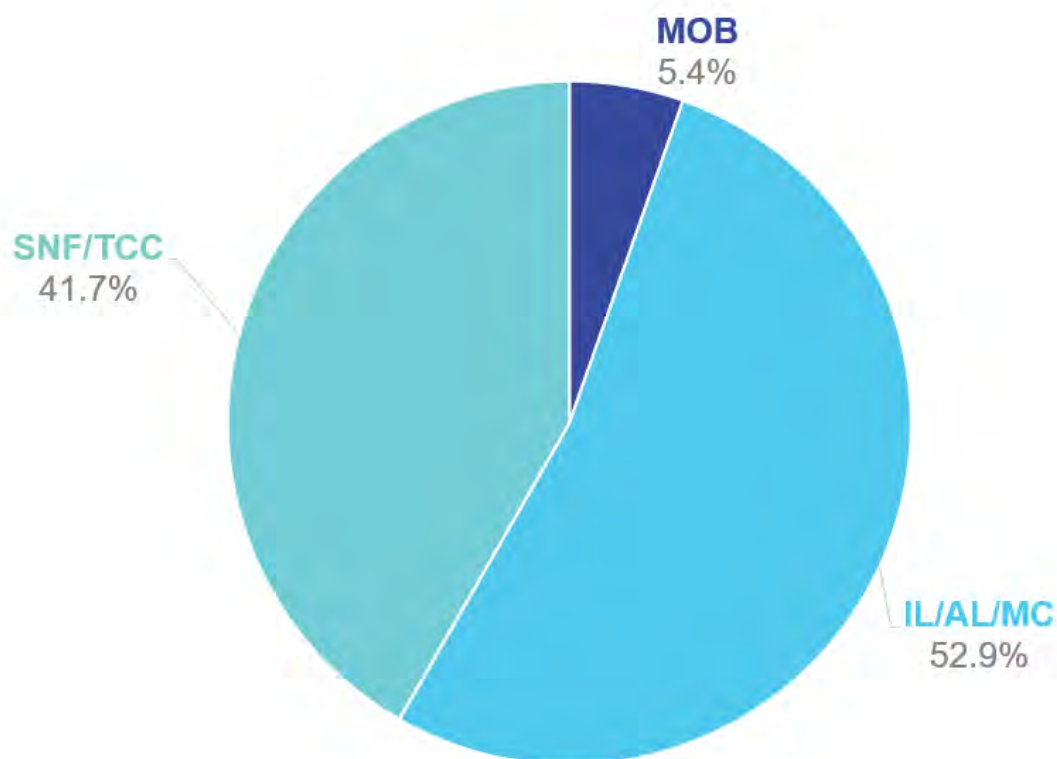
Properties operated by Bridgemoor have been significantly impacted by the COVID-19 pandemic which has resulted in decreases in occupancy and increases in operating expenses. For the three and twelve months ended December 31, 2020, the Company has recognized bad debt expense of \$492 and \$1,672, respectively, included in income from joint ventures in the consolidated statements of income (loss) and comprehensive income (loss) related to estimated uncollectible rent for properties operated by Bridgemoor and held in a joint venture. For the three and twelve months ended December 31, 2020, the Company has recognized bad debt expense of \$225 and \$487, respectively, included in direct property operating expense in the consolidated statements of income (loss) and comprehensive income (loss) related to estimated uncollectible rent for the consolidated property located in Webster, TX operated by Bridgemoor. Due to the headwinds faced by Bridgemoor and the segment of the industry they operate within, management does not expect to receive any material cash rent in calendar 2021. The Company continues to assess this portfolio in an effort to improve performance.

On November 4, 2020, the Company entered into an agreement to modify the Credit Facility (defined below), in which the facility will be permanently converted to a facility secured by pledges of equity in the special purposes entities which own the properties making up a borrowing base. The minimum fixed charge coverage ratio covenant will permanently decrease

from 1.75 to 1.60. Per the agreement, the Company will be granted a surge period effective with the quarterly reporting period ended September 30, 2020 through June 30, 2021. During the surge period, the consolidated leverage ratio covenant will be increased from 60% to 65%, the advance rate will increase from 60% to 65% of the borrowing base, the applicable margin for LIBOR loans will increase 15 basis points, and the implied interest rate used to calculate the debt service coverage amount will decrease from 6.0% to 5.75%.

On November 17, 2020, The Company acquired a memory care facility leased to an operator located in Rogers, AR for a contractual purchase price of \$8,150 plus transaction costs. The Company entered into a new mortgage secured by the property to fund \$4,920 of the purchase price and funded the remainder of the purchase with cash on hand.

As of March 11, 2021, the Company's portfolio composition by asset type based on forward looking net operating income projections is as follows:



Selected Financial Information

(dollar amounts in thousands of U.S. Dollars, except per share amounts)

	As at December 31,		
	2020	2019	2018
Consolidated investment properties	69	69	80
Consolidated owner occupied properties	36	33	—
Property held for sale	1	—	—
Weighted average lease term to maturity (excludes renewal options) ⁽¹⁾	12.2 years	13.2 years	11.8 years
Average facility age	9.9 years	10.2 years	10.2 years
Total assets	\$ 1,498,424	\$ 1,630,738	\$ 1,283,959
Total indebtedness	\$ 1,052,471	\$ 1,013,475	\$ 731,215
Weighted average interest rate ⁽²⁾	4.2 %	4.6 %	4.8 %
Joint venture properties	16	22	18
Joint venture total assets	\$ 230,616	\$ 296,575	\$ 232,219
Joint venture indebtedness	\$ 152,609	\$ 178,060	\$ 141,645
Joint venture weighted average interest rate ⁽³⁾	4.2 %	4.4 %	4.8 %
	Year ended December 31,		
	2020	2019	2018
Revenue	\$ 217,387	\$ 148,407	\$ 113,927
Direct property operating expenses	\$ 95,505	\$ 33,533	\$ 3,126
Finance costs	\$ 49,801	\$ 41,633	\$ 38,264
General and administrative expenses	\$ 20,539	\$ 18,092	\$ 13,412
Change in fair value of investment properties	\$ 100,388	\$ 6,046	\$ 14,385
Loss from joint ventures	\$ (34,729)	\$ (6,799)	\$ 5,450
Net loss	\$ (184,004)	\$ (5,359)	\$ (12,275)
Net loss per share	\$ (3.30)	\$ (0.10)	\$ (0.24)
Diluted net loss per share	\$ (3.30)	\$ (0.10)	\$ (0.24)
Funds from operations (FFO) ⁽⁴⁾	\$ 48,640	\$ 46,122	\$ 48,219
FFO per share ⁽⁴⁾	\$ 0.87	\$ 0.85	\$ 0.96
Diluted FFO per share ⁽⁴⁾	\$ 0.73	\$ 0.73	\$ 0.83
Adjusted funds from operations (AFFO) ⁽⁴⁾	\$ 42,693	\$ 41,223	\$ 43,105
AFFO per share ⁽⁴⁾	\$ 0.77	\$ 0.76	\$ 0.86
Diluted AFFO per share ⁽⁴⁾	\$ 0.64	\$ 0.65	\$ 0.74
Common share dividends declared	\$ 10,120	\$ 39,764	\$ 37,001
Dividends declared per share	\$ 0.18417	\$ 0.73668	\$ 0.73668
Payout ratio ⁽⁵⁾	24 %	96 %	86 %
Effective payout ratio ⁽⁵⁾	17 %	78 %	84 %

(1) The weighted average lease term to maturity does not include the medical office building portfolio nor owner occupied properties.

(2) The Company's weighted average interest rates at December 31, 2020, 2019 and 2018 included \$584,973, \$570,229, and \$348,287, respectively, of the Company's debt that is fixed with interest rate swaps.

(3) The Company's joint venture weighted average interest rate at December 31, 2020, 2019 and 2018 included \$114,589, \$115,280 and \$83,769, respectively, of the joint ventures debt that is fixed with interest rate swaps.

(4) FFO and AFFO, and related per share amounts, are financial measures not defined under IFRS. Please refer to the "Financial Measures not Defined Under IFRS" section of this MD&A.

(5) Payout ratio and effective payout ratio are financial measures not defined under IFRS. Payout ratio is calculated by dividing the common share dividends declared by AFFO. Effective payout ratio is calculated by dividing common share dividends payable in cash, as adjusted for DRIP participation, by AFFO.

Results of Operations - Three and Twelve Months Ended December 31, 2020

(unless otherwise stated, amounts are in thousands of U.S. dollars)

Revenue

	Three months ended December 31,		Year ended December 31,	
	2020	2019	2020	2019
Contractual rental revenue	\$ 17,234	\$ 16,787	\$ 68,436	\$ 75,950
Straight-line rent adjustments	1,304	2,169	6,394	8,964
Amortization of tenant inducements	(98)	(101)	(385)	(158)
Property tax recoveries	2,377	3,709	12,705	15,243
CAM recoveries	761	847	2,962	3,199
Total rental revenue	21,578	23,411	90,112	103,198
Resident rental and related revenue	30,968	25,828	120,407	38,467
Lease revenue from joint ventures	817	771	3,118	3,024
Other revenue	1,017	1,799	3,750	3,718
Total revenue	\$ 54,380	\$ 51,809	\$ 217,387	\$ 148,407

Contractual rentals received and straight-line rent adjustments relate to lease agreements under which the Company leases its investment properties to its tenants. Property tax recoveries represent the revenue recognized for the real estate taxes for which the tenants are primarily responsible to pay. CAM recoveries represent the recovery of common area maintenance expenses in investment properties that are not triple-net leased, primarily within the Company's medical office building portfolio. The decrease in rental revenue for the three and twelve months ended December 31, 2020 as compared to the prior year period is attributed to 10 properties that were previously triple-net leased investment properties in which the Company now owns the operations. The decrease in rental revenue for the twelve month ended December 31, 2020 compared to the prior year period was driven primarily by eight properties that were contributed to a joint venture on June 5, 2019 and are no longer consolidated.

Resident rental and related revenue relates to operating revenue at the wholly owned properties that are managed by Commonwealth, Heritage, and Phoenix, in which the Company owns the operations as well as the real estate. This revenue consists of rental revenue and service revenue paid by residents in the Company's owner occupied properties. The increase in resident rental and related revenue is due to the acquisition of Commonwealth on August 1, 2019 and the consolidation of the assets operated by Phoenix on May 6, 2020.

Lease revenue from joint ventures represents revenue earned under lease arrangements with four operating entities, which are jointly owned by the Company.

Other revenue for the three and twelve months ended December 31, 2020 includes management fee income earned from communities managed by Commonwealth but that are not owned by the Company. Commonwealth currently manages four properties that are not owned by the Company. Other revenue also includes parking revenue earned in the Company's medical office building portfolio.

Other income

Other income for the three and twelve months ended December 31, 2020 relates to government grants received related to COVID-19 relief of \$821 and \$3,415, respectively (three and twelve months ended December 31, 2019 - NIL).

Direct Property Operating Expenses

Direct property operating expenses consist of the following:

	Three months ended December 31, 2020			Three months ended December 31, 2019		
	Owner occupied properties	Medical office buildings	Total	Owner occupied properties	Medical office buildings	Total
Repairs and maintenance	\$ 634	\$ 421	\$ 1,055	\$ 552	\$ 438	\$ 990
Utilities	965	431	1,396	792	385	1,177
Property management fees	—	112	112	—	144	144
Compensation and benefits	15,533	—	15,533	13,224	—	13,224
Other services and supplies	1,584	265	1,849	1,708	287	1,995
Real estate taxes	538	—	538	533	—	533
Other	4,499	318	4,817	2,752	239	2,991
	\$ 23,753	\$ 1,547	\$ 25,300	\$ 19,561	\$ 1,493	\$ 21,054

	Year ended December 31, 2020			Year ended December 31, 2019		
	Owner occupied properties	Medical office buildings	Total	Owner occupied properties	Medical office buildings	Total
Repairs and maintenance	\$ 2,436	\$ 1,649	\$ 4,085	\$ 763	\$ 1,539	\$ 2,302
Utilities	3,709	1,381	5,090	1,163	1,369	2,532
Property management fees	—	536	536	—	574	574
Compensation and benefits	59,279	—	59,279	19,226	—	19,226
Other services and supplies	6,680	994	7,674	2,562	1,022	3,584
Real estate taxes	2,272	—	2,272	715	—	715
Other	15,668	901	16,569	3,782	818	4,600
	\$ 90,044	\$ 5,461	\$ 95,505	\$ 28,211	\$ 5,322	\$ 33,533

The direct property operating expenses relate to expenses at the 15 multi-tenant medical office buildings and the Company's 36 owner occupied properties. As of December 31, 2020, the owner occupied properties include the 17 Commonwealth properties acquired on August 1, 2019, three Commonwealth properties acquired on December 23, 2019, nine properties that were previously triple-net leased and were transitioned to wholly owned and occupied at various dates during the third and fourth quarter of 2019, one property that was previously held in a joint venture and was transitioned to wholly owned and occupied during the third quarter of 2019, five properties that were previously held in joint ventures and transitioned to consolidated majority owned on May 4, 2020, and one property that was previously held as a triple-net leased property and transitioned on May 4, 2020 to owner occupied in which the Company has ownership in the operations of the building. Increases in the three and twelve months ended December 31, 2020 are primarily due to the timing of these acquisitions and transitions. For the three and twelve months ended December 31, 2020, the Company incurred \$464 and \$1,507, respectively (three and twelve months ended December 31, 2019 - NIL), of additional direct property operating costs incurred due to the COVID-19 pandemic as a result of increased supplies and personal protective equipment. For the three and twelve months ended December 31, 2020, the Company's owner occupied direct property operating expense, excluding COVID-19 expenses, as a percentage of total resident rental and related revenue was 76.7% and 74.8%, respectively (three and twelve months ended December 31, 2019 - 75.7% and 73.3%, respectively).

Depreciation and Amortization Expense

For the three and twelve months ended December 31, 2020, depreciation and amortization expense was \$11,963 and \$48,569, respectively (three and twelve months ended December 31, 2019 - \$9,032 and \$14,440, respectively), which relates to the straight-line depreciation over the useful life of the Company's property, plant and equipment relating to the

owner occupied properties. The Company amortizes the value of in place leases over the average lease life in the corresponding building.

Finance Costs from Operations

Finance costs from operations consist of the following:

	Three months ended December 31,		Year ended December 31,	
	2020	2019	2020	2019
Interest expense on credit facilities	\$ 4,528	\$ 6,947	\$ 20,496	\$ 22,665
Interest expense on mortgages payable	2,736	2,683	11,121	11,922
Interest expense on convertible debentures	1,312	1,313	5,248	5,249
Distributions on exchangeable units	—	60	62	80
Dividends on Commonwealth preferred units	1,140	902	4,376	1,475
Amortization and accretion expense	940	1,022	3,997	3,882
Interest rate swap payments (receipts)	2,666	218	7,747	(86)
Write-off of deferred financing costs from refinancing	—	—	67	82
Amortization of mark-to-market debt adjustments	(29)	(41)	(330)	25
Interest income from loans receivable	(340)	(1,080)	(2,983)	(3,661)
	\$ 12,953	\$ 12,024	\$ 49,801	\$ 41,633

Finance costs are primarily related to interest and amortization on the Company's credit facilities and mortgages payable. Interest expense on credit facilities decreased in the three months ended December 31, 2020 as compared to the prior year period due to the decrease in LIBOR rate. The increase in interest expense on credit facilities for the twelve months ended December 31, 2020 as compared to the prior year period due to additional borrowings used to fund new property acquisitions and to repay individual property mortgage debt, including the Commonwealth Facility and the Commonwealth preferred units. Interest expense on mortgages payable increased for the three months ended December 31, 2020 as compared to the prior year period due to mortgages assumed during Q4 of 2019 with the purchase of the of Commonwealth communities. Interest expense on mortgages payable decreased for the twelve months ended December 31, 2020 as compared to the prior year period due to the impact of repaying individual property mortgage debt with funds from the credit facilities, as well as the impact of eight properties contributed to a joint venture which are no longer consolidated effective June 5, 2019. The Commonwealth preferred units issued to fund the Commonwealth transactions earn an initial dividend rate of 6.50% per annum.

Real Estate Tax Expense & Change in Fair Value of Investment Properties - IFRIC 21

For the three and twelve months ended December 31, 2020, real estate tax (recovery) expense was \$(626) and \$13,488, respectively (year ended December 31, 2019 - \$339 and \$15,844, respectively), which represents property tax (recovered) expensed for the period for properties owned on the tax assessment date (generally January 1), in accordance with the provisions of *IFRIC 21, Levies*. Real estate taxes are recovered from the Company's tenants under the provisions of their triple-net leases. The decrease in real estate tax expense as compared to the prior year period is primarily due to the impact of eight properties contributed to a joint venture which are no longer consolidated effective June 5, 2019. Real estate tax expense on the Company's owner occupied properties is included in direct property operating expenses in the consolidated statements of income (loss) and comprehensive income (loss).

The following table presents real estate tax expense and change in fair value of investment properties - IFRIC 21 together with property tax recoveries to show the net effect of real estate taxes on the Company's consolidated statements of income (loss) and comprehensive income (loss) for the periods presented. The expense in excess of property tax revenue is primarily due to properties that are not fully occupied, generally within the medical office building portfolio.

	Three months ended December 31,		Year ended December 31,	
	2020	2019	2020	2019
Property tax recoveries	\$ 2,377	\$ 3,709	\$ 12,705	\$ 15,243
Real estate tax expense	626	(339)	(13,488)	(15,844)
Change in fair value of investment properties - IFRIC 21	(3,221)	(3,551)	57	(29)
	\$ (218)	\$ (181)	\$ (726)	\$ (630)

General and Administrative Expenses

General and administrative expenses consist of the following:

	Three months ended December 31, 2020			Three months ended December 31, 2019		
	Corporate	CSL	Total	Corporate	CSL	Total
Compensation and benefits	\$ 1,498	\$ 1,513	\$ 3,011	\$ 2,006	\$ 1,705	\$ 3,711
Asset management and administrative fees	4	—	4	125	—	125
Professional fees	873	—	873	790	—	790
Deferred share compensation	547	—	547	849	—	849
Bad debt expense	112	—	112	—	—	—
Other	182	227	409	647	103	750
	\$ 3,216	\$ 1,740	\$ 4,956	\$ 4,417	\$ 1,808	\$ 6,225

	Year ended December 31, 2020			Year ended December 31, 2019		
	Corporate	CSL	Total	Corporate	CSL	Total
Compensation and benefits	\$ 5,549	\$ 5,883	\$ 11,432	\$ 6,545	\$ 2,522	\$ 9,067
Asset management and administrative fees	235	—	235	499	—	499
Professional fees	3,474	—	3,474	3,090	—	3,090
Deferred share compensation	1,066	—	1,066	2,653	—	2,653
Bad debt expense	1,838	—	1,838	—	—	—
Other	1,678	816	2,494	2,462	321	2,783
	\$ 13,840	\$ 6,699	\$ 20,539	\$ 15,249	\$ 2,843	\$ 18,092

Compensation and benefits expense includes the cost of salaries, bonuses, and benefits during the period. The decrease in compensation and benefits for the three months ended December 31, 2020 as compared to the prior year period is primarily due to a decrease in the bonus expense and headcount reduction at the Company's corporate office ("Corporate"). The increase in compensation and benefits expense for the twelve months ended December 31, 2020 as compared to the prior year period is primarily due to the compensation related to employees of the Commonwealth management company ("CSL") due to the timing of the 2019 acquisition. For the three and twelve months ended December 31, 2020, the Company has incurred severance expense of \$0 and \$393, respectively (three and twelve months ended December 31, 2019 - NIL), related to personnel cost cutbacks which is included in compensation and benefits expense.

Asset management fees relate to the contractual fee due under a asset management agreements with respect to the medical office building portfolio.

Professional fees is comprised of costs incurred for external legal counsel, accounting fees and other professional services. The increase in professional fees for the three and twelve months ended December 31, 2020 as compared to prior year periods is due to additional professional fees incurred as the number of assets increased.

The decrease in deferred share compensation expense for the three and twelve months ended December 31, 2020 is primarily due to the decrease in the fair value of deferred share liability, which is valued based on the Company's share price.

Bad debt expense is due to a reserve recorded against aged rents receivable. The Company has recorded a reserve based on an estimated probability of collection.

Other general and administrative expense primarily includes cost of insurance, fees earned by directors of the Company, travel and entertainment expense, franchise and licensure taxes, investor relations, marketing, and foreign exchange loss (gain).

For the three and twelve months ended December 31, 2020, the Company's general and administrative expense as a percentage of total assets was 0.33% and 1.37% (three and twelve months ended December 31, 2019 - 0.40% and 1.17%). In response to the COVID-19 pandemic, the Company has taken cost reduction measures including executive compensation changes and other personnel cost cutbacks.

Transaction Costs for Business Combination

For the three and twelve months ended December 31, 2020, the Company incurred transaction costs for business combination of \$0 and \$170, respectively (three and twelve months ended December 31, 2019 - \$1,638 and \$5,898, respectively), related to the prior year acquisition of Commonwealth and the acquisition of 100% of Greenfield's interests in 13 properties in which the Company previously had either a joint ownership interest or was triple-net leased.

Allowance for Credit Losses on Loans and Interest Receivable

Allowance for credit losses on loans and interest receivable for the three and twelve months ended December 31, 2020 was \$3,395 and \$23,546, respectively (three and twelve months ended December 31, 2019 - \$(9) and \$1,003, respectively). The losses are related to a change in estimated credit losses with respect to loans receivable and related interest receivables. The Company applies a three-stage approach to measure allowance for credit losses. Loss allowance is measured at an amount equal to 12 months of expected losses for performing loans (Stage 1) and at an amount equal to lifetime expected credit losses on performing loans that have seen a significant increase in credit risk since origination (Stage 2) and at an amount equal to lifetime expected credit losses for loans considered to be credit impaired (Stage 3). Certain borrowers have experienced negative impacts to operations due in part to the COVID-19 pandemic, and the Company has accordingly ascribed a higher risk rating to these outstanding loans. The increase in allowance for credit losses on loans and interest receivable compared to prior year periods is also due to losses on the Symcare loans due to elements of the Transaction as outlined in the MOU entered into on November 2, 2020, which were taken into consideration when valuing the loans receivable.

Change in Non-controlling Interest Liability

The change in non-controlling interest liability was an increase of \$107 and \$316 for the three and twelve months ended December 31, 2020, respectively (three and twelve months ended December 31, 2019 - \$160 and \$504, respectively). These costs are the result of the portion of net income attributed to the non-controlling interest partners of the consolidated properties, and the increase from the prior year periods is primarily due to non-cash fair value adjustments.

Change in Fair Value of Investment Properties

The change in fair value of investment properties for the three and twelve months ended December 31, 2020 was a decrease of \$28,301 and \$100,388, respectively (three and twelve months ended December 31, 2019 - \$2,705 increase and \$6,046 decrease, respectively). The change in fair value of investment properties was primarily driven by an adjustment to record investment properties at fair value based on the Company's estimate of fair value using level 3 inputs as of

December 31, 2020. The adjustment for the current period is primarily driven by changes in estimated capitalization rates and changes in estimated stabilized future cash flows in response to the ongoing COVID-19 pandemic and its impact on both the seniors housing industry and global financial markets. We are not able to fully quantify the impact that the COVID-19 pandemic will have on the Company's financial results during 2021, but expect that the pandemic could have a material adverse affect on our 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 Company will continue to evaluate estimated cap rates used in its fair value calculations as new information becomes available and transaction volume in the market increases. The adjustment for the current period is also driven by elements of the Transaction as outlined in the MOU entered into on November 2, 2020, which were taken into consideration when valuing the related investment property.

Change in Fair Value of Financial Instruments

Change in fair value of financial instruments consists of the following:

	Three months ended December 31,		Year ended December 31,	
	2020	2019	2020	2019
Change in fair value of interest rate swaps	\$ (3,098)	\$ (4,710)	\$ 20,907	\$ 9,379
Change in fair value of prepayment embedded derivatives	426	—	(1,823)	—
Total loss (income) from change in fair value of financial instruments	\$ (2,672)	\$ (4,710)	\$ 19,084	\$ 9,379

The change in fair value of financial instruments for the three and twelve months ended December 31, 2020 and 2019 was due primarily to the change in fair value of interest rate swaps due to changes in variable interest rates that underlie the corresponding interest rate swaps. Interest rate swaps are used to manage interest costs on debt. The Company does not designate its interest rate swaps as hedges, and they are marked to fair value each reporting period through finance costs in the consolidated statements of income (loss) and other comprehensive income (loss). The change in fair value of financial instruments is also due to the change in fair value of prepayment embedded derivatives on certain mortgages payable due to changes in market interest rates.

Change in Fair Value of Contingent Consideration

Change in fair value of contingent consideration for the three and twelve months ended December 31, 2020 was \$2,254 and \$5,510, respectively (three and twelve months ended December 31, 2019 - NIL). Pursuant to the Commonwealth purchase agreement, the Company may be required to fund one or more earnout payments relating to six communities that had not yet reached stabilization at the time of acquisition by the Company. These earnout payments are only payable in the event specific occupancy and EBITDAR thresholds have been satisfied, and must be met prior to the third anniversary of closing at which time the earn-out payment obligation will cease to exist. The earnout payments, when funded, will consist of a combination of cash and additional preferred interests. Given the performance of one of the six communities, the Company recorded an expense for the earnout amount of \$3,256, which was paid through the issuance of \$1,701 of Commonwealth preferred units and \$1,555 of cash on hand. During the three months ended December 31, 2020, the Company recorded a liability of \$2,254 in the financial statements associated with the future commitment relating to the remaining five communities based on the weighted average probably of earnout payments owed using estimated future results at the properties.

Loss on Sale of Property, Plant and Equipment

Loss on sale of property, plant and equipment for three and twelve months ended December 31, 2020 was \$21 and \$162, respectively (three and twelve months ended December 31, 2019 - NIL).

Loss from Joint Ventures

	Three months ended December 31,		Year ended December 31,	
	2020	2019	2020	2019
Revenue	\$ 8,867	\$ 13,329	\$ 40,457	\$ 52,564
Other income	335	—	1,294	—
Property operating expense	(5,719)	(8,837)	(25,536)	(36,097)
Depreciation expense	(139)	338	(546)	(995)
Finance costs	(1,686)	(2,380)	(6,591)	(8,048)
Real estate tax expense	(216)	(265)	(974)	(618)
General and administrative expenses	(562)	(227)	(1,974)	(352)
Allowance for credit losses on loans and interest receivable	(199)	—	(11,957)	—
Change in fair value of financial instruments	546	1,479	(3,603)	(2,465)
Change in fair value of investment properties	(3,570)	1,908	(25,299)	(10,788)
Income (loss) from joint ventures	\$ (2,343)	\$ 5,345	\$ (34,729)	\$ (6,799)

Income (loss) from joint ventures represents the Company's share of net income from unconsolidated entities. On June 5, 2019, the Company contributed its interest in eight properties to a joint venture and as a result the Company unconsolidated the properties. The Company has additionally obtained control of eight of the Care portfolio properties and consolidated their results. The loss from joint ventures during the three and twelve months ended December 31, 2020 is primarily related to the change in fair value of investment properties and allowance for credit losses on loans and interest receivable offset by income from operations. The increase in allowance for credit losses on loans and interest receivable compared to prior year periods was primarily due to loans made that moved from Stage 1 to Stage 3. The borrower has experienced negative impacts to operations primarily due to the COVID-19 pandemic, and the Company has accordingly ascribed a higher risk rating to these outstanding loans.

Income Tax Expense/Recovery

For the Canadian and U.S. corporate subsidiaries of the Company, income tax expense/recovery is comprised of current and deferred tax. Certain of the Company's subsidiaries are limited partnerships and, accordingly, are not subject to income tax. Taxable income or loss of the partnerships is allocated to their partners.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The deferred tax asset value is limited based on the probability of realizing the future benefits. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

The Company anticipates that future current income tax expense will result from distributions from its U.S. subsidiaries to the Canadian corporation, which will be subject to a 5% withholding tax. No such distributions were made during the periods presented.

Other Comprehensive Income (Loss): Unrealized Gain (Loss) on Translation of Foreign Operations

Unrealized gain (loss) on translation of foreign operations for the three and twelve months ended December 31, 2020 of \$2,845 and \$1,072, respectively (three and twelve months ended December 31, 2019 - \$1,281 and \$3,294, respectively), was due to the change in value of the Canadian dollar as compared to the U.S. dollar during the period.

Cash Flow Analysis

	Year ended December 31,	
	2020	2019
Cash provided by operating activities	\$ 25,090	\$ 16,170
Cash provided by (used in) financing activities	(5,778)	278,664
Cash provided by (used in) investing activities	2,983	(309,974)
Increase (decrease) in cash and cash equivalents	\$ 22,295	\$ (15,140)

Cash Provided by Operating Activities

Cash provided by operating activities increased during the twelve month period ended December 31, 2020 as compared to the prior year. The changes were primarily due to the expansion of the portfolio through the acquisition of Commonwealth in the third quarter of 2019 offset by a portion of accounts receivable from tenants which were satisfied by issuing loans receivable. During the twelve months ended December 31, 2020, the Company issued \$2,138 of loans receivable under the terms of existing loan agreements in satisfaction of rents due as part of its efforts to support the tenants with operating capital needs. During the twelve months ended December 31, 2019, the Company issued \$13,889 of loans receivable in satisfaction of rents due from tenants.

Cash Provided by (Used in) Financing Activities

Cash used in financing activities for the twelve month period ended December 31, 2020 was \$5,778 as compared to cash provided by financing activities of \$278,664 in the prior year period. The current period cash used in financing activities was primarily driven by payments of cash dividends of \$9,976 during the period, offset by net proceeds from the credit facilities and mortgage activity of \$5,945. The Company suspended the dividend for all common shares beginning from April 1, 2020 in order to conserve cash during the COVID-19 pandemic.

Cash provided by financing activities in the twelve month period ended December 31, 2019 included net proceeds from credit facilities and mortgages payable of \$300,255 and proceeds from issuance of preferred share capital of \$14,550 offset by debt issuance costs incurred in association with new and refinanced mortgages of \$3,206 and cash dividends paid of \$32,509.

Cash Provided by (Used in) Investing Activities

Cash provided by investing activities for the twelve months ended December 31, 2020 was \$2,983. This was primarily due to the proceeds from the sale of property, plant and equipment of \$15,563, proceeds from sale of interest in joint venture of \$1,447, cash balance acquired in business combination of \$2,081, and \$3,803 of distributions made from joint ventures offset by \$11,269 used for additions of property, plant and equipment and \$8,390 used for additions of investment property during the twelve month period. The Company also received \$4,105 as repayment of loans receivable.

Cash used in investing activities for the twelve months ended December 31, 2019 included \$235,433 used for the acquisitions of property, plant and equipment and \$93,002 used for the acquisition of investment properties and capital expenditures. In addition, the Company contributed \$14,391 to joint ventures and made a payment of \$9,676 to the previous owner of Care for its portion of sale proceeds. These uses of cash in investing activities were offset by the receipt of \$23,000 for the sale of an interest in net assets contributed to a joint venture, proceeds from sale of investment property of \$9,887, distributions from joint ventures of \$5,897 and \$4,835 as repayment of loans receivable.

Financial Position

Total assets of \$1,498,424 are comprised primarily of \$882,019 of investment properties, which represents the estimated fair market value of the Company's portfolio of properties, including capital expenditures, and \$451,825 of property, plant and equipment, net of \$62,539 of accumulated depreciation as at December 31, 2020. Cash on hand at December 31, 2020 was \$34,133, net loans receivable were \$18,703, investments in joint ventures were \$65,258, total derivative assets were \$4,814, and other assets were \$11,840. Total gross loans receivable of \$46,944 is offset by an allowance for losses on loans receivable of \$28,241. Gross loans receivable includes \$22,295 of gross loans made to the tenant operator Symcare. Other assets primarily consisted of \$682 of costs related to potential acquisitions, \$5,251 of escrows held by lenders, \$2,330 of prepaid expense, \$1,889 of right-of-use asset, \$881 of bond assets and \$807 of other costs. In addition, current assets include tenant and other receivables of \$14,934, real estate tax receivables of \$12,754, and assets held for sale of \$2,144. The loans receivable balance related mainly to the issuance of loans for the development and operation of seniors housing and care properties in the United States and Canada.

Total liabilities of \$1,205,095 includes current liabilities of \$78,321 (see "Liquidity and Capital Resources" for additional information) and non-current liabilities of \$1,126,774. The current liabilities included \$14,518 of real estate taxes payable. Of the real estate taxes payable, \$863 related to the period prior to the Company's ownership of the respective properties, and the seller provided cash consideration at closing for this amount. Accounts payable and accrued liabilities represented \$17,715 of the balance in current liabilities. In addition, current liabilities included \$30,622 representing the current portion of mortgages payable, net of loan fees. Non-current liabilities included \$268,842 representing the non-current portion of mortgages payable, net of loan fees; \$650,596 representing the non-current balance outstanding on the credit facilities, net of loan fees; \$92,411 of the convertible debentures, net of fees; \$65,797 of Commonwealth preferred unit liability; \$28,478 of derivative liability; and \$4,409 of non-controlling interest liability. Other non-current liabilities of \$16,241 primarily consisted of security deposits received from tenants, lease liability, loan commitment liability, earn-out payable, and a liability related to deferred shares granted under the Company's deferred share incentive plan.

Summary of Quarterly Results

The following table summarizes the Company's quarterly unaudited financial information from January 1, 2019 through December 31, 2020:

	Three months ended December 31, 2020	Three months ended September 30, 2020	Three months ended June 30, 2020	Three months ended March 31, 2020	Three months ended December 31, 2019	Three months ended September 30, 2019	Three months ended June 30, 2019	Three months ended March 31, 2019
Revenue	\$ 54,380	\$ 55,429	\$ 53,687	\$ 53,891	\$ 51,809	\$ 38,550	\$ 28,824	\$ 29,224
Other income	821	2,529	65	—	—	—	—	—
Direct property operating expenses	25,300	24,391	23,191	22,623	21,054	9,934	1,243	1,302
Depreciation and amortization expense	11,963	12,581	11,537	12,488	9,032	5,365	—	—
Finance costs	12,953	12,160	12,504	12,184	12,024	10,702	9,837	9,070
Real estate tax expense	(626)	407	383	13,324	339	527	550	14,428
General and administrative expenses	4,956	4,858	6,244	4,481	6,225	4,305	4,124	3,481
Transaction costs for business combination	—	(237)	—	407	1,638	2,564	1,696	—
Diligence costs for transactions not pursued	—	—	—	—	—	—	633	—
Allowance for credit losses on loans and interest receivable	3,395	13,056	5,560	1,535	(9)	(152)	673	491
Changes in non-controlling interest liability	107	41	119	49	160	189	99	56
Change in fair value of investment properties - IFRIC 21	3,221	3,206	3,215	(9,699)	3,551	3,285	3,617	(10,424)
Change in fair value of investment properties	28,301	39,699	13,739	18,649	(2,705)	(970)	14,578	(4,857)
Change in fair value of financial instruments	(2,672)	(2,131)	346	23,541	(4,710)	4,754	7,524	1,811
Change in fair value of contingent consideration	2,254	3,256	—	—	—	—	—	—
Loss on sale of property, plant and equipment	21	—	23	118	—	—	—	—
Income (loss) from joint ventures	(2,343)	(7,420)	(6,900)	(18,066)	5,345	(1,093)	(7,238)	(3,813)
Deferred income tax expense (recovery)	—	—	—	(6,944)	3,871	(700)	(6,086)	2,848
Current income tax expense	—	—	—	—	—	—	—	—
Net income (loss)	(36,315)	(60,749)	(30,009)	(56,931)	6,684	(2,346)	(16,902)	7,205
Income (loss) per share: Basic	\$ (0.65)	\$ (1.09)	\$ (0.54)	\$ (1.04)	\$ 0.12	\$ (0.04)	\$ (0.31)	\$ 0.14
Income (loss) per share: Diluted	\$ (0.65)	\$ (1.09)	\$ (0.54)	\$ (1.04)	\$ 0.12	\$ (0.04)	\$ (0.31)	\$ 0.12
Funds from operations ⁽¹⁾	10,429	13,728	10,453	14,007	10,547	12,507	10,445	12,623
Funds from operations per share: Basic ⁽¹⁾	\$ 0.19	\$ 0.25	\$ 0.19	\$ 0.25	\$ 0.19	\$ 0.23	\$ 0.19	\$ 0.24
Funds from operations per share: Diluted ⁽¹⁾	\$ 0.16	\$ 0.20	\$ 0.16	\$ 0.21	\$ 0.17	\$ 0.20	\$ 0.17	\$ 0.20
Adjusted funds from operations ⁽¹⁾	9,522	12,499	9,380	11,317	9,603	10,711	9,918	10,976
Adjusted funds from operations per share: Basic ⁽¹⁾	\$ 0.17	\$ 0.22	\$ 0.17	\$ 0.21	\$ 0.18	\$ 0.20	\$ 0.18	\$ 0.21
Adjusted funds from operations per share: Diluted ⁽¹⁾	\$ 0.15	\$ 0.18	\$ 0.14	\$ 0.17	\$ 0.15	\$ 0.17	\$ 0.16	\$ 0.18

(1) Funds from operations and adjusted funds from operations, and related per share amounts, are supplemental measures which are not defined by IFRS. See "Financial Measures not Defined Under IFRS".

The Company's results for the past eight quarters have primarily been affected by the timing of additional property acquisitions, business combinations, dispositions, transfers, changes in the fair value of investment properties and financial instruments, allowance for credit losses on loans receivable and interest receivable and change in non-controlling interest liability. Refer to the "Recent Activities" section of this MD&A for details of the timing of property acquisitions.

Liquidity and Capital Resources

The Company's objectives when managing capital are to ensure sufficient liquidity to pursue its organic growth combined with strategic acquisitions and to maintain a flexible capital structure that optimizes the cost of capital at acceptable levels of risk while preserving the ability to meet financial obligations.

The capital of the Company consists of mortgages payable, credit facilities, convertible debentures, and shareholders' equity.

The Company expects to meet its working capital requirements with respect to accounts payable and accrued liabilities through cash on hand and operating cash flows. As at December 31, 2020, current liabilities totaled \$78,321, exceeding current assets of \$74,833, resulting in a working capital deficit of \$3,488. The Company expects to be able to meet all of its obligations as they become due utilizing some or all of the following sources of liquidity: (i) cash on hand of \$34,133, (ii) cash flow generated from operations, (iii) credit facilities, under which \$13,953 was available as at December 31, 2020, (iv) property specific mortgages and refinancings, (v) strategic sale of assets, (vi) issuance of preferred shares, (vii) issuance of convertible debentures, (viii) issuance of common shares, subject to market conditions, and (ix) alternative financing sources.

In addition, liquidity risk is managed in part through cash forecasting. The Company monitors forecasts of liquidity requirements to ensure it has the ability to meet operational needs by maintaining sufficient availability of the combination of cash and credit facility capacity, and by ensuring the Company will meet its financial covenants related to debt agreements. Such forecasting involves a significant degree of judgment which takes into consideration current and projected macroeconomic conditions, the Company's cash collection efforts, debt financing and refinancing plans, and covenant compliance required under the terms of debt agreements. There is a risk that such liquidity forecasts may not be achieved and that currently available debt financing may no longer be available to the Company at terms and conditions that are favorable, or at all.

The Company announced on April 10, 2020 that it has suspended the dividend for all common shares beginning from April 1, 2020 until further notice. To further enhance its liquidity position, the Company is analyzing a variety of options to reduce or defer non-essential capital expenditures and to reduce corporate-level costs, some of which have already been implemented. The Company has already taken immediate cost reduction measures, including executive compensation changes and other personnel cost cutbacks. Additionally, the Company continues to encourage its employees to work from home and has eliminated non-essential travel which has reduced the utilization of office space, travel, and other corporate-level expenses.

On November 4, 2020, the Company entered into an agreement to modify the credit facility with a \$400,000 capacity, comprised of a \$200,000 term loan and a \$200,000 revolving line of credit (the "Credit Facility"). Per the amendment, the Credit Facility permanently converted to a facility secured by pledges of equity in properties making up a borrowing base. The minimum fixed charge coverage ratio covenant will permanently decrease from 1.75 to 1.60. Per the agreement, the Company is granted a surge period effective with the quarterly reporting period ended September 30, 2020 through June 30, 2021. During the surge period, the consolidated leverage ratio covenant increased from 60% to 65%, the advance rate increased from 60% to 65% of the borrowing base, the applicable margin for LIBOR loans increased 15 basis points, and the implied interest rate used to calculate the debt service coverage amount decreased from 6.0% to 5.75%.

The Company, while considering externally imposed capital requirements, sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. In managing its capital structure, the Company monitors performance throughout the period to ensure working capital requirements are funded from operations, available cash on deposit, and available financing. The Company may make changes to its capital structure in order to support the broader corporate strategy or in response to economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue equity or new debt, issue new debt with different characteristics to replace existing debt, or reduce the amount of existing debt.

The real estate industry is capital-intensive by nature. As a result, debt capital is an important aspect in managing the business. In addition, financial leverage is used to enhance terms from purchased real estate. The Company actively monitors debt maturities and available debt financing options to best adhere to its corporate strategy.

Preferred Equity

The Company entered into subscription agreements in prior periods with respect to the issuance of class A convertible preferred shares to affiliates of Magnetar for aggregate gross proceeds of \$86,050, funded in multiple series. The purpose of the transaction was to raise proceeds to be used for the repayment of debt, general working capital purposes and to fund future acquisitions. The Company issued 9,098,598 preferred shares.

As at December 31, 2020, the Preferred Shares are convertible into 10,654,257 common shares of the Company. The weighted average accretion rate of the four series of preferred shares is 6.32%.

Debt Strategy and Indebtedness

Debt Strategy

The Company, taking into account availability of financing, market conditions, and the financial characteristics of the properties, seeks to maintain a combination of short, medium, and long-term debt maturities that are appropriate for the overall debt level of its portfolio. The Company utilizes conventional property-specific or portfolio-specific secured mortgages, as well as unsecured and non-recourse financing. Management's objectives are to access the lowest cost debt with flexible terms, to diversify the Company's lender base, to have a large portion of debt with a fixed rate, and to have a debt maturity schedule spread over a time horizon which allows the Company to effectively manage refinancing risk and to be in a position to finance within the Company's target debt levels when investment opportunities become available. Management monitors the Company's debt by reviewing the debt to total assets ratio, interest coverage ratio, debt maturity schedule, and ratio of fixed versus floating rate debt. Over the long-term, the Company strives to have a portfolio with an average years to maturity of 5-8 years. The Company targets a long-term debt level of 50-55% of total assets, although from time to time it may carry a higher leverage ratio if market conditions present an opportunity to maximize shareholder value. The Company also targets a fixed rate debt level of 70-85% of its total debt.

To manage interest rate risk, the Company may enter into interest rate swap agreements from time to time. Management's objectives are to source the lowest cost fixed rate debt within its targeted levels while laddering its fixed rate maturity schedule to effectively manage repricing risk. The Company does not designate its interest rate swaps as hedges, and they are marked to fair value each reporting period through change in fair value of financial instruments in the consolidated statements of income (loss) and other comprehensive income (loss).

Indebtedness

	Principal Amount	Weighted Average Interest Rate	Years to Maturity ⁽²⁾
Fixed Rate Indebtedness			
Credit Facility Term	\$ 200,000	4.7 % ⁽¹⁾	3.0
Credit Facility Revolver	25,000	5.2 % ⁽¹⁾	2.0
Credit Facility Revolver	50,000	4.7 % ⁽¹⁾	2.0
MOB Facility	66,904	4.3 % ⁽¹⁾	2.3
Magnetar Facility	10,000	9.0 %	0.6
Commonwealth Facility	176,000	3.8 % ⁽¹⁾	3.6
Mortgages payable	240,429	4.3 % ⁽¹⁾	9.1
2016 Convertible Debentures	44,975	5.0 %	1.1
2018 Convertible Debentures	50,000	6.0 %	2.7
	863,308	4.5 %	4.5
Variable Rate Indebtedness			
Credit Facility Revolver	\$ 115,500	2.7 %	2.0
MOB Facility	21,286	2.3 %	2.3
Mortgages payable	56,452	3.5 %	3.1
	193,238	2.9 %	2.3
Total indebtedness	\$ 1,056,546	4.2 %	4.1
Less loan fees and issue costs, net of amortization and accretion	(6,649)		
Equity component of convertible debentures, excluding issue costs and taxes	(2,384)		
Mark-to-market adjustment, net	4,958		
Carrying amount	\$ 1,052,471		

(1) Weighted average interest rates include debt that is fixed with interest rate swaps.

(2) Years to maturity does not include the exercise of extension options, where available.

Joint Venture Indebtedness

	Principal Amount	Weighted Average Interest Rate	Years to Maturity
Fixed rate mortgages payable	\$ 170,814	4.3 % ⁽¹⁾	4.2
Variable rate mortgages payable	42,635	3.9 %	1.1
Total Indebtedness	\$ 213,449	4.2 %	3.6
Less loan fees, net of amortization	(997)		
Carrying amount	\$ 212,452		
Company's share of carrying amount	\$ 152,609		

(1) Weighted average interest rates include debt that is fixed with interest rate swaps.

Weighted Average Interest Rate

During the period from December 31, 2019 to December 31, 2020, the Company has decreased its weighted average interest rate for the consolidated portfolio from 4.6% to 4.2%, or 40 basis points. During the period from December 31, 2019 to December 31, 2020 the Company has decreased its weighted average interest rate for the joint venture portfolio from 4.4% to 4.2%, or 20 basis points. The Company has been able to capitalize on a decreasing interest rate environment to reduce interest costs for its shareholders.

2016 Convertible Debentures

On December 16, 2016, the Company issued an aggregate principal amount of \$45,000 of convertible unsecured subordinated debentures (the "2016 Convertible Debentures"). The 2016 Convertible Debentures are due on January 31, 2022 and bear interest at an annual rate of 5.00%, payable semi-annually in arrears on July 31 and January 31 of each year and commencing on July 31, 2017. On May 6, 2019, \$25 of the 2016 Convertible Debentures were converted into 2,272 common shares.

2018 Convertible Debentures

On August 24, 2018, the Company issued an aggregate principal amount of \$50,000 of convertible unsecured subordinated debentures ("2018 Convertible Debentures"). The 2018 Convertible Debentures are due on September 30, 2023 and bear interest at an annual rate of 6.00% payable semi-annually in arrears on March 31 and September 30 of each year commencing on March 31, 2019.

Debt to Total Assets

Debt to total assets is calculated by dividing the total consolidated indebtedness, net of loan costs, by the total consolidated assets of the Company. The Company's debt to total assets, after adding back accumulated depreciation is 67.4%. It is important to note that this metric includes changes in fair value of the Company's investment properties. The Company also tracks and monitors a similar metric for its Credit Facility, where consolidated assets is calculated using the total undepreciated purchase price of the Company's real estate, as defined in the agreement. At December 31, 2020, the Company's consolidated debt is 60.3% of total assets under the terms of the Credit Facility agreement. This is the pertinent metric for the Company's Credit Facility. The Company believes it will meet the 60% consolidated leverage ratio covenant threshold at June 30, 2021 by using cash on hand to pay down debt.

Fixed rate debt represented approximately 81.7% of the Company's gross total indebtedness.

Fixed Charge Coverage Ratio

The Company's fixed charge coverage ratio is calculated by dividing earnings before interest, taxes, depreciation and amortization by certain fixed charges, which are comprised of interest expense payable in cash, regularly scheduled principal payments, and preferred dividends paid. For the twelve month period ended December 31, 2020, the fixed charge coverage ratio of the Company was 1.80.

Repayment Summary

Management attempts to stagger the maturity of the Company's fixed rate debt in order to achieve a distribution of maturities over a time horizon. This strategy reduces the Company's exposure to interest rate fluctuations on its fixed rate debt in any one period and reduces liquidity risk. From time to time, the Company will assume existing debt upon the acquisition of income properties, and the maturity of such debt may not fit within the overall target debt maturity profile of the Company.

Contractual Commitments

A summary of future contractual commitments as at December 31, 2020, including expected interest payments, is as follows:

	Total	2021	2022	2023	2024	2025	Thereafter
Credit facilities principal	\$ 664,690	\$ 10,000	\$190,500	\$288,190	\$176,000	\$ —	\$ —
Mortgages payable principal	296,881	\$ 30,622	33,765	88,913	24,529	30,078	88,974
Convertible debentures principal	94,975	—	44,975	50,000	—	—	—
Commonwealth preferred unit liability principal ⁽¹⁾	67,381	—	—	—	67,381	—	—
Total principal	1,123,927	40,622	269,240	427,103	267,910	30,078	88,974
Percentage of total	100.0 %	3.6 %	24.0 %	38.0 %	23.8 %	2.7 %	7.9 %
Credit facilities interest	76,740	27,126	25,941	16,896	6,777	—	—
Mortgages payable interest	78,386	11,672	10,316	8,110	5,264	4,615	38,409
Convertible debentures interest	12,373	5,249	4,124	3,000	—	—	—
Commonwealth preferred unit liability interest	17,157	4,404	4,404	4,574	3,775	—	—
Accounts payable and accrued liabilities	17,715	17,715	—	—	—	—	—
Accrued real estate taxes	14,518	14,518	—	—	—	—	—
Other current liabilities	4,975	4,975	—	—	—	—	—
Other non-current liabilities	16,241	2,481	2,086	535	386	126	10,627
Loan commitments	380	380	—	—	—	—	—
Total other commitments	238,485	88,520	46,871	33,115	16,202	4,741	49,036
Total commitments	\$ 1,362,412	\$129,142	\$316,111	\$460,218	\$284,112	\$ 34,819	\$138,010

(1) The liability has no stated maturity date. It is the Company's expectation that the liability will be repaid in 2024.

The credit facilities have an outstanding balance of \$660,596 as of December 31, 2020.

Mortgages payable are comprised of mortgages secured by individual investment properties or small portfolios of investment properties.

Accounts payable consisted primarily of professional fees, other general and administrative costs payable, accrued interest, and other accrued costs.

Other non-current liabilities primarily relate to the issuance of deferred shares under the Company's deferred share incentive plan, lease liability and security deposits received from tenant operators.

On June 5, 2019, the Company entered into agreements to fund future loans to tenants of the property located in Webster, TX operated by Bridgemoor. As at March 31, 2020, the Company is committed to fund an additional \$380 pursuant to these agreements. The Company has recorded an associated loan commitment liability representing the fair value of these commitments, which were made at interest rates below market value.

Financial Instruments and Other Instruments

To manage interest rate risk, the Company may enter into interest rate swap agreements from time to time. Please refer to the "Debt Strategy and Indebtedness" section of this MD&A.

Off-Balance Sheet Items

There were no off-balance sheet items as of December 31, 2020.

Transactions Between Related Parties

The Company entered into subscription agreements in 2017, 2018 and 2019 in respect of the issuance of class A convertible preferred shares to certain funds managed by Magnetar Financial LLC (collectively, "Magnetar"), a significant shareholder of the Company, funded in multiple series. The purpose of the transaction was to raise proceeds to be used for the repayment of debt, general working capital purposes and to fund future acquisitions. The Company issued 9,098,598 preferred shares for aggregate gross proceeds of \$86,050.

On June 5, 2019, the Company formed a joint venture, Jaguarundi Ventures, LP, with Magnetar. The Company contributed 8 properties to a newly formed joint venture and received \$23,000 from Magnetar in exchange for a 39.49% interest in the joint venture.

On July 26, 2019, the Company entered into a credit agreement with Magnetar for a principal amount of \$30,000, annual interest rate of 8.5%, and an initial maturity of one year with a one year extension option. On December 5, 2019, the Company repaid \$15,000 on the facility. On June 5, 2020, the Company gave notice of intent to exercise the one year extension option and per the credit agreement the interest rate will increase to 9.0%. On June 16, 2020, the Company repaid \$5,000 on the facility.

Critical Accounting Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses throughout the period. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about assumptions and estimation uncertainties that may have a significant risk of resulting in a material adjustment within the next financial year are as follows:

Change in fair value of investment properties:

The significant assumptions used when determining the fair value of investment properties in use are capitalization rates and stabilized future cash flows. The capitalization rate applied is reflective of the characteristics, location and market of each investment property. The stabilized future cash flows of each investment property are based upon rental income from current leases and assumptions about market rent from future leases reflecting current conditions, less future cash outflows relating to such current and future leases.

Management determines fair value internally utilizing internal financial information, external market data and capitalization rates provided by independent industry experts. As part of Management's internal valuation program, the Company also considers external valuations performed by independent national real estate valuation firms for a cross-section of properties that represent different geographical locations across the Company's portfolio and updates, as deemed necessary, the valuation models to reflect current market data.

Impairment of loans receivable:

The Company reviews loans receivable on an ongoing basis to assess whether any loans should be classified as impaired and whether an allowance or write-off should be recorded. Allowances for impaired loans are recorded for individually identified impaired loans to reduce their carrying value to the expected recoverable amount. To

determine the amount, the Company expects to recover from an individually significant impaired loan, the Company uses the value of the estimated future cash flows discounted at the loan's original effective interest rate. The determination of estimated future cash flows of a collateralized impaired loan reflects the expected realization of the underlying security, net of expected costs and any amounts legally required to be paid to the borrower. Refer to note 4 of the consolidated financial statements of the Company for the period ended December 31, 2020 for further information on estimates and assumptions made in determination of the impairment recorded on loans receivable.

Significant Accounting Policies and Changes in Accounting Policies

A summary of significant accounting policies and changes in accounting policies is set forth in notes 1 and 2, respectively, of the consolidated financial statements for the year ended December 31, 2020.

Risks and Uncertainties

See "Risk Factors" in the Company's 2020 AIF for a discussion of risks that could materially affect the Company, which risk factors are incorporated herein by reference.

Controls and Procedures

We are committed to maintaining effective disclosure controls and procedures and internal control over financial reporting. A control system, no matter how well conceived and operated, can provide only reasonable, and not absolute, assurance that its objectives are met. As a result of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected. These inherent limitations include, among other items: (i) that management's assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances and (ii) the impact of isolated errors. Additionally, controls may be circumvented by the unauthorized acts of individuals, by the collusion of two or more people, or by management override. The design of any system of controls is also based, in part, upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions.

Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized, and reported within the time periods specified under Canadian securities laws and to include controls and procedures that are designed to ensure that information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

As of December 31, 2020, an evaluation was carried out, under the supervision of and with the participation of management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures as defined under National Instrument 52-109. In making this assessment, the Chief Executive Officer and the Chief Financial Officer used the criteria set forth by the 2013 Committee of Sponsoring Organizations ("COSO") of the Treadway Commission in Internal Control – Integrated Framework. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of the Company's disclosure controls and procedures were effective as of December 31, 2020.

Internal Controls Over Financial Reporting

The Company is responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance about the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Chief Executive Officer and the Chief Financial Officer assessed, or caused an assessment under their direct supervision of the design of our internal controls over financial reporting as at December 31, 2020, and based on that assessment, they determined that the Company's internal controls over financial reporting were appropriately designed and were operating effectively in accordance with the 2013 COSO framework as published by the Committee of Sponsoring Organizations of the Treadway Commission.

There were no changes in internal controls over financial reporting that occurred during the year ended December 31, 2020 that have materially affected or are reasonably likely to materially affect the Company's internal controls over financial reporting. We have not experienced any material impact to our internal control over financial reporting to date as a result of most of the employees of the Company working remotely due to the COVID-19 pandemic. We are continually monitoring

and assessing the COVID-19 pandemic on our internal controls to minimize the impact to their design and operating effectiveness.

Outstanding Shares

As of March 11, 2021, 55,954,092 common shares in the capital of the Company were issued and outstanding.

Each 2016 Convertible Debenture is convertible into freely tradable common shares of the Company at the option of the holder at any time prior to the earlier of January 31, 2022 and the last business day immediately preceding the date specified by the Company for redemption, at a conversion price of \$11.00 per common share. If all outstanding 2016 Convertible Debenture were converted into common shares of the Company, it would result in the issuance of 4,088,637 additional common shares. Upon redemption or maturity, the Company may satisfy its obligations with respect to the convertible debentures in cash or the issuance of common shares based on 95% of the Current Market Price on the Redemption Date or Maturity Date, respectively.

Each 2018 Convertible Debenture is convertible into freely tradable common shares of the Company at the option of the holder on or after September 30, 2021, and prior to September 30, 2022 at a conversion price of \$10.70 per common share. If all outstanding 2018 Convertible Debenture were converted into common shares of the Company, it would result in the issuance of 4,672,897 additional common shares. Upon redemption or maturity, the Company may satisfy its obligations with respect to the convertible debentures in cash or the issuance of common shares based on 95% of the Current Market Price on the Redemption Date or Maturity Date, respectively.

As of March 11, 2021, there were 2,802,009 Series 1 Preferred Shares outstanding, 3,172,086 Series 2 Preferred Shares outstanding, 1,586,042 Series 3 Preferred Shares and 1,538,461 Class A Series 4 Preferred Shares. The Series 1 Preferred Shares, Series 2 Preferred Shares, Series 3 Preferred Shares, and Series 4 Preferred Shares are convertible into freely tradable common shares of the Company. As of March 11, 2021, assuming the voluntary conversion of all of the Series 1 Preferred Shares, Series 2 Preferred Shares, Series 3 Preferred Shares, and Series 4 Preferred Shares then outstanding, a total of 10,654,257 common shares would be issued.

As of March 11, 2021, assuming the voluntary conversion of all of the Exchangeable Units, a total of 327,869 common shares would be issued.

As of March 11, 2021, assuming the voluntary conversion of all of the Commonwealth preferred units, a total of 6,736,410 common shares would be issued.

Financial Measures

Funds From Operations ("FFO") and Adjusted Funds From Operations ("AFFO") are supplemental measures used by management to track the Company's performance. Management believes these terms reflect the operating performance and cash flow of the Company. The Company believes that AFFO and AFFO per share provide the most effective metric by which to evaluate the performance of the Company and to most accurately identify the cash flows available for distribution to shareholders.

Funds From Operations

FFO means net income in accordance with IFRS, (i) plus or minus fair value adjustments of investment properties; (ii) plus or minus gains or losses from sales of investment properties; (iii) plus or minus certain other fair value adjustments; (iv) plus transaction costs expensed as a result of the purchase of property being accounted for as a business combination; (v) plus property taxes accounted for under IFRIC 21; (vi) plus allowance for credit losses on loans and interest receivable; (vii) plus deferred income tax expense, after adjustments for equity accounted entities calculated to reflect FFO on the same basis as consolidated properties and adjustments for non-controlling interests. The use of FFO, a non-IFRS measure, combined with the required IFRS presentations, has been included for the purpose of improving the understanding of the operating results of the Company. FFO presents an operating performance measure that provides a perspective on the financial performance that is not immediately apparent from net income determined in accordance with IFRS.

FFO is a financial measure not defined under IFRS, and FFO, as presented herein, may not be comparable to similar measures presented by other real estate investment trusts or real estate enterprises.

To the extent the Company's 2016 Convertible Debentures and 2018 Convertible Debentures were dilutive to FFO per share, the related interest, amortization, and accretion expense has been added back to calculate a diluted FFO for purposes of calculating diluted FFO per share.

The Company's FFO is calculated as follows (in thousands of U.S. dollars):

	Three months ended December 31,		Year ended December 31,	
	2020	2019	2020	2019
Net income for the period	\$ (36,315)	\$ 6,684	\$ (184,004)	\$ (5,359)
Add/(deduct):				
Change in fair value of investment properties	31,522	846	100,331	6,075
Property taxes accounted for under IFRIC 21	(3,221)	(3,551)	57	(29)
Depreciation and amortization expense	11,940	9,009	48,500	14,349
Amortization of tenant inducements	98	101	385	158
Change in fair value of financial instruments	(2,672)	(4,710)	19,084	9,379
Change in fair value of contingent consideration	2,254	—	5,510	—
Loss on sale of property, plant and equipment	21	—	162	—
Deferred income tax expense	—	3,871	(6,944)	(67)
Transaction costs for business combination	—	1,638	170	5,898
Allowance for credit losses on loans and interest receivable	3,395	(9)	23,546	1,003
Change in non-controlling interest liability in respect of the above	(132)	1	(322)	(16)
Adjustments for equity accounted entities	3,539	(3,333)	42,165	14,731
Funds from operations	<u>\$ 10,429</u>	<u>\$ 10,547</u>	<u>\$ 48,640</u>	<u>\$ 46,122</u>
Interest, amortization and accretion expense on convertible units ⁽¹⁾	2,796	2,612	11,054	8,136
Total diluted funds from operations	<u>\$ 13,225</u>	<u>\$ 13,159</u>	<u>\$ 59,694</u>	<u>\$ 54,258</u>
Weighted average number of shares, including fully vested deferred shares: Basic	56,034,723	54,606,897	55,699,307	53,989,904
Weighted average shares issued if all convertible units were converted ⁽²⁾	<u>26,490,440</u>	<u>24,559,698</u>	<u>26,118,595</u>	<u>19,869,931</u>
Weighted average number of shares: Diluted	82,525,163	79,166,595	81,817,902	73,859,835
Funds from operations per share	\$ 0.19	\$ 0.19	\$ 0.87	\$ 0.85
Diluted funds from operations per share	\$ 0.16	\$ 0.17	\$ 0.73	\$ 0.73

(1) Interest, amortization and accretion on convertible units include 2016 Convertible Debentures, 2018 Convertible Debentures, Commonwealth preferred interest, and Exchangeable Units.

(2) Convertible units include 2016 Convertible Debentures, 2018 Convertible Debentures, Preferred Shares, Commonwealth preferred interest, and Exchangeable Units.

Adjusted Funds From Operations

The Company maintains the view that AFFO is an effective measure of cash generated from operations, after providing for certain adjustments. AFFO means cash provided by operating activities, subject to certain adjustments, which include: (i) adjustments for certain non-cash working capital items that are not considered indicative of sustainable economic cash flow available for distribution; (ii) adjustments for interest expense on the credit facilities and mortgages payable that is included in finance costs; (iii) adjustments for cash paid for interest; (iv) add backs for compensation expense related to the Company's deferred share incentive plan; (v) add backs for payments received under the Company's income support agreements and development lease arrangements; (vi) add backs for the write-off of deferred financing costs from refinancing; and (vii) other adjustments as determined by the directors of the Company in their sole discretion.

AFFO is a financial measure not defined under IFRS, and AFFO, as presented herein, may not be comparable to similar measures presented by other real estate investment trusts or real estate enterprises.

To the extent the Company's 2016 Convertible Debentures and 2018 Convertible Debentures were dilutive to AFFO per share, the related interest has been added back to calculate a diluted AFFO for purposes of calculating diluted AFFO per share.

The Company's AFFO is calculated as follows (in thousands of U.S. dollars):

	Three months ended December 31,		Year ended December 31,	
	2020	2019	2020	2019
Cash flows provided by (used in) operating activities	\$ 7,529	\$ 13,279	\$ 25,090	\$ 16,170
Change in non-cash working capital	616	(6,666)	11,402	10,685
Less: interest expense ⁽¹⁾	(12,065)	(11,043)	(46,304)	(37,726)
Less: change in non-controlling interest liability	(107)	(160)	(316)	(504)
Plus: income (loss) from joint ventures	(2,343)	5,345	(34,729)	(6,799)
Plus: interest paid	13,564	10,553	49,712	39,411
Less: interest received	(565)	(232)	(1,056)	(694)
Plus: transaction costs for business combination	—	1,638	170	5,898
Plus: non-cash portion of non-controlling interest expense	(103)	1	(332)	(16)
Plus: adjustments for equity accounted entities	3,281	(3,177)	41,185	14,387
Plus: deferred share incentive plan compensation	547	849	1,066	2,653
Plus: income support and development lease payments received	—	47	63	283
Plus: write-off of deferred financing costs from refinancing	—	—	67	82
Less: capital maintenance reserve	(832)	(831)	(3,325)	(2,607)
Adjusted funds from operations	\$ 9,522	\$ 9,603	\$ 42,693	\$ 41,223
Interest expense on convertible units ⁽³⁾	2,452	2,275	9,686	6,804
Total diluted adjusted funds from operations	\$ 11,974	\$ 11,878	\$ 52,379	\$ 48,027
Weighted average number of shares, including fully vested deferred shares: Basic	56,034,723	54,606,897	55,699,307	53,989,904
Weighted average shares issued if all convertible unites were converted ⁽⁴⁾	26,490,440	24,559,698	26,118,595	19,869,931
Weighted average number of shares: Diluted	82,525,163	79,166,595	81,817,902	73,859,835
Adjusted funds from operations per share	\$ 0.17	\$ 0.18	\$ 0.77	\$ 0.76
Diluted adjusted funds from operations per share	\$ 0.15	\$ 0.15	\$ 0.64	\$ 0.65
Dividends declared	—	10,046	10,120	39,764
Payout ratio ⁽²⁾	— %	105 %	24 %	96 %
Effective payout ratio ⁽²⁾	— %	85 %	17 %	78 %

(1) Includes interest expense on the credit facilities, mortgages payable, convertible debentures, interest rate swaps, write off of deferred financing costs from refinancing and interest income earned on notes receivable included in finance costs.

(2) Payout ratio is calculated by dividing the common share dividends declared by AFFO. Effective payout ratio is calculated by dividing common share dividends payable in cash, as adjusted for Dividend Reinvestment Plan ("DRIP") participation, by AFFO.

(3) Interest on convertible units include 2016 Convertible Debentures, 2018 Convertible Debentures, Commonwealth preferred interest, and Exchangeable Units.

(4) Convertible units include 2016 Convertible Debentures, 2018 Convertible Debentures, Preferred Shares, Commonwealth preferred interest, and Exchangeable Units.

The Company deducts a capital maintenance reserve in its calculation of AFFO based on estimated quarterly expenditures related to sustaining and maintaining existing space. Expenditures that are related to new development or revenue enhancing renovations are excluded from this calculation. In collaboration with our operating partners, the Company has implemented a plan to defer all non-essential capital expenditures through 2021. The 2020 cash savings from these deferrals was approximately \$3,086.

Cash Dividends

	Three months ended December 31,		Year ended December 31,	
	2020	2019	2020	2019
Cash flows provided by operating activities	\$ 7,529	\$ 13,279	\$ 25,090	\$ 16,170
Net income (loss)	(36,315)	6,684	(184,004)	(5,359)
Total dividends declared	—	10,046	10,120	39,764
Excess (shortfall) of cash provided by operating activities over total dividends	7,529	3,233	14,970	(23,594)
Shortfall of net income over total dividends	(36,315)	(3,362)	(194,124)	(45,123)

The Company announced on April 10, 2020 that it has suspended the dividend for all common shares beginning from April 1, 2020 until further notice. The suspension was announced in response to the COVID-19 pandemic in an effort to further enhance its liquidity position as it evaluates the impact of the pandemic. Total dividends for the twelve months ended December 31, 2020 exceeded net income primarily due to non-cash items, including fair value. Of the \$10,120 dividends declared in the twelve months ended December 31, 2020, \$2,868 was satisfied in the form of shares issued through the Dividend Reinvestment Plan ("DRIP").

Operational Measures

The Company reports on certain metrics related to the underlying operations in its stabilized income properties. The Company has defined stabilized income properties as follows:

Long-term care facilities and transitional care properties - stabilized upon the earlier of 80% occupancy at the underlying operating level for two consecutive quarters and 24 months after opening.

Assisted living facilities - stabilized upon the earlier of 90% occupancy for two consecutive quarters and 36 months after opening.

Medical office buildings - stabilized upon the earlier of 90% occupancy, measured in physical occupancy of greater than 90% of the rentable square footage in the building, for two consecutive quarters and 36 months after opening.

Properties meeting the above criteria are generally considered stabilized. A property may be considered unstabilized if:

1. It is a new development that is not yet complete,
2. It is not yet stabilized and is within 12 months of the above criteria,
3. It is newly acquired within the last 12 months,
4. It is undergoing a major renovation or has within the last 12 months,
5. An operator transition has occurred or a binding agreement to transfer operations has been signed within the last 12 months,
6. It is held for sale and/or slated for closure,
7. A significant tenant or the licensed operator or management company has filed for bankruptcy, which is either ongoing or has been resolved within the last 12 months,
8. It has experienced significant incident of casualty materially disrupting the operations / financial performance, or
9. It has experienced a change in reporting structure, such as an alteration from triple-net lease to RIDEA reporting structure

The Company believes relevant metrics for evaluating the performance of the underlying operations in stable, triple-net leased assets include operator lease coverage and occupancy. The Company's operator performance metrics are calculated utilizing data that is one quarter in arrears (i.e. as of and through September 30, 2020 for this reporting period), and, where master leases are in place for portfolios of multiple asset types, using allocated rents pursuant to consistent methodologies.

All third party operator data is made available solely from information as provided by the operators and has not been independently verified by the Company.

NOI by Operating Segment

The table below is presented at the Company's proportionate share and displays trailing three and twelve month same store net operating income ("NOI") to the Company from its senior housing operating properties ("SHOP"), triple-net lease and medical office building portfolios for the period ended December 31, 2020 and 2019.

	Three months ended December 31, 2020		Three months ended December 31, 2019	
	NOI	% of Total	NOI	% of Total
SHOP	\$ 2,035	10.8 %	\$ 3,330	17.5 %
NNN ⁽¹⁾	15,172	80.3 %	13,765	72.2 %
MOB	1,677	8.9 %	1,969	10.3 %
	\$ 18,884	100.0 %	\$ 19,064	100.0 %

(1) Represents contractual rent for the respective time period

	Twelve months ended December 31, 2020		Twelve months ended December 31, 2019	
	NOI	% of Total	NOI	% of Total
SHOP	\$ 10,293	13.0 %	\$ 13,192	16.9 %
NNN ⁽¹⁾	63,291	80.2 %	57,197	73.2 %
MOB	5,344	6.8 %	7,699	9.9 %
	\$ 78,928	100.0 %	\$ 78,088	100.0 %

(1) Represents contractual rent for the respective time period

Triple-Net Lease Portfolio

The Company's triple-net lease portfolio consists of 53 consolidated seniors housing and care properties and 4 seniors housing and care properties held in joint arrangements which are leased to operators on a long-term, triple-net basis. Under a triple-net lease structure, the tenant operators assume the operational risks and expenses associated with operating the facility. The Company's triple-net leased portfolio has an average lease term to maturity, excluding renewal options, of 12.5 years.

Approximately 91% of the Company's forward 12 month rent from unaffiliated tenants in the triple-net lease portfolio is currently subject to a master-lease or is subject to a lease where the Company has the right to consolidate multiple leases into a single master-lease.

Operator Lease Coverage

Operator lease coverage is a measure of a tenant's ability to meet their cash rent and other obligations during its normal course of business. The Company believes that both NOI and EBITDARM (as defined below) provide insight to the core operations at the facility level. Metrics in the table below are for the trailing 12 month ("TTM") period for all stabilized triple-net assets. The stabilized triple-net lease portfolio through September 30, 2020 includes 42 properties.

For purposes of the TTM calculations, the Company has included only the period for which the stabilized properties have been owned by the Company and, therefore, the TTM metrics shown may include less than 12 months in the calculations. The metrics presented below represent all stabilized income properties, which includes assisted living, independent living, long-term care, and transitional care properties.

Operator EBITDAR (earnings before interest, income taxes, depreciation, amortization, and rent) lease coverage is calculated by dividing the TTM EBITDAR generated by the respective properties by the corresponding cash rent due over the same period.

Operator EBITDARM (earnings before interest, income taxes, depreciation, amortization, rent, and management fees) lease coverage is also used by the Company. Together with operator EBITDAR lease coverage, operator EBITDARM lease coverage allows the Company to evaluate operations at each property by eliminating management fees, which can vary based on the operator/tenant and its negotiated structure with the Company. The Company believes EBITDARM is valuable because it isolates operational performance to the results of the direct operations within the facility.

Through certain of its leases with operators, the Company has the ability to claw back the management fees that the operator is able to pay. This provision in the leases is enforceable when certain performance metrics are not met, as defined

within the lease agreements. This mechanism further enhances the Company's position relative to the performance and risk mitigation within the portfolio. The impact of such, where applicable, are included.

	Twelve months ended September 30, 2020 including COVID-19 impact	Twelve months ended September 30, 2020 excluding COVID-19 impact	Twelve months ended September 30, 2019
Operator EBITDAR Lease Coverage	1.2x	1.0x	1.2x
Operator EBITDARM Lease Coverage	1.6x	1.3x	1.4x
Occupancy	78.8 %	78.8 %	85.2 %

The table below displays the Company's top five triple-net lease operators by pro rata contractual TTM rent for the period ended September 30, 2020 and 2019.

	Contractual Rent, twelve months ended September 30, 2020	% of Total Contractual Rent	Contractual Rent, twelve months ended September 30, 2019 ⁽¹⁾	% of Total Contractual Rent
Symphony Post Acute	30,655	45.9 %	30,101	43.6 %
Bridgemoor Transitional Care	5,607	8.4 %	7,135	10.3 %
Constant Care	4,441	6.7 %	2,069	3.0 %
Providence Senior Living	4,256	6.4 %	5,642	8.2 %
Hillcrest Senior Living	3,713	5.6 %	3,170	4.6 %
Other	18,094	27.0 %	20,904	30.3 %
Total	66,766	100.0 %	69,021	100.0 %

(1) Excludes former Greenfield NNN properties

Seniors Housing Operating Properties ("SHOP")

The Company's SHOP portfolio consists of 31 consolidated properties in which the Company wholly owns both the operations and the real estate of each community. The SHOP portfolio also includes 18 properties the Company owns an interest in both the operations and real estate through joint arrangements and where management services are provided to each community by a third-party management company.

Given the ownership structure of the Company's SHOP portfolio, the Company receives financial results from SHOP operators more timely, and is able to highlight more recent trends. The following tables summarizes same store stabilized SHOP metrics for the three and twelve months ended December 31, 2020 and 2019:

	Three months ended December 31, 2020 including COVID-19 impact	Three months ended December 31, 2020 excluding COVID-19 impact	Three months ended December 31, 2019
NOI	\$ 7,148	\$ 6,760	\$ 7,353
NOI margin	28.3 %	27.8 %	28.3 %
Occupancy	79.3 %	79.3 %	87.6 %
Revenue per occupied room (in whole U.S. dollars)	\$ 4,903	\$ 4,903	\$ 4,781

	Twelve months ended December 31, 2020 including COVID-19 impact	Twelve months ended December 31, 2020 excluding COVID-19 impact	Twelve months ended December 31, 2019
NOI	\$ 30,448	\$ 29,435	\$ 29,668
NOI margin	29.7 %	29.6 %	28.9 %
Occupancy	82.7 %	82.7 %	87.2 %
Revenue per occupied room (in whole U.S. dollars)	\$ 4,794	\$ 4,794	\$ 4,777

The tables above include all stabilized SHOP assets that were owned at the respective reporting periods. For the Commonwealth assets purchased on August 1, 2019, we have included an average of August through December 2019 as a proxy for months prior to August in order to provide full comparative figures. Also included in the above metrics are the operating results of stabilized assets that were previously owned as triple-net leased assets, but have since been transitioned to owner operated communities.

The table below displays the Company's same store stabilized SHOP portfolio proportionate share contribution to NOI by operator for the three months ended December 31, 2020 and 2019.

	Three months ended December 31, 2020		Three months ended December 31, 2019	
	SS Stable NOI	% of Total	SS Stable NOI	% of Total
Commonwealth Senior Living	\$ 4,534	67.1 %	\$ 4,242	57.7 %
Heritage Senior Living	1,124	16.6 %	1,960	26.7 %
Autumnwood Senior Living	479	7.1 %	502	6.8 %
Phoenix Senior Living	309	4.6 %	326	4.4 %
Calamar	314	4.6 %	323	4.4 %
	\$ 6,760	100.0 %	\$ 7,353	100.0 %

Medical Office Building Portfolio

The Company's medical office building portfolio consists of 15 multi-tenant medical office buildings in which the Company has full ownership of the property. The Company's stabilized medical office building portfolio consists of 11 properties through December 31, 2020 in the United States and Canada. The Company's stabilized medical office building portfolio has an average lease term to maturity, excluding renewal options, of 2.4 years.

The Company utilizes occupancy as a percentage of gross leasable area in addition to other financial metrics when evaluating performance in its medical office building portfolio. The following table displays the occupancy of and NOI from the Company's medical office building portfolio for the three months ended December 31, 2020 and December 31, 2019.

	Three months ended December 31, 2020		Three months ended December 31, 2019	
Occupancy		81.1 %		91.2 %
NOI	\$ 1,511		\$ 1,802	

The decrease in the occupancy for the current period as compared to prior year period is due to known lease expirations that have not been filled due to the slowing of leasing activity during to pandemic.

The following table discloses the leases expiring by year for the Company's medical office building portfolio.

Expiration Year	Expiring Leases	Expiring Lease GLA	% of Total GLA
2021	37	58,807	12.8%
2022	54	100,572	21.9%
2023	27	83,660	18.2%
2024	14	34,832	7.6%
2025	11	11,732	2.6%
Thereafter	12	32,149	7.0%
MTM	24	48,692	10.5%
Vacant	—	89,626	19.4%
Total	179	460,070	100.0%

Consolidated Financial Statements
(Expressed in U.S. dollars)

INVESQUE INC.

Years ended December 31, 2020 and 2019



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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Invesque Inc.,

Opinion

We have audited the consolidated financial statements of Invesque Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2020 and December 31, 2019
- the consolidated statements of income (loss) and comprehensive income (loss) for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2020 and December 31, 2019 in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditors' report.

Evaluation of liquidity assessment

Description of the matter

We draw attention to Note 1(a) and 1(g) of the financial statements. While there are uncertainties in assessing future liquidity requirements under normal operating conditions, the stressed conditions caused by COVID-19 have introduced increased uncertainties. The pandemic has had an impact on results and operations of the Entity, including decreased occupancy, delays in collections from tenants, and increased operating expenses. The Entity expects that the pandemic could continue to have a negative effect on its results of operations, financial position and cash flows, particularly if negative economic and public health conditions in the United States and Canada persist for a significant period of time.

The Entity believes that it has sufficient available liquidity to meet its minimum obligations as they come due and to comply with financial covenants in its credit facilities, as amended, for a period of at least 12 months from December 31, 2020. Further, the Entity has assessed that there are no material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern. In making this significant judgment, the Entity has prepared a cash flow forecast with the most significant assumptions in the preparation of such forecast being the ability of its most significant tenant to meet its projected rental obligations to the Entity and the continued availability of financing.

Why the matter is a key audit matter

We identified the evaluation of liquidity assessment as a key audit matter. This evaluation required significant auditor judgment in assessing the Entity's cash flow forecast due to the degree of uncertainty in the most significant assumptions resulting from the impact of COVID-19.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We compared the projected rental obligations of the Entity's most significant tenant included in the cashflow forecast to recent payment history and assessed the sensitivity of possible changes in the assumption on the cash flow forecast.

We evaluated the continued availability of financing by:

- Considering the ratio of forecasted mortgage financing to forecasted fair value of the underlying properties for a selection of mortgages based on our understanding of the underlying properties and the industry.
- Analyzing the Entity's forecasted compliance with significant financial covenants contained in loan agreements using information contained in the cash flow forecast and the terms of the loan agreements.

We evaluated the impact of changes in the projected rental obligations of Entity's major tenant and continued availability of financing on management's conclusion that there are no material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

We also assessed the disclosures related to the Entity's significant judgment about whether there are material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

Evaluation of the fair value of investment properties in use

Description of the matter

We draw attention to Notes 1(f)(i), 2(b), and 6 of the financial statements. Investment properties consist of investment properties in use and investment properties under development. The Entity uses the fair value model to account for investment properties in use. The fair value of investment properties in use is \$863,658 thousand. Significant assumptions used when determining the fair value of investment properties in use include capitalization rates and stabilized future cash flows for each property.

Why the matter is a key audit matter

We identified the evaluation of the fair value of investment properties in use as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of investment properties in use and the high degree of estimation uncertainty in determining the fair value of investment properties in use. Additionally, significant auditor judgment and involvement of those with specialized skills and knowledge were required in evaluating the results of our audit procedures due to the sensitivity of the fair value of investment properties in use to minor changes in significant assumptions.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

For a selection of investment properties in use, we compared stabilized future cash flows to the actual historical cash flows for each investment property. We took into account the changes in conditions and events affecting the investment properties in use to assess the adjustments, or lack of adjustments, made by the Entity in arriving at those stabilized future cash flows.



For a selection of investment properties in use, we involved valuations professionals with specialized skills and knowledge, who assisted in evaluating capitalization rates. These rates were evaluated by comparing them to published reports of real estate industry commentators taking into consideration the features of the specific investment property.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management’s Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditors’ report thereon, included in a document likely to be entitled “2020 Annual Report.”

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management’s Discussion and Analysis filed with the relevant Canadian Securities Commissions as of the date of the auditors’ report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors’ report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditors’ report thereon, included in a document likely to be entitled “2020 Annual Report” is expected to be made available to us after the date of this auditors’ report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’s financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditors' report is Thomas Rothfischer.

Toronto, Canada
March 11, 2021

INVESQUE INC.

Consolidated Statements of Financial Position
(Expressed in thousands of U.S. dollars)

	December 31, 2020	December 31, 2019 (Adjusted - note 3)
Assets		
Current assets:		
Cash	\$ 34,133	\$ 11,838
Tenant and other receivables	14,934	6,937
Property tax receivables	12,754	11,020
Loans receivable (note 4)	1,799	4,249
Assets held for sale (note 7)	2,144	12,201
Other (note 5)	9,069	6,184
	<u>74,833</u>	<u>52,429</u>
Non-current assets:		
Loans receivable (note 4)	16,904	37,405
Derivative instruments (note 11)	4,814	64
Investment in joint ventures (note 8)	65,258	107,994
Investment properties (note 6)	882,019	969,634
Property, plant and equipment, net (note 7)	451,825	459,942
Other non-current assets (note 5)	2,771	3,270
	<u>1,423,591</u>	<u>1,578,309</u>
Total assets	\$ 1,498,424	\$ 1,630,738
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 17,715	\$ 18,885
Accrued real estate taxes	14,518	13,066
Dividends payable	—	3,354
Credit facilities (note 9)	10,000	14,569
Mortgages payable (note 10)	30,622	43,024
Derivative instruments (note 11)	491	—
Other current liabilities (note 14)	4,975	3,015
	<u>78,321</u>	<u>95,913</u>
Non-current liabilities:		
Credit facilities (note 9)	650,596	632,390
Mortgages payable (note 10)	268,842	232,443
Convertible debentures (note 12)	92,411	91,049
Commonwealth preferred unit liability (note 13)	65,797	63,654
Derivative instruments (note 11)	28,478	7,966
Deferred tax liability (note 24)	—	6,944
Other non-current liabilities (note 14)	16,241	16,736
Non-controlling interest liability	4,409	3,499
	<u>1,126,774</u>	<u>1,054,681</u>
Total liabilities	1,205,095	1,150,594
Shareholders' equity:		
Common share capital (note 16)	509,203	504,561
Equity settled deferred shares	2,328	733
Preferred share capital (note 16)	85,389	85,389
Contributed surplus	400	400
Equity component of convertible instruments	3,764	3,764
Cumulative deficit	(309,032)	(114,908)
Accumulated other comprehensive income	1,277	205
Total shareholders' equity	293,329	480,144
Commitments and contingencies (notes 7 and 25)		
Subsequent events (note 9)		
Total liabilities and shareholders' equity	\$ 1,498,424	\$ 1,630,738

See accompanying notes to consolidated financial statements.

INVESQUE INC.

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in thousands of U.S. dollars, except per share amounts)

	Year ended December 31, 2020		Year ended December 31, 2019	
Revenue:				
Rental (note 18)	\$	90,112	\$	103,198
Resident rental and related revenue (note 18)		120,407		38,467
Lease revenue from joint ventures (note 8)		3,118		3,024
Other revenue		3,750		3,718
		217,387		148,407
Other income (note 1)		3,415		—
Expenses (income):				
Direct property operating expenses (note 19)		95,505		33,533
Depreciation and amortization expense		48,569		14,440
Finance costs from operations (note 20)		49,801		41,633
Real estate tax expense		13,488		15,844
General and administrative expenses (note 21)		20,539		18,092
Transaction costs for business combination		170		5,898
Diligence costs for transactions not pursued		—		633
Allowance for credit losses on loans and interest receivable (note 20)		23,546		1,003
Change in non-controlling interest liability (note 20)		316		504
Change in fair value of investment properties - IFRIC 21		(57)		29
Change in fair value of investment properties (note 6)		100,388		6,046
Change in fair value of financial instruments (note 20)		19,084		9,379
Change in fair value of contingent consideration (note 20)		5,510		—
Loss on sale of property, plant and equipment (note 7)		162		—
		377,021		147,034
Loss from joint ventures (note 8)		(34,729)		(6,799)
Loss before income taxes		(190,948)		(5,426)
Income tax recovery:				
Deferred (note 24)		6,944		67
Net loss	\$	(184,004)	\$	(5,359)
Other comprehensive income :				
Items to be reclassified to net income in subsequent periods				
Unrealized gain on translation of foreign operations		1,072		3,294
Total comprehensive loss	\$	(182,932)	\$	(2,065)
Loss per share (note 17):				
Basic and diluted	\$	(3.30)	\$	(0.10)

See accompanying notes to consolidated financial statements.

INVESQUE INC.

Consolidated Statements of Changes in Shareholders' Equity
(Expressed in thousands of U.S. dollars)
Years ended December 31, 2020 and 2019

	Common share capital	Equity settled deferred shares	Preferred share capital	Contributed surplus	Equity component of convertible instruments	Cumulative deficit	Accumulated other comprehensive income (loss)	Total
Balance, January 1, 2020	\$ 504,561	\$ 733	\$ 85,389	\$ 400	\$ 3,764	\$ (114,908)	\$ 205	\$ 480,144
Net loss	—	—	—	—	—	(184,004)	—	(184,004)
Other comprehensive loss	—	—	—	—	—	—	1,072	1,072
Common shares issued, net of issuance costs (note 16)	1,078	—	—	—	—	—	—	1,078
Common shares issued under the Company's dividend reinvestment plan (note 16)	3,498	—	—	—	—	—	—	3,498
Dividends declared on common shares	—	—	—	—	—	(10,120)	—	(10,120)
Common shares purchased under NCIB (note 16)	(148)	—	—	—	—	—	—	(148)
Amortization of equity settled deferred shares (note 22)	—	1,809	—	—	—	—	—	1,809
Common shares issued for equity settled deferred share (note 16 and 22)	214	(214)	—	—	—	—	—	—
Balance, December 31, 2020	\$ 509,203	\$ 2,328	\$ 85,389	\$ 400	\$ 3,764	\$ (309,032)	\$ 1,277	\$ 293,329
Balance, January 1, 2019	\$ 493,165	\$ —	\$ 71,106	\$ 400	\$ 1,671	\$ (69,785)	\$ (3,089)	\$ 493,468
Net income	—	—	—	—	—	(5,359)	—	(5,359)
Other comprehensive income	—	—	—	—	—	—	3,294	3,294
Common shares issued, net of issuance costs (note 16)	4,878	—	—	—	—	—	—	4,878
Preferred shares issued, net of issuance costs (note 16)	—	—	14,283	—	—	—	—	14,283
Equity component of Commonwealth preferred units	—	—	—	—	2,093	—	—	2,093
Common shares issued under the Company's dividend reinvestment plan	7,023	—	—	—	—	—	—	7,023
Dividends declared on common shares	—	—	—	—	—	(39,764)	—	(39,764)
Common Shares purchased under NCIB (note 16)	(530)	—	—	—	—	—	—	(530)
Amortization of equity settled deferred shares (note 22)	—	733	—	—	—	—	—	733
Common shares issued through conversion of convertible debentures (note 16)	25	—	—	—	—	—	—	25
Balance, December 31, 2019	\$ 504,561	\$ 733	\$ 85,389	\$ 400	\$ 3,764	\$ (114,908)	\$ 205	\$ 480,144

See accompanying notes to consolidated financial statements.

INVESQUE INC.

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in thousands of U.S. dollars)

Years ended December 31, 2020 and 2019

	Year ended December 31, 2020	Year ended December 31, 2019
		(Adjusted - note 3)
Cash flows from operating activities:		
Net loss	\$ (184,004)	\$ (5,359)
Items not involving cash:		
Fair value adjustment of investment properties (note 6)	100,388	6,046
Fair value adjustment of financial instruments (note 20)	19,084	9,379
Depreciation and amortization expense (note 7)	48,569	14,440
Allowance for credit losses on loans and interest receivable (note 20)	23,546	1,003
Straight-line rent (note 18)	(6,394)	(8,964)
Amortization of tenant inducements (note 18)	385	158
Finance costs from operations (note 20)	49,801	41,633
Change in non-controlling interest liability (note 20)	316	504
Change in fair value of contingent consideration (note 7)	5,510	—
Loss on sale of property, plant and equipment (note 7)	162	—
Loss from joint ventures (note 8)	34,729	6,799
Deferred income tax (note 24)	(6,944)	(67)
Interest paid	(49,712)	(39,411)
Interest income received	1,056	694
Change in non-cash operating working capital:		
Tenant and other receivables	(12,344)	(16,066)
Accounts payable and accrued liabilities	(835)	268
Unearned revenue	1,257	(227)
Other assets	(2,150)	702
Other liabilities	1,308	3,390
Accrued real estate taxes	1,362	1,248
Net cash provided by operating activities	\$ 25,090	\$ 16,170
Cash flows from financing activities:		
Proceeds from credit facilities (note 15)	\$ 33,000	\$ 370,350
Payments on credit facilities (note 15)	(21,250)	(63,990)
Debt issuance costs paid (note 15)	(1,599)	(3,206)
Proceeds from mortgages payable (note 15)	16,682	39,489
Payments of mortgages payable (note 15)	(22,487)	(45,594)
Proceeds from settlement of interest rate swap	—	104
Dividends paid to common shareholders	(9,976)	(32,509)
Payment for repurchase of common shares	(148)	(530)
Proceeds from issuance of preferred share capital	—	14,550
Cash provided by (used in) financing activities	\$ (5,778)	\$ 278,664
Cash flows from investing activities:		
Additions to investment properties	\$ (8,390)	\$ (93,002)
Dispositions of investment properties	—	9,887
Additions to property, plant and equipment	(11,269)	(235,433)
Dispositions of property, plant and equipment	15,563	—
Acquisition of interest in joint venture (note 7)	(476)	—
Disposition of interest in joint venture	1,447	—
Cash balance acquired in business combination (note 7)	2,081	—
Distributions from joint ventures	3,803	5,897
Contributions to joint ventures	(1,855)	(14,391)
Distributions to non-controlling interest partners	(534)	(152)
Proceeds from income support agreement	63	283
Payments to previous owner of Care	—	(9,676)
Issuance of loans receivable	—	(1,222)
Repayment of loans receivable	4,105	4,835
Proceeds from sale of interest in assets to joint venture partner	—	23,000
Earnout payment pursuant to Commonwealth purchase agreement	(1,555)	—
Cash provided by (used in) investing activities	\$ 2,983	\$ (309,974)
Increase (decrease) in cash and cash equivalents	22,295	(15,140)
Cash and cash equivalents, beginning of period	11,838	26,978
Cash and cash equivalents, end of period	\$ 34,133	\$ 11,838

See accompanying notes to consolidated financial statements.

INVESQUE INC.

Notes to Consolidated Financial Statements

(Expressed in thousands of U.S. dollars unless otherwise noted, except share and per share amounts)

Years ended December 31, 2020 and 2019

Invesque Inc. (the "Company") was incorporated on May 31, 2007 under the Business Corporations Act (Ontario). Effective April 4, 2016, the Company changed its name from "Kingsway Arms Retirement Residences Inc." to "Mainstreet Health Investments Inc." and continued under the laws of the Province of British Columbia. Effective January 3, 2018, the Company changed its name from "Mainstreet Health Investments Inc." to "Invesque Inc.". The Company's registered office is 2500 - 700 W Georgia Street, Vancouver, British Columbia V7Y 1B3.

The Company currently owns a portfolio of North American income generating properties across the health care spectrum. The Company'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 operating partners. The Company'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.

At December 31, 2020, the Company owns interests in a portfolio of 122 health care and senior living properties comprised of 69 consolidated investment properties, 36 consolidated owner occupied properties, interests in 16 properties held through joint arrangements, and one property held for sale.

1. Basis of preparation:

(a) Liquidity Assessment

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. In an attempt 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. These trends are likely to continue into 2021 and potentially beyond.

The pandemic has had an impact on results and operations of the Company, including decreased occupancy, delays in collections from tenants, and increased operating expenses. The Company announced on April 10, 2020 that it suspended the dividend for all common shares beginning from April 1, 2020 until further notice.

The Company expects that the pandemic could continue to have a negative effect on its results of operations, financial position and 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 future developments, which are highly uncertain and cannot be predicted with confidence. This includes, 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 the Company's communities, the volume of COVID-19 patients cared for across the portfolio, 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. For the year ended December 31, 2020, the Company recognized \$3,415 of other income related to government grants funded through programs designed to assist seniors housing operators who have experienced both lost revenue and increased expenses during the COVID-19 pandemic. For the year ended December 31, 2020, the Company recognized \$1,294 of income from joint ventures related to the Company's share of government grants recognized at the joint venture properties for COVID-19 pandemic relief.

Liquidity risk is the risk that an entity is unable to fund its assets or meet its obligations as they come due. Liquidity risk is managed in part through cash forecasting (note 1(f) and note 28). While there are uncertainties in assessing future liquidity requirements under normal operating conditions, the stressed conditions caused by COVID-19 have introduced increased uncertainties. The Company monitors forecasts of liquidity requirements to ensure it has the ability to meet operational needs by maintaining sufficient availability of the combination of cash and credit facility capacity, and to ensure the Company will meet its financial covenants related to debt agreements. Such forecasting

INVESQUE INC.

Notes to Consolidated Financial Statements

(Expressed in thousands of U.S. dollars unless otherwise noted, except share and per share amounts)

Years ended December 31, 2020 and 2019

involves a significant degree of judgment which takes into consideration current and projected macroeconomic conditions, the Company's cash collection efforts, debt financing and refinancing plans, and covenant compliance required under the terms of debt agreements. There is a risk that such liquidity forecasts may not be achieved and that currently available debt financing may no longer be available to the Company at terms and conditions that are favorable, or at all.

As a result of the events and conditions associated with COVID-19, the Company has amended certain terms of various financing arrangements having conducted an assessment of its liquidity. The Company believes that it has sufficient available liquidity to meet its minimum obligations as they come due and to comply with financial covenants in its credit facilities, as amended, for a period of at least 12 months from December 31, 2020. Further, the Company has assessed that there are no material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. In making this significant judgment, the Company has prepared a cash flow forecast with the most significant assumptions in the preparation of such forecast being the ability of its most significant tenant, Symcare, to meet its projected rental obligations to the Company and the continued availability of financing.

In response to a severe downside scenario, management has the ability to take the following mitigating actions to reduce costs, optimize the Company's cash flow and preserve liquidity:

- (i) utilizing available cash to pay down debts,
- (ii) sell certain properties and use the proceeds to buy down debt,
- (iii) exercise the Company's right to convert its convertible debentures into common shares,
- (iv) satisfying the \$10,000 Magnetar Facility (defined below) through the issuance of common shares,
- (v) reducing non-essential capital expenditures.

(b) Statement of compliance:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved by the Board of Directors of the Company and authorized for issuance on March 11, 2021.

(c) Basis of measurement:

These consolidated financial statements have been prepared on a historical cost basis, except for investment properties, derivative financial instruments, deferred shares and loan commitment liability, which are measured at fair value through profit and loss ("FVTPL").

(d) Principles of consolidation:

(i) Transactions eliminated on consolidation:

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of December 31, 2020, including Invesque International Holdings Inc., Invesque US Holdings Inc., Invesque Holdings, LP, Foxhound Holdings, LLC and project specific limited partnerships. All intercompany transactions and balances are eliminated on consolidation.

(ii) Joint arrangements:

A joint venture is a joint arrangement, whereby the parties that have joint control of the arrangement have

INVESQUE INC.

Notes to Consolidated Financial Statements

(Expressed in thousands of U.S. dollars unless otherwise noted, except share and per share amounts)

Years ended December 31, 2020 and 2019

rights to the net assets of the arrangement.

A joint operation is a joint arrangement, whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

These consolidated financial statements include the Company's proportionate share of each of the assets, liabilities, revenue and expenses of joint operations on a line-by-line basis. Joint ventures are included in the Company's consolidated financial statements as investments using the equity method, whereby the investment is initially recognized at cost and adjusted thereafter for the post-acquisition change in the net assets. The Company's share of joint venture profit or loss is included in the consolidated statements of income (loss) and comprehensive income (loss).

(e) Functional and presentation currency:

The consolidated financial statements are presented in U.S. dollars, which is the functional and presentational currency of the Company.

Assets and liabilities of operations having a functional currency other than the U.S. dollar are translated at the rate of exchange at the consolidated statement of financial position dates. Revenue and expenses are translated at average rates for the year, unless exchange rates fluctuated significantly during the year, in which case the exchange rates at the dates of the transaction are used. Gains or losses on translating a foreign operation are included in other comprehensive income ("OCI") as a component of equity.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. Foreign currency denominated monetary assets and liabilities are translated using the prevailing rate of exchange at the consolidated statement of financial position dates. Gains and losses on translation of monetary items are recognized as general and administrative expenses in the consolidated statements of income (loss) and comprehensive income (loss).

(f) Use of estimation and uncertainty:

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending December 31, 2020 are as follows:

(i) Investment properties:

The significant assumptions used when determining the fair value of investment properties in use are capitalization rates and stabilized future cash flows. The capitalization rate applied is reflective of the characteristics, location and market of each investment property. The stabilized future cash flows of each investment property are based upon rental income from current leases and assumptions about market rent from future leases reflecting current conditions, less future cash outflows relating to such current and future leases.

Management determines fair value internally utilizing internal financial information, external market data and capitalization rates provided by independent industry experts. As part of Management's internal valuation program, the Company also considers external valuations performed by independent national real estate valuation firms for a cross-section of properties that represent different geographical locations across the Company's portfolio and updates, as deemed necessary, the valuation models to reflect current market data.

INVESQUE INC.

Notes to Consolidated Financial Statements

(Expressed in thousands of U.S. dollars unless otherwise noted, except share and per share amounts)

Years ended December 31, 2020 and 2019

(ii) Accounting for convertible debentures:

On issuance, management estimates the allocation of the debt and equity components of convertible debentures. The liability allocation is based upon the fair value of a similar liability that does not have an equity conversion option and the residual is allocated to the equity component.

(iii) Accounting for Commonwealth preferred unit liability:

Management estimates the allocation of the debt and equity components of Commonwealth preferred unit liability. The liability allocation is based upon the fair value of a similar liability that does not have an equity conversion option and the residual is allocated to the equity component.

(iv) Loans receivable:

In determining the amount of expected credit losses, the entity's significant assumptions include the assessment of probability of default and loss given default. The determination takes into account different factors and varies by nature of investment.

The Company considers reasonable and supportable information that is relevant and available without undue cost or effort. Management considers past events, current market conditions and reasonable forward-looking supportable information about future economic conditions. In assessing information about possible future economic conditions, management utilized multiple economic scenarios including a base case, which represents the most probable outcome and is consistent with management's view of the financial asset. In considering the lifetime of a loan, the contractual period of the loan, including prepayment, extension and other options is generally used.

The estimation of expected credit losses also includes assumptions about local real estate market conditions, availability and terms of financing, underlying value of the security and various other factors. These assumptions are limited by the availability of reliable comparable market data, economic uncertainty and the uncertainty of future events.

(v) Impairment of property, plant and equipment:

The Company makes a determination at each reporting date if any events have occurred that would indicate property, plant and equipment may be impaired. If impairment indicators exist, management estimates the assets' recoverable amount in order to determine whether an impairment loss should be recognized.

(vi) Other:

Estimates are also made in the determination of the fair value of financial instruments and include assumptions and estimates regarding future interest rates, the relative creditworthiness of the Company to its counterparties, the credit risk of the Company's counterparties, the estimated future cash flows and discount rates.

(g) Critical judgments:

Judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

(i) Accounting for leases as lessor:

The Company uses judgment regarding the present value of lease payments, the fair value of assets and the determination of the lease term in assessing the classification of its leases as operating leases, in particular

INVESQUE INC.

Notes to Consolidated Financial Statements

(Expressed in thousands of U.S. dollars unless otherwise noted, except share and per share amounts)

Years ended December 31, 2020 and 2019

with long-term leases in single operator properties. The Company has determined that all of its leases are operating leases.

(ii) Accounting for acquisitions:

Management must assess whether an acquisition should be accounted for as an asset purchase or business combination. This assessment impacts the accounting treatment of transaction costs, the allocation of the costs associated with the acquisition and whether or not goodwill should be recognized.

(iii) Componentization of property, plant and equipment:

The Company uses judgment regarding the value allocated to various components of property, plant and equipment upon acquisition.

(iv) Loans receivable:

The Company uses significant judgment in the evaluation of changes in credit risk to determine the staging of the loans receivable. These judgments include changes in circumstances that may cause future assessments of credit risk to be materially different from current assessments, which would require an increase or decrease in the allowance for ECLs.

(v) Liquidity:

Assessing whether events or conditions represent the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern, including the estimation of future cash flows

INVESQUE INC.

Notes to Consolidated Financial Statements

(Expressed in thousands of U.S. dollars unless otherwise noted, except share and per share amounts)

Years ended December 31, 2020 and 2019

2. Significant accounting policies:

(a) Cash and cash equivalents:

Cash and cash equivalents consists of cash on hand and highly liquid marketable investments with an original maturity of 90 days or less at their date of purchase and are stated at cost, which approximates fair value. As at December 31, 2020 and 2019, there were no cash equivalents.

(b) Investment properties:

Investment properties consist of investment properties in use and investment properties under development. Investment properties are held to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business. On acquisition, investment properties are initially recorded at cost, including transaction costs. Subsequent to initial recognition, the Company uses the fair value model to account for investment properties under International Accounting Standard ("IAS") 40, Investment Property. Under the fair value model, investment properties are recorded at fair value, which is determined based on available market evidence, at the statement of financial position date. Related fair value gains and losses are recorded in income and comprehensive income for the period in which they arise.

Subsequent capital expenditures are added to the carrying value of the investment properties only when it is probable that future economic benefits will flow to the property and the cost can be measured reliably.

Properties under development include those properties, or components thereof, that will undergo activities that will take a substantial period of time to prepare the properties for their intended use as income properties. Borrowing costs related to development properties are capitalized to the costs of the projects. Properties under development are also adjusted to fair value at each consolidated statement of financial position date with fair value adjustments recognized in income.

Investment property is classified as held for sale when the property is available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of investment properties, its sale is highly probable and expected to be completed with one year. Investment property is derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal.

(c) Property, plant, and equipment:

Property, plant, and equipment includes land; buildings; and furniture, fixtures and equipment ("FFE"), which are measured at cost less accumulated depreciation and accumulated impairment losses.

Significant parts of the buildings are accounted for as separate components of the property, based on management's judgment of what components constitute a significant cost in relation to the total cost of an asset and whether these components have similar or dissimilar patterns of consumption and useful lives for purposes of calculating depreciation and amortization. Significant components include structure, roof, electrical/HVAC systems, windows and doors, and exterior landscaping. The cost of replacing a major component of a building is recognized in the carrying amount of the building if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. The costs of ongoing repairs and maintenance of the properties are recognized in profit or loss as incurred.

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Depreciation is recorded in profit or loss on a straight-line basis over the useful lives of the assets. Estimated useful lives were determined based on current facts and past experience, and take into consideration the anticipated physical life of the asset and current and forecasted demand. The rates and methods used are reviewed annually at year end to ensure they continue to be appropriate, and are also reviewed in conjunction with impairment testing. The following are the estimated maximum useful lives of existing property, plant, and equipment:

Components:

Building - Structure	39 years
Building - Roof	25 years
Building - Electrical/HVAC systems	25 years
Building - Windows and doors	15 years
Building - Exterior landscaping	15 years
Furniture, fixtures, and equipment	5 years

Gains/losses on disposition of property, plant, and equipment are recognized in profit or loss in accordance with the requirements for determining when a performance obligation is satisfied under IFRS 15, Revenue from Contracts with Customers ("IFRS 15").

The value associated with in-place resident contracts, which represents the avoided cost of originating the acquired resident contracts plus the value of the avoided loss of net resident revenue over the estimated lease-up period of the acquired property, is amortized over the expected term of the resident occupancy. Resident contracts are recorded as a component of buildings.

(d) Impairment of property, plant, and equipment:

The carrying amount of the Company's property, plant, and equipment is assessed at each reporting date to determine if any events have occurred that would indicate the assets may be impaired. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognized immediately in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the higher of (a) fair value less costs to sell, and (b) value in use. The determination of recoverable amounts can be significantly impacted by estimates related to current market valuations, current and future economic conditions in the geographical markets of the assets, and management's strategic plans within each of its markets.

(e) Assets held for sale:

Assets, or disposal groups comprising assets and liabilities, are categorized as held-for-sale where the asset or disposal group is available for sale in its present condition, and the sale is highly probable. For this purpose, a sale is highly probable if management is committed to a plan to achieve the sale; there is an active program to dispose of the assets of the disposal group; the asset or disposal group is being actively marketed at a reasonable price; the sale is anticipated to be completed within one year from the date of classification; and it is unlikely there will be changes to the plan. Immediately before classification as held-for-sale, the assets, or components of the disposal group are remeasured in accordance with the Company's accounting policies, and are subsequently measured at the lower of their carrying amount and fair value less costs of disposal. Impairment losses on initial classification as held-for-sale and subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss until the completion of sale.

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(f) Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) in the principal market for the asset or liability; or
- (ii) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interests.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is not observable.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(g) Financial instruments:

Financial instruments are generally measured at fair value on initial recognition. The classification and measurement of financial assets consists of the following categories: (i) measured at amortized cost, (ii) FVTPL, or (iii) fair value through other comprehensive income ("FVTOCI"). Financial assets classified at amortized cost are measured using the effective interest method. Financial assets classified as FVTPL are measured at fair value with gains and losses recognized in the consolidated statements of income (loss) and comprehensive income (loss). Financial assets classified as FVTOCI are measured at fair value with gains or losses recognized through other comprehensive income (loss), except for gains and losses pertaining to impairment or foreign exchange recognized through profit or loss.

The classification and measurement of financial liabilities consists of the following categories: (i) measured at amortized cost and (ii) FVTPL. Financial liabilities classified at amortized cost are measured using the effective interest method. Financial liabilities classified as FVTPL are measured at fair value with changes in fair value attributable to changes in the credit risk of the liability presented in other comprehensive income, and the remaining amount of change in fair value presented in the consolidated statements of income (loss) and comprehensive income (loss).

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The following summarizes the Company's classification of financial instruments:

Financial assets and liabilities	Measurement
Cash	Amortized cost
Restricted cash	Amortized cost
Tenant and other receivables	Amortized cost
Security deposits and costs related to future acquisitions	Amortized cost
Income support receivable	Amortized cost
Escrow deposits held by lender	Amortized cost
Bond assets	Amortized cost
Loans receivable	Amortized cost/FVTPL
Derivative instruments	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Accrued real estate taxes	Amortized cost
Dividends payable	Amortized cost
Security deposits received from tenants	Amortized cost
Escrows collected from tenants	Amortized cost
Loan commitment liability	FVTPL
Exchangeable Units liability	Amortized cost
Contingent consideration liabilities	FVTPL
Mortgages payable	Amortized cost
Credit facilities	Amortized cost
Convertible debentures	Amortized cost
Commonwealth preferred unit liability	Amortized cost

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognizes a financial liability when, and only when, the Company's obligations are discharged, canceled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized through profit or loss.

The Company adopted the practical expedient to determine expected credit losses ("ECL") on tenant and other receivables using a provision matrix based on historical credit loss experiences adjusted for current and forecasted future economic conditions to estimate lifetime ECL. Impairment losses are recorded in the consolidated statements of income (loss) and comprehensive income (loss) with the carrying amount of the financial asset or group of financial assets reduced through the use of impairment allowance accounts.

Transaction costs other than those related to financial instruments classified as FVTPL, which are expensed as incurred, are capitalized to the carrying amount of the instrument and amortized using the effective interest method. These costs include discounts or premiums relating to assumed debt, fees and commissions paid to agents, brokers, advisers, lenders and insurers, transfer taxes and duties.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial asset or liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statements of

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financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

i. Convertible debentures:

The convertible debentures are compound financial instruments as they contain both a liability and an equity component.

At the date of issuance, the liability component of convertible debentures is recognized at its estimated fair value of a similar liability that does not have an equity conversion option and the residual is allocated to the equity component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of the convertible debenture is measured at amortized cost using the effective interest rate method. The equity component is not remeasured subsequent to initial recognition and will be transferred to share capital when the conversion option is exercised, or, if unexercised, at maturity. Interest, losses and gains relating to the financial liability are recognized in income and comprehensive income.

ii. Commonwealth preferred unit liability

The Commonwealth preferred unit liability is a compound financial instrument as it contains both a liability and an equity component.

At the date of issuance, the liability component of Commonwealth preferred unit liability is recognized at its estimated fair value of a similar liability that does not have an equity conversion option and the residual is allocated to the equity component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of the Commonwealth preferred unit liability is measured at amortized cost using the effective interest rate method. The equity component is not remeasured subsequent to initial recognition and will be transferred to share capital when the conversion option is exercised, or, if unexercised, at maturity. Interest, losses and gains relating to the financial liability are recognized in income and comprehensive income.

iii. Impairment of financial assets:

The Company recognizes loss allowances for ECL on financial assets measured at amortized cost, unfunded loan commitments and financial guarantee contracts. The Company applies a three-stage approach to measure allowance for credit losses. The loss allowance for performing loans which have not experienced a significant increase in credit risk since initial recognition (Stage 1) is equal to twelve months of expected credit losses. The loss allowance for loans which have experienced a significant increase in credit risk since initial recognition (Stage 2) or are credit impaired (Stage 3) equals lifetime expected credit losses.

The determination of a significant increase in credit risk takes into account different factors and varies by nature of investment. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due or certain criteria are met which are specific to the individual borrower based on judgment. The Company considers a financial asset to be credit impaired when the borrower is more than 90 days past due and when there is objective evidence that there has been a deterioration of credit quality to the extent the Company no longer has reasonable assurance as to the timely collection of the full amount of principal and interest or when the Company has commenced enforcement remedies available to it under its contractual agreements.

Measurement of ECL's

Loss allowances for ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive) and incorporate

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significant assumptions including the probability of default as well as the estimated loss given default. ECLs are discounted at the effective interest rate of the financial asset.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considering when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The determination of ECLs of a collateralized impaired loan reflects the expected realization of the underlying security, net of expected costs and any amounts legally required to be paid to the borrower.

When determining the allowance for ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. Management considers past events, current market conditions and reasonable forward-looking supportable information about future economic conditions. In assessing information about possible future economic conditions, management utilized multiple economic scenarios including a base case, which represents the most probable outcome and is consistent with management's view of the financial asset. In considering the lifetime of a loan, the contractual period of the loan, including prepayment, extension and other options is generally used.

The estimation of ECLs also includes assumptions about local real estate market conditions, availability and terms of financing, underlying value of the security and various other factors. These assumptions are limited by the availability of reliable comparable market data, economic uncertainty and the uncertainty of future events. Accordingly, by their nature, estimates of impairment are subjective and may not necessarily be comparable to the actual outcome. Should the underlying assumptions change, the estimated future cash flows could vary.

iv. Derivative instruments:

The Company uses derivative financial instruments to manage interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related.

Derivative financial instruments, including embedded derivatives that must be separately accounted for, are initially valued at fair value; attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized immediately in income and comprehensive income.

(h) Non-controlling interest liability

The Company records third-party interests in the net assets of consolidated entities which do not qualify to be classified as equity as non-controlling interest liabilities. Such interests are initially recognized at fair value and are subsequently measured at amortized cost, with any changes recorded as change in non-controlling interest liability in the consolidated statements of income (loss) and comprehensive income (loss).

(i) Revenue recognition:

The Company accounts for its leases as operating leases given that it has retained substantially all of the risk and benefits of ownership

i. Lease revenue from third party operators and commercial tenants:

The Company earns revenue from tenants from various sources consisting of rent earned under lease agreements, property tax and operating cost recoveries and other incidental income. Revenue from lease

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components is recognized on a straight-line basis over the lease term and includes the recovery of property taxes and insurance. Revenue recognition commences when a tenant has the right to use the premises and is recognized pursuant to the terms of the lease agreement. Payments are due at the beginning of each month and any payments made in advance of scheduled due dates are deferred.

Revenue related to the services component of the Company's leases is accounted for in accordance with IFRS 15. These services consist primarily of utilities, cleaning and property maintenance costs for which the revenue is recognized over time, typically as the costs are incurred, which is when the services are provided.

ii. Resident Leases

The Company charges for the rental of accommodation and care services provided to residents. Base rent amounts are allocated to lease components based on relative stand-alone selling prices. The stand-alone selling prices of the rental component is determined using an adjusted market assessment approach and the stand-alone selling price of the care services components are determined using both adjusted market assessment and expected cost plus a margin approaches.

Revenue from rental components is recognized on a straight-line basis over the lease term. Revenue recognition commences when a resident has the right to use the property and revenue is recognized pursuant to the terms of the lease agreement. Payments are due at the beginning of each month and any payments made in advance of scheduled due dates are deferred.

Revenue related to the care service components of the Company's leases is accounted for in accordance with IFRS 15. These services consist primarily of the provision of meals, nursing services, housekeeping and laundry services, programs, amenities and the recovery of utilities and property maintenance costs and are recognized over time, typically on a monthly basis, which is when the services are provided. Payments are due at the beginning of each month and any payments made in advance of scheduled due dates are recorded as contract liabilities.

iii. Lease revenue from joint ventures:

The Company earns revenue under lease arrangements with operating entities which are jointly owned with Autumnwood Lifestyles Inc. ("Autumnwood") (note 8). The leases are accounted for as operating leases and lease revenue is recognized on a straight-line basis over the term of the underlying leases.

(j) Government grants

Government grants that become receivable as compensation for lost revenue and increased expenses are recognized when there is reasonable assurance that the entity will comply with the conditions attached to them and the grants will be received. The grants are recorded as other income in the consolidated statements of income (loss) and comprehensive income (loss).

(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

i. As a lessee:

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

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However, for the leases of property, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term and is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate, which was a weighted average rate of 7.5%.

The lease liability is measured at amortized costs using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents the right-of-use assets in property, plant and equipment and lease liabilities are recorded separately on the balance sheet as "lease obligations".

ii. Short-term leases and leases of low value assets:

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

iii. As a lessor:

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. The Company has determined that when it acts as a lessor, its leases do not transfer substantially all of the risks and rewards incidental to ownership of the underlying assets and as a result they are classified as operating leases.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

The Company recognizes lease payments received under operating leases as income on straight-line basis over the lease term.

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(l) Employee benefits:

iv. Short-term benefits:

Short-term employee benefit obligations, including vacation and bonus payments, are measured on an undiscounted basis and are expensed as the related service is provided. Liabilities are recognized for the amounts expected to be paid within 12 months as the Company has an obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. Short-term employee benefits are recorded in accounts payable and other liabilities.

v. Share-based payment plans:

The Company maintains a Deferred Share Incentive Plan (note 22) for its employees and directors. Cash-settled shares are fair-valued and changes in the amount payable are recognized through profit or loss with a corresponding change in liabilities. The awards are fair-valued on the basis of the share price at each reporting period and at the settlement date and the change in fair value on the amortized share-based compensation expense is recognized as compensation expense.

Equity-settled shares are amortized as share-based compensation expense with a corresponding change in equity. The awards are valued based on the grant date fair value.

(m) Levies:

In accordance with IFRS Interpretations Committee ("IFRIC") 21, Levies ("IFRIC 21"), for its properties located in the United States, the Company recognizes the full amount of annual property tax liabilities at the point in time when the realty tax obligation is imposed. For properties located in Canada, property tax liabilities are recognized on a monthly basis.

(n) Income taxes:

Income tax expense comprises current and deferred tax. Tax is recognized in profit or loss except to the extent it relates to a business combination, or items recognized directly in equity or other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to tax payable or receivable in respect of previous years. It is measured using rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- (i) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- (ii) Temporary differences related to investments in subsidiaries and associates to the extent that the Company is able to control the timing of reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable income will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Judgement is required to assess the interpretation of tax legislation when recognizing and measuring current and deferred tax assets and liabilities. The impact of different interpretations and applications could potentially be material. The Company recognizes a tax benefit from an uncertain tax position when it is probable that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, on the basis of the technical merits. If it is not probable that the uncertain tax treatment will be accepted, the tax uncertainty is measured based on the most likely amount of expected value, depending on whichever method better predicts the resolution of the uncertainty.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Management's estimate of future taxable profits and the recognition of deferred tax assets are reviewed at each reporting date and deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(o) IFRS amendments adopted in 2020:

(i) IFRS 3 Business Combinations

On October 22, 2018, the IASB issued amendments to IFRS 3, Business Combinations ("IFRS 3") that seek to clarify whether a transaction is to be accounted for as an asset acquisition or a business combination. The amendments apply to businesses acquired in annual reporting periods beginning on or after January 1, 2020. The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

(p) IFRS standards and amendments issued but not yet effective:

(i) Application of Interest Rate Benchmark Reform ("IBOR")

In August 2020, the IASB issued IBOR Reform and the Effects on Financial Reporting – Phase II (amendments to IFRS 9, IFRS 7, IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39"), IFRS 4 – Insurance Contracts ("IFRS 4") and IFRS 16 – Leases ("IFRS 16")). The objective of the second phase of the IASB's project was to assist entities in providing useful information about the effects of the transition to alternative benchmark rates and support preparers in applying the requirements of the IFRS Standards when changes are made to contractual cash flows or hedging relationships as a result of the transition to an alternative benchmark interest rate. The amendments affect the basis for determining the contractual cash flows as a result of benchmark interest rate reform, hedge accounting and disclosures.

The amendments are effective for annual periods beginning on or after January 1, 2021 with early application permitted and include retrospective application with reinstatement of hedge relationships. The Company is currently in the process of assessing the impact of adopting the amendments in Phase II on its consolidated financial statements.

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(ii) Amendments to IAS 1, Presentation of financial statements

On January 23, 2020, the IASB issued amendments to IAS 1, Presentation of financial statements (“IAS 1”) to clarify the classification of liabilities as current or non-current. The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted.

For the purposes of non-current classification, the amendments removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must have substance and exist at the end of the reporting period.

The Company intends to adopt the amendments in its consolidated financial statements beginning on January 1, 2023, when the standard becomes effective.

3. Prior Year Adjustment:

During the year ended December 31, 2020, management determined that certain amounts previously recognized as loans receivable should have been classified as an investment in joint ventures and that amounts previously recognized as other receivables should have been classified as loans receivable. As a result the consolidated financial statements have been adjusted as at December 31, 2019 to correct for this immaterial error as follows:

	December 31, 2019 (As reported)	Adjustment	December 31, 2019 (As adjusted)
Statement of Financial Position			
Tenant and other receivables	\$ 7,073	\$ (136)	\$ 6,937
Loans receivable - current	4,113	136	4,249
Loans receivable - non-current	44,789	(7,384)	37,405
Other non-current assets	4,559	(1,289)	3,270
Investment in joint ventures	99,321	8,673	107,994
Statement of Cash Flows			
Issuance of loans receivable	\$ (13,116)	\$ 11,894	\$ (1,222)
Contributions to joint ventures	(2,497)	(11,894)	(14,391)

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4. Loans receivable:

Loans receivable issued as at December 31, 2020 and December 31, 2019 are detailed in the table below:

Debtor	Loan Type	December 31, 2020	December 31, 2019 (Adjusted note 3)	Issued Date	Maturity Date ⁽¹⁾	Current Interest Rate	PIK Interest Rate
MS-SW Mezzanine Fund, LLC	Mezzanine loan	\$ —	\$ 1,267	September 1, 2016	September 1, 2020	10.5 %	4.0 %
Mainstreet Investment Company, LLC	Interest-only loan	3,932	3,932	December 22, 2016	December 22, 2018	8.5 %	1.5 %
Autumnwood Lifestyles Inc.	Revolving credit facility	1,178	1,155	November 1, 2016	October 31, 2018 ⁽³⁾	8.0 %	— %
Symcare ML, LLC	Loan receivable	7,295	7,295	October 20, 2017	December 31, 2033	5.0 %	— %
Premier Senior Living, LLC ⁽⁶⁾	Loan receivable	725	700	August 16, 2013 ⁽²⁾	August 16, 2025	9.4 %	— %
Ellipsis Real Estate Partners	Loan receivable	951	951	May 4, 2018	May 4, 2028	— %	10.0 %
Ellipsis Real Estate Partners	Loan receivable	1,338	1,341	September 14, 2018	September 14, 2028	— %	10.0 %
Symcare ML, LLC	Loan receivable	15,000	13,530	December 26, 2018	December 31, 2033	5.0 %	5.0 %
YAL Borrower LLC	Interest-only loan	—	1,000	December 31, 2018	December 30, 2020	5.0 %	— %
YAL Borrower LLC	Loan receivable	—	2,000	December 31, 2018	December 30, 2020	5.0 %	— %
Hillcrest Millard, LLC	Loan receivable	503	480	January 1, 2019	January 1, 2028	— %	5.0 %
Hillcrest Firethorn, LLC	Loan receivable	472	449	January 1, 2019	November 1, 2027	— %	5.0 %
Bridgemoor Transitional Care Operations, LLC ⁽⁵⁾	Loan receivable	1,872	1,738	June 5, 2019	June 5, 2035	— %	— %
MOC Webster, LLC	Loan receivable	576	189	June 5, 2019	June 5, 2035	— %	— %
RHS Propco Mooresville, LLC	Loan receivable	5,000	5,000	June 28, 2019	July 1, 2024	8.5 %	— %
Memory Care America LLC	Loan receivable	1,198	1,526	July 31, 2019	January 1, 2024	8.5 %	— %
Ellipsis Real Estate Partners LLC ⁽⁹⁾	Mezzanine loan	474	1,223	October 25, 2019	October 1, 2022	2.5 %	7.5 %
Blue Bell Senior Holdings, LLC ⁽⁷⁾	Loan receivable	490	—	February 21, 2020	March 1, 2024	5.9 %	— %
PSL Care GP LLC	Loan receivable	450	—	May 6, 2020	⁽⁸⁾	3.5 %	— %
	Accrued current and long term interest	3,122	1,425				
	Allowance for losses on loans receivable	(28,241)	(5,915)				
Carrying value of loans recorded at amortized cost		\$ 16,335	\$ 39,286				
Javelina Ventures, LLC	Loan receivable - FVTPL	2,368	2,368	December 31, 2018	⁽⁴⁾	— %	5.0 %
Carrying value of loans receivable		18,703	41,654				
Less current portion		1,799	4,249				
Long-term portion		\$ 16,904	\$ 37,405				

(1) Mezzanine loans are due at the time of sale of the property if sale occurs earlier than the stated maturity date.

(2) Loan assumed through acquisition on February 1, 2018. Loan was originally issued by Care PSL Holdings LLC on August 16, 2013.

(3) Maturity date is the later of October 31, 2018 or the completion of the expansion projects at the Marina Point and Red Oak Facilities. The projects are not yet complete.

(4) The repayment of this loan is pursuant to Javelina Ventures Operating Agreement in which net available cash from operations will be used to repay the principal and accrued interest on this loan.

(5) This loan was issued to MOC Fort Worth, LLC; MOC Round Rock, LLC; MOC San Antonio II, LLC; MOC Webster, LLC; and Bridgemoor Transitional Care Operations, LLC.

(6) This loan was issued to Park Terrace Operating, LLC; Seneca Lake Terrace Operating, LLC; and Premier Senior Living, LLC.

(7) Maturity date is the earlier of March 1, 2024, the date that the existing debt secured by the property is refinanced, or upon termination of the management agreement.

(8) No stated maturity date for loan receivable. Principal of loan is repaid when distributions are made from the Phoenix JV (note 7).

(9) This loan was funded for the development of a memory care facility in Wyoming, MI.

\$27,641 of the loans outstanding and \$2,438 of the accrued current and long term interest as at December 31, 2020 in the table above are made to current tenant operators. Of these amounts, \$23,964 has been reserved as uncollectible.

On March 26, 2018, a subsidiary of the Company entered into a loan agreement with the tenant operator of the Symphony Portfolio ("Symcare") for a principal amount of \$3,659 with provisions for an additional \$2,000 line of credit. The loan earns 5.00% annual interest, of which a portion is payable at a current pay rate on a monthly basis ("Current Interest"), with

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the remaining portion of interest accruing until the earlier of the loan's maturity or prepayment ("PIK Interest"). The maturity date of the loan is June 30, 2019. On June 29, 2018, the loan was amended to extend the line of credit to \$2,122. On July 31, 2018, the loan was amended to increase the total borrowing capacity to \$6,401. On August 31, 2018, the loan was amended to increase the total borrowing capacity to \$7,522. On June 21, 2019 the loan was amended and the maturity date was extended to December 31, 2033.

On December 26, 2018, a subsidiary of the Company entered into a loan agreement with Symcare with a total capacity of \$15,000 and a maturity date of January 1, 2033. As at December 31, 2020, Symcare had drawn \$15,000 on this loan (December 31, 2019 - \$13,530). The loan earned 10% interest accruing to the balance of the loan through December 1, 2019. Through and including December 1, 2022, half of the interest will accrue to the loan balance with the remaining portion payable at a current pay rate on a monthly basis. Commencing January 1, 2023 the full amount of monthly interest payments shall be paid each month.

On July 31, 2019, the Company entered into a new loan with MCA Memory Care America, LLC ("MCA") in the amount of \$2,934. The loan balance represented outstanding rents owed, the remaining balance of a previously issued loan receivable and outstanding interest thereon. Through December 31, 2020, the Company has received repayment on this loan receivable of \$1,868 consistent with the terms outlined in the loan agreement.

On July 17, 2020, the Company received \$750 as repayment of a portion of the principal of the mezzanine loan to Ellipsis Real Estate Partners LLC. On the same date, the loan was amended and the annual interest rate was reduced to 10%.

Loans receivable and associated allowance for losses on loans receivable accounted for at amortized cost as at December 31, 2020 are as follows:

	Stage 1	Stage 2	Stage 3	Total
Loans receivable, net of loan fees	\$ 11,079	\$ 1,186	\$ 32,311	\$ 44,576
Allowance for losses on loans receivable	(127)	(236)	(27,878)	(28,241)
Loans receivable, net of allowances	\$ 10,952	\$ 950	\$ 4,433	\$ 16,335

Loans receivable and associated allowance for losses on loans receivable accounted for at amortized cost as at December 31, 2019 are as follows:

	Stage 1	Stage 2	Stage 3	Total
Loans receivable, net of loan fees	\$ 38,476	\$ —	\$ 6,725	\$ 45,201
Allowance for losses on loans receivable	(421)	—	(5,494)	(5,915)
Loans receivable, net of allowances	\$ 38,055	\$ —	\$ 1,231	\$ 39,286

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The changes in the gross loans receivable balance during the period ended December 31, 2020 are shown in the following table:

	Stage 1	Stage 2	Stage 3	Total
Total loans receivable as at December 31, 2018	\$ 27,173	\$ 1,556	\$ 11,893	\$ 40,622
Loans receivable				
Transfer to/(from)				
Stage 1	(300)	—	300	—
Stage 2	—	(1,556)	1,556	—
Stage 3	—	—	—	—
	\$ 26,873	\$ —	\$ 13,749	\$ 40,622
Issuances	16,633	—	2,824	19,457
Repayments	(3,282)	—	(1,500)	(4,782)
Non-cash settlement	(1,748)	—	(2,913)	(4,661)
Write off of loans receivable	—	—	(5,435)	(5,435)
Total loans receivable as at December 31, 2019	\$ 38,476	\$ —	\$ 6,725	\$ 45,201
Loans receivable				
Transfer to/(from)				
Stage 1	(25,052)	25,052	—	—
Stage 2	—	(23,897)	23,897	—
Stage 3	—	—	—	—
	\$ 13,424	\$ 1,155	\$ 30,622	\$ 45,201
Issuances	1,431	—	3,280	4,711
Repayments	(3,776)	—	(329)	(4,105)
Currency Translation	—	31	—	31
Write off of loans receivable	—	—	(1,262)	(1,262)
Total loans receivable as at December 31, 2020	\$ 11,079	\$ 1,186	\$ 32,311	\$ 44,576

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The changes in the allowance for credit losses during the period ended December 31, 2020 are shown in the following table:

	Stage 1	Stage 2	Stage 3	Total
Total allowance for credit losses as at December 31, 2018	\$ 293	\$ 78	\$ 9,970	\$ 10,341
Allowance for credit losses				
Remeasurement	—	—	998	998
Transfer to/(from)				
Stage 1	(3)	—	3	—
Stage 2	—	(76)	76	—
Stage 3	—	—	—	—
Total allowance for credit losses	\$ 290	\$ 2	\$ 11,047	\$ 11,339
Issuances	181	—	—	181
Repayments/settlements	(50)	(2)	(1,952)	(2,004)
Write off of loan receivable and allowance	—	—	(3,601)	(3,601)
Total allowance for credit losses as at December 31, 2019	\$ 421	\$ —	\$ 5,494	\$ 5,915
Allowance for credit losses				
Remeasurement	—	226	23,452	23,678
Transfer to/(from)				
Stage 1	(269)	269	—	—
Stage 2	—	(259)	259	—
Stage 3	—	—	—	—
	\$ 152	\$ 236	\$ 29,205	\$ 29,593
Issuances	13	—	—	13
Repayments	(38)	—	(65)	(103)
Write off of loan receivable and allowance	—	—	(1,262)	(1,262)
Total allowance for credit losses as at December 31, 2020	\$ 127	\$ 236	\$ 27,878	\$ 28,241

For the year ended December 31, 2020, a loss of \$23,546 (year ended December 31, 2019 - \$1,003) was recorded in the consolidated statements of income (loss) and comprehensive income (loss).

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5. Other assets:

Other assets are as follows:

	December 31, 2020	December 31, 2019
		(Adjusted - note 3)
Prepaid expense	\$ 2,330	\$ 1,906
Security deposits and costs related to future acquisitions	682	159
Escrow deposits held by lenders	5,251	3,038
Right-of-use assets	1,889	2,199
Bond assets	881	1,071
Other	807	1,081
	\$ 11,840	\$ 9,454
Current	\$ 9,069	\$ 6,184
Non-current	2,771	3,270
	\$ 11,840	\$ 9,454

Escrow deposits held by lenders includes amounts held for use in payment of real estate taxes, property insurance and replacement reserves.

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6. Investment properties:

	Number of Properties	Amount
Balance, December 31, 2018	80	\$ 1,115,530
Acquisitions of income properties	7	89,421
Sale of income property	(1)	(14,991)
Acquisition of control over a property previously owned through a joint venture	1	13,082
Contribution of investment properties to joint venture (note 8)	(8)	(161,047)
Transfer to property, plant and equipment (note 7)	(10)	(100,232)
Capital expenditures	—	1,934
Capital expenditures related to investment property under development	—	7,188
Increase in straight-line rents	—	8,964
Fair value adjustment	—	(6,046)
Tenant inducements	—	8,337
Amortization of tenant inducements	—	(158)
Translation of foreign operations	—	7,652
Balance, December 31, 2019	69	\$ 969,634
Acquisitions of income properties	1	8,202
Transfer to property, plant and equipment (note 7)	(1)	(9,869)
Capital expenditures	—	668
Capital expenditures related to investment property under development	—	4,323
Increase in straight-line rents	—	6,394
Fair value adjustment	—	(100,388)
Amortization of tenant inducements	—	(385)
Translation of foreign operations	—	3,440
Balance, December 31, 2020	69	\$ 882,019
Investment properties in use		\$ 863,658
Property under development		18,361
Balance, December 31, 2020		\$ 882,019

At December 31, 2020, the Company used an internal valuation process to value its investment properties. Third party appraisers are engaged to prepare valuations on a portion of the portfolio annually such that one third of the portfolio is valued externally each year, and every property in the portfolio is valued externally at least once every five years. Management considers the external valuations for a cross-section of properties that represent different geographical locations across the Company's portfolio and updates, as deemed necessary, the valuation models to reflect current market data.

Acquired investment properties are initially measured at cost, including directly attributable acquisition costs, when the transactions are deemed to be asset acquisitions. Acquisition costs related to business combinations are expensed in the period incurred. Subsequent to initial recognition, investment properties are measured at fair value, determined based on available market evidence. The Company uses alternative valuation methods such as the direct capitalized income approach or discounted cash flow projections (Level 3 inputs). The fair value of investment properties reflects rental income from current leases and assumptions about rental income from future leases in light of current market conditions. When a loan is

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arranged with a tenant at a below market rate, the estimated fair value of the discount is recognized as a tenant inducement at the time the loan commitment is made.

Capital expenditures include costs related to expansion projects at two buildings in Canada that are jointly owned. The Company has committed to fund its share of the projects as the expansions are completed.

On April 1, 2019, the Company exchanged its majority ownership interest in the operations of a property previously owned through a joint venture located in Lansdale, PA for the partner's minority ownership interest in the real estate of the property resulting in the acquisition of control over the real estate. The transaction resulted in the consolidation of investment property of \$13,082 and assumption of mortgages payable of \$9,743. On October 1, 2019, the Company acquired the operations pursuant to the transaction described below. As of the date of the acquisition of the property's operations it met the criteria of owner occupied property, and its corresponding assets were reclassified as property, plant and equipment.

On June 29, 2019, the Company entered an agreement with Greenfield Senior Living ("Greenfield") whereby the Company has acquired 100% of Greenfield's interests in 13 properties in which the Company previously had an ownership interest. Ten of these properties were previously triple-net leased to Greenfield and the Company has acquired Greenfield's interest in the operations at each property. Three of these properties were previously held in a joint arrangement in which the Company owned an 80% interest in both the real estate and the operations of each property. As of the date of each property's transition, it met the criteria of owner occupied property, and its corresponding assets were reclassified as property, plant and equipment.

On May 6, 2020, the Company contributed a previously triple-net leased property to a subsidiary partially owned by Phoenix Senior Living (note 7).

The Company is also continuing to review market capitalization, discount and terminal capitalization rates as well as its future cash flow projections and the valuation of its properties in light of the COVID-19 pandemic. The carrying value for the Company's investment properties reflects its best estimate for the highest and best use as at December 31, 2020. It is not possible to forecast with certainty the duration and full scope of the economic impact of COVID-19 and other consequential changes it will have on the Company's business and operations, both in the short term and in the long term. In a long term scenario, certain aspects of the Company's business and operations that could potentially be impacted include rental income, occupancy, turnover, future demand, and market rents, which all ultimately impact the underlying valuation of investment properties.

The following table summarizes the significant unobservable inputs in determining fair value:

Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Capitalization rates	There is an inverse relationship between the capitalization rates and the fair value; in other words, the higher the capitalization rate, the lower the estimated fair value.
Stabilized future cash flows	There is a direct relationship between the stabilized future cash flows and the fair value; in other words, the higher the stabilized future cash flows, the higher the estimated fair value.

The capitalization rates used in determining fair value of investment properties measured as at December 31, 2020 and December 31, 2019 are set out in the following table:

	December 31, 2020	December 31, 2019
Capitalization rate - range	5.85% - 9.00%	6.50% - 8.75%
Capitalization rate - weighted average	8.06%	7.89%

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The fair value of investment properties is most sensitive to changes in capitalization rates and stabilized future cash flows. Changes in the capitalization rates and stabilized future cash flows would result in the following changes in the fair value of the Company's investment properties:

	December 31, 2020	December 31, 2019
Investment property valued using direct capitalization income approach	\$ 617,931	\$ 793,724
Investment property valued using discounted cash flow projection	\$ 139,727	\$ 162,501
Investment property valued using other methods	\$ 124,361	\$ 13,409
Capitalization rate:		
25-basis point increase	\$ (18,727)	\$ (24,519)
25-basis point decrease	\$ 19,945	\$ 26,146

In addition, a 1% increase in stabilized future cash flows would result in a portfolio fair value increase of \$6,179. A 1% decrease in stabilized future cash flows would result in a portfolio fair value decrease of \$6,179. A 1% increase in stabilized future cash flows coupled with a 0.25% decrease in capitalization rates would result in a portfolio fair value increase of \$26,324. A 1% decrease in stabilized future cash flows coupled with a 0.25% increase in capitalization rates would result in a portfolio fair value decrease of \$24,719.

(a) Asset acquisitions - year ended December 31, 2020

	Rogers, AR
Number of consolidated properties acquired:	1
Net assets acquired:	
Investment properties	\$ 8,202
Working capital balances	50
	<u>\$ 8,252</u>
Consideration paid/funded:	
Cash	3,399
Proceeds from mortgage payable, net of fees	4,853
	<u>\$ 8,252</u>

On November 17, 2020, The Company acquired a memory care facility leased to an operator located in Rogers, AR for a contractual purchase price of \$8,150 plus transaction costs. The Company entered into a new mortgage secured by the property to fund \$4,920 of the purchase price and funded the remainder of the purchase with cash on hand.

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(b) Asset acquisitions and dispositions - year ended December 31, 2019

	Allen, TX	Symcare Properties	Mooreville, IN	Constant Care	Total
Number of consolidated properties acquired (disposed):	1	3	(1)	3	6
Net assets acquired (disposed):					
Investment properties	\$ 8,136	\$ 51,323	\$ (14,991)	\$ 29,962	\$ 74,430
Working capital balances	—	(586)	104	—	(482)
	\$ 8,136	\$ 50,737	\$ (14,887)	\$ 29,962	\$ 73,948
Consideration paid/funded (received):					
Cash	2,445	46,937	(9,887)	25,613	65,108
Proceeds from mortgage payable, net of fees	5,591	—	—	—	5,591
Deposit applied against purchase price	100	—	—	—	100
Common shares issued	—	3,800	—	—	3,800
Loans issued to buyer	—	—	(5,000)	—	(5,000)
Issuance of Exchangeable Units	—	—	—	2,049	2,049
Repayment of loan receivable principal and accrued interest	—	—	—	2,300	2,300
	\$ 8,136	\$ 50,737	\$ (14,887)	\$ 29,962	\$ 73,948

- i) On January 16, 2019, the Company acquired a memory care facility leased to an operator located in Allen, TX for a contractual purchase price of \$8,100 plus transaction costs. The Company entered into a new mortgage secured by the property to fund \$5,693 of the purchase price and funded the remainder of the purchase with cash on hand.
- ii) On March 15, 2019, the Company acquired a skilled nursing property located in Oswego, IL from Symcare for a contractual purchase price of \$22,000 plus transaction costs funded with cash on hand. The original master lease with the Symcare operator was amended to include this new building.
- iii) On April 30, 2019, the Company acquired two skilled nursing properties located in Chicago, IL and Glendale, WI from Symcare for a total contractual purchase price of \$30,000 plus transaction costs. The transaction was funded by the issuance of 555,556 common shares and cash on hand. The original master lease with the Symcare operator was amended to include these new buildings.
- iv) On June 28, 2019, the Company sold its interest in a property located in Mooreville, IN for total consideration of \$15,000, less transaction costs. The consideration was paid in the form of cash and a \$5,000 loan receivable issued to the buyer of the property. The loan receivable earns annual interest of 8.5% and matures on July 1, 2024.
- v) On August 30, 2019, the Company purchased three memory care facilities located in Fishers, IN; Greenwood, IN; and Zionsville, IN for a total contractual purchase price of \$30,786, plus transaction costs. The transaction was funded by the repayment of \$2,300 of outstanding loans receivable principal and accrued interest, issuance of \$2,049 in Class B LP units with the right to exchange units into common shares of the Company at the option of the unit holder ("Exchangeable Units"), and cash on hand.

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7. Property, plant and equipment, net:

(a) *Property, plant and equipment, net:*

Property, plant and equipment consists of the following as at December 31, 2020 and 2019:

	Land	Buildings	Furniture, fixtures and equipment	Properties under development	Total
Cost					
Balance, December 31, 2018	\$ —	\$ —	\$ 585	\$ —	\$ 585
Additions through business combinations - Commonwealth	18,034	321,491	5,221	893	345,639
Additions through business combinations - Greenfield	5,024	28,228	3,178	—	36,430
Additions through settlement of loans receivable	2,500	—	—	—	2,500
Additions	—	640	591	44	1,275
Transfers from investment property	6,004	93,782	446	—	100,232
Assets transferred to held for sale	(3,560)	(8,183)	(458)	—	(12,201)
Balance, December 31, 2019	\$ 28,002	\$ 435,958	\$ 9,563	\$ 937	\$ 474,460
Additions	—	2,584	2,216	6,469	11,269
Disposals	—	—	(63)	—	(63)
Transfers to joint venture	(316)	(11,336)	(226)	—	(11,878)
Transfer from investment property	488	9,182	199	—	9,869
Acquisition of Royal JV	1,232	23,184	607	—	25,023
Acquisition of Fayetteville	524	9,843	505	—	10,872
Acquisition of Albany operations	—	—	259	—	259
Sale of Tampa	(143)	(2,707)	(29)	—	(2,879)
Asset transferred to held for sale	(960)	(1,420)	(188)	—	(2,568)
Balance, December 31, 2020	\$ 28,827	\$ 465,288	\$ 12,843	\$ 7,406	\$ 514,364
Accumulated depreciation					
Balance, December 31, 2018	—	—	78	—	78
Depreciation and amortization	—	13,930	510	—	14,440
Balance, December 31, 2019	\$ —	\$ 13,930	\$ 588	\$ —	\$ 14,518
Depreciation and amortization	—	46,322	2,247	—	48,569
Disposals	—	—	(3)	—	(3)
Transfers to joint venture	—	(111)	(10)	—	(121)
Asset transferred to held for sale	—	(397)	(27)	—	(424)
Balance, December 31, 2020	\$ —	\$ 59,744	\$ 2,795	\$ —	\$ 62,539
Property, plant and equipment, net balance, December 31, 2019	\$ 28,002	\$ 422,028	\$ 8,975	\$ 937	\$ 459,942
Property, plant and equipment, net balance, December, 2020	\$ 28,827	\$ 405,544	\$ 10,048	\$ 7,406	\$ 451,825

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(b) Acquisitions - year ended December 31, 2020

	Royal	Fayetteville	Albany operations	Total
Properties	5	1	—	6
Property, plant and equipment	\$ 25,023	\$ 10,872	\$ 259	\$ 36,154
Cash balance acquired	1,388	625	68	2,081
Working capital balances	(147)	(101)	(327)	(575)
Mortgages assumed	(22,822)	(6,848)	—	(29,670)
	\$ 3,442	\$ 4,548	\$ —	\$ 7,990
Consideration paid:				
Fair value of previously held interest	3,442	4,072	—	7,514
Cash paid	—	476	—	476
	\$ 3,442	\$ 4,548	\$ —	\$ 7,990

On May 6, 2020 the Company acquired 100% of Royal Senior Living's ("Royal") interest in five joint venture properties in which the Company already had a majority ownership interest ("Royal JV"). Simultaneous with this transaction, management of four of these properties was transitioned to Phoenix Senior Living ("Phoenix") and combined with two assets in the Company's portfolio already managed by Phoenix. On May 6, 2020 the Company acquired the minority partner's interest in one of these properties, Fayetteville, for \$476.

The Company owns a controlling 90% interest in the entity that owns and operates the six assets, and as a result they have been consolidated following this transaction. The Company received total consideration of \$1,126 from Phoenix for their buy-in to the entity, of which \$650 was received in cash and \$476 in a note to an affiliate of Phoenix for the remaining portion of their 10% ownership in the entity. \$26 of the note has been repaid as of December 31, 2020.

(c) Dispositions and transfers - year ended December 31, 2020

	Arlington Sale	Glassboro to Joint Venture	Tampa Sale	Total
Properties	(1)	(1)	(1)	(3)
Property, plant and equipment	\$ (12,201)	\$ (11,757)	\$ (2,879)	\$ (26,837)
Working capital balances	67	(57)	(121)	(111)
	\$ (12,134)	\$ (11,814)	\$ (3,000)	\$ (26,948)
Consideration paid (received):				
Equity contributed to joint venture	—	(3,016)	—	(3,016)
Gain (loss) on sale of property	(221)	103	—	(118)
Note issued to joint venture partner	—	(490)	—	(490)
Repayment/contribution of mortgages payable	(8,000)	(8,411)	—	(16,411)
Cash proceeds received, net	(3,913)	—	(3,000)	(6,913)
	\$ (12,134)	\$ (11,814)	\$ (3,000)	\$ (26,948)

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On February 28, 2020, the Company sold a seniors housing property located in Arlington, TX for a sale price of \$12,450 before closing costs. This property was previously recorded as held for sale. The consideration was paid in the form of an \$8,000 repayment of the mortgage secured by the property and \$3,900 of cash.

On February 21, 2020, the Company entered into a joint venture agreement with the operator Heritage Senior Living ("Heritage") for a property in Glassboro, NJ. Heritage operates the property pursuant to a management agreement. The Company sold 10% of its interest in the property and operations for \$490, satisfied through a promissory note earning 5.91% annual interest. The promissory note matures at the earlier of March 1, 2024, the date that the existing debt secured by the property is refinanced, or upon termination of the management agreement.

The remaining asset in the former five property Royal JV, a seniors housing community in Tampa, FL, was non-strategic for the Company, and was sold to a third party on May 11, 2020 for \$3,290 less transaction costs.

(d) Acquisitions - the year ending December 31, 2019

The following table summarizes the allocation of the purchase price to each major category of assets acquired and liabilities assumed at the date of acquisition and the major categories of consideration transferred for acquisitions which were accounted for as business combinations under IFRS 3. The Company finalized the purchase price during the three months ended March 31, 2020.

	Commonwealth Tranche I	Commonwealth Tranche II	Greenfield Transition	Total
Properties Acquired	17	3	13	33
Property, plant and equipment	\$ 286,695	\$ 58,051	\$ 36,430	\$ 381,176
Construction in progress	893	—	—	893
Assumption of mortgages payable	(9,523)	(34,475)	(22,522)	(66,520)
Prepayment embedded derivatives	—	2,991	—	2,991
Mark to market debt adjustments	(278)	(5,867)	—	(6,145)
Working capital balances	(2,964)	1,010	559	(1,395)
Previous interest in joint venture	—	—	(9,863)	(9,863)
	\$ 274,823	\$ 21,710	\$ 4,604	\$ 301,137
Consideration paid:				
Issuance of preferred units	53,587	12,093	—	65,680
Proceeds from Commonwealth Facility	174,069	—	—	174,069
Satisfaction of rent receivable	—	—	1,522	1,522
Cash on hand	47,167	9,617	3,082	59,866
	\$ 274,823	\$ 21,710	\$ 4,604	\$ 301,137

On August 1, 2019, a wholly owned subsidiary of the Company closed on the first tranche of the purchase of Commonwealth Senior Living, LLC ("Commonwealth"). The first tranche of the acquisition includes 17 private pay seniors housing properties in addition to the Commonwealth management company (collectively, "Commonwealth Tranche I"). The Commonwealth management company operates all 17 properties purchased.

The total contractual purchase price for Commonwealth Tranche I was \$285,357 for property, plant and equipment and \$893 for construction in progress related to development projects ongoing at certain properties in the portfolio, subject to working capital adjustments and transaction costs. The acquisition was funded through \$176,000 in new debt secured by 16 of the properties, the assumption of \$9,523 in debt secured by one of the properties, the issuance of \$53,587 of preferred interests in the Company's acquiring subsidiary entity and cash on hand.

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On December 23, 2019, a wholly owned subsidiary of the Company closed on the second tranche of the purchase of Commonwealth which included the acquisition of 3 private pay seniors housing properties (collectively, "Commonwealth Tranche II"). The 3 properties are operated by the Commonwealth management company. The total contractual purchase price of Commonwealth Tranche II was \$55,000. The acquisition was funded through the assumption of \$34,475 in debt secured by the properties, the issuance of \$12,093 of preferred interests in the Company's acquiring subsidiary entity and cash on hand. For the year ended December 31, 2019, the consolidated statements of income (loss) and comprehensive income (loss) includes transaction costs of \$4,556 related to the acquisition of Commonwealth.

For the year ended December 31, 2019, the Commonwealth portfolio has contributed revenue of \$29,180 and net loss of \$12,092. Had the acquisition of the Commonwealth portfolio taken place on January 1, 2019, revenue for the Company for the year ended December 31, 2019 would have been \$199,220 and net loss for the Company would have been \$19,409.

Pursuant to the Commonwealth purchase agreement, the Company may be required to fund one or more earnout payments relating to six communities that had not yet reached stabilization at the time of acquisition by the Company. These earnout payments are only payable in the event specific occupancy and earnings before interest, income taxes, depreciation, amortization and rent ("EBITDAR") thresholds have been satisfied, and must be met prior to the third anniversary of closing at which time the earnout payment obligation will cease to exist. The earnout payments, when funded, will consist of a combination of cash and additional preferred interests. At this time, given the performance of one of the six communities, the Company has recorded an expense related to the increase in the fair value of contingent consideration in the consolidated statements of income (loss) and comprehensive income (loss) in the amount of \$3,256, which was paid through the issuance of \$1,701 of Commonwealth preferred units and \$1,555 of cash on hand. The Company has recorded a liability of \$2,254 in the financial statements associated with this commitment relating to the remaining five communities based on the weighted average probably of earnout payments owed using estimated future results at the properties.

On June 29, 2019, the Company entered into an agreement with Greenfield Senior Living ("Greenfield") whereby the Company would acquire 100% of Greenfield's interests in 13 properties in which the Company already has an ownership interest ("Greenfield Transition"). Ten of these properties were previously triple-net leased to Greenfield and the Company acquired Greenfield's interest in the operations at each property. The remaining three properties were previously held in a joint venture and were managed by Greenfield.

On September 3, 2019, three properties that were previously triple-net leased to Greenfield transitioned operations to a subsidiary of the Company. During October of 2019, seven properties that were previously triple-net leased to Greenfield transitioned operations. As of the date of these transitions, the assets were determined to be owner occupied property, and the corresponding assets are classified as property, plant and equipment.

On August 2, 2019, a property that was previously held in a joint venture and managed by Greenfield transitioned operations to the management of Commonwealth, a subsidiary of the Company. On October 1, 2019, a property that was previously held in a joint venture and managed by Greenfield transitioned operations to the management of Commonwealth. As of the date of this transition, the assets were determined to be owner occupied property, and the corresponding assets are classified as property, plant and equipment.

As of December 31, 2019, the Company completed the Greenfield Transition and acquired Greenfield's ownership interest in 13 properties which included Greenfield's 100% interest in operations at 10 properties as well as Greenfield's 20% interest in both the real estate and operations at 3 additional properties. The Company previously owned the real estate of the 10 properties in which it acquired operations and had leased the properties to Greenfield under a triple net lease. The Company previously owned 80% of the other 3 properties and accounted for its interests in these as investments in joint ventures (note 8). Upon completion of this transaction, the Company owns a 100% interest in both the real estate and operations of the 3 properties. Since these acquisitions were completed in steps, the Company remeasured its original interests to fair value. The total contractual purchase price of the Greenfield Transition was \$4,708 which was funded through satisfaction of outstanding rent receivable of \$1,522 owed by

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Greenfield and cash on hand. For the year ended December 31, 2019, the consolidated statements of income (loss) and comprehensive income (loss) includes transaction costs of \$1,342 related to the Greenfield Transition.

For the year ended December 31, 2019, the Greenfield transitioned ownership has contributed revenue of \$6,542 and net loss of \$942. Had the Greenfield transition taken place on January 1, 2019, revenue for the Company for the year ended December 31, 2019 would have been \$165,186 and net loss for the Company would have been \$8,403.

(e) Assets held for sale

The following table summarizes the significant assets held for sale on December 31, 2020 and 2019:

	December 31, 2020		December 31, 2019	
Assets:				
Property, plant and equipment, net	\$	2,144	\$	12,201
	\$	2,144	\$	12,201

On November 27, 2019, the Company entered into a definitive agreement to sell a seniors housing property located in Arlington, TX. This property was the remaining property from the joint venture with Greenfield that transitioned full ownership to a subsidiary of the Company and still remained under the operations of Greenfield. The sale price was \$12,450 before closing costs and was settled in cash. On February 28, 2020 the transaction was completed.

In June 2020 the Company ceased operations in and listed for sale a property located in Richmond, VA. The Company has successfully transitioned all residents from this property into new locations in order to prepare the building for sale. The assets are classified as held for sale on the consolidated statement of financial position at December 31, 2020.

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8. Joint arrangements:

As at December 31, 2020, the following are the Company's joint arrangements:

Joint arrangement	Number of properties	Location	Company ownership	Consolidation type
Invesque-Autumnwood Landlord	4	Canada	50 %	Joint operation ⁽¹⁾
Invesque-Autumnwood Operator	—	Canada	50 %	Joint venture ⁽²⁾
Calamar	2	United States	75 %	Joint venture ⁽³⁾
Heritage JV	3	United States	80 %	Joint venture ⁽³⁾
Heritage Newtown	1	United States	80 %	Joint venture ⁽³⁾
Heritage Harleysville	1	United States	90 %	Joint venture ⁽³⁾
Heritage Glassboro	1	United States	90 %	Joint venture ⁽³⁾
Jaguarundi	8	United States	61 %	Joint venture ⁽⁴⁾

(1) The Company directly holds its interest in the real estate joint operation.

(2) These joint venture arrangements have been structured through separate legal entities and lease the properties from the joint operation landlord.

(3) These joint venture arrangements have been structured through separate legal entities. The joint venture owns an interest in separate legal entities which own the real estate and operations.

(4) The joint venture owns an interest in separate legal entities which own the real estate and leases the properties to third party operators.

The Company has entered into a number of joint arrangements for the purpose of jointly owning and operating certain of its seniors housing investments as detailed in the table above.

On April 1, 2019, the Company exchanged its majority ownership interest in the operations of a property previously owned through a joint venture located in Lansdale, PA for the partner's minority ownership interest in the real estate of the property resulting in the acquisition of control over the real estate.

During the year ended December 31, 2019, the Company acquired the joint venture partner's ownership of the three properties previously held in the Greenfield JV. Through the Greenfield Transition transaction, the wholly owned assets were determined to be owner occupied property, and the corresponding assets are classified as property, plant and equipment.

The Company and Autumnwood each owns a 50% direct beneficial interest in the real estate assets of the Invesque-Autumnwood Landlord entity and are jointly obligated for the related mortgages for a portfolio of four properties which are accounted for as joint operations and are accounted for under the proportionate consolidation method. The Company's 50% interest in the operations of these properties is held through separate legal entities (collectively referred to as "Invesque-Autumnwood Operators"), which under IFRS 11, Joint arrangements, are accounted for as joint ventures using the equity method. Invesque-Autumnwood Operators have leased the real estate from the landlords under their respective lease agreements. These leases are for three-year periods, with six automatic renewals every third anniversary for a total of 21 years. The Company's share of the landlords' lease receipts, \$3,118 for the year ended December 31, 2020 (year ended December 31, 2019 - \$3,024), is reported as lease revenue from joint ventures. Invesque-Autumnwood Operators lease expense is included in the share of income from joint ventures in the consolidated statements of income (loss) and comprehensive income (loss).

The Company has an interest in eight seniors housing and care properties in the United States in which it also owns an interest in the operations at those properties through joint arrangements. In these joint arrangements, the Company owns an interest in the real estate and operations through separate legal entities at each of the properties and has management agreements in place to provide for the day to day operations resulting in joint control of the interests. Each of these joint arrangements are accounted for as joint ventures using the equity method and the Company's share of net income is included in income from joint ventures in the consolidated statements of income (loss) and comprehensive income (loss).

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On June 5, 2019, the Company contributed eight investment properties to Jaguarundi Ventures, LP, a joint venture formed with Magnetar Financial LLC (collectively, "Magnetar"), a related party. The Company received \$23,000 from its joint venture partner in the arrangement in exchange for a 39.49% interest in the joint venture. The properties contributed had an investment property value of \$161,047 and total mortgage indebtedness of \$102,692. The Company provides a guarantee on the outstanding mortgage balances of the joint venture in exchange for a fee equal to 15 basis points on the amount guaranteed. The Company earns an asset management fee of 25 basis points based on gross asset value. For the year ended December 31, 2020, the Company has earned guaranty fees of \$60 (year ended December 31, 2019 - \$39) and management fees of \$403 (year ended December 31, 2019 - \$229) from Jaguarundi Ventures included in other revenue in the consolidated statements of income (loss) and comprehensive income (loss).

On May 6, 2020 the Company acquired 100% of Royal Senior Living's ("Royal") interest in five joint venture properties in which the Company already had a majority ownership interest ("Royal JV") (Note 7).

In addition to the five-asset Royal joint venture referenced above, the Company also had a single-asset joint venture with Royal which owned a seniors housing community in Eatonton, GA ("Royal Eatonton"). Royal purchased the Company's 65% ownership interest in the community on May 6, 2020. Cash proceeds to the Company for this sale were \$1,447. Following this transaction, the Company and Royal no longer have any shared interests in joint arrangements.

The following tables summarize the information about the Company's investment in joint ventures, which have been accounted for under the equity method:

	Year ended December 31, 2020	Year ended December 31, 2019 (Adjusted - note 3)
Cash contributions to joint ventures	\$ 1,855	\$ 14,391
Distributions received from joint ventures	\$ 3,803	\$ 5,897

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	December 31, 2020		December 31, 2019	
	Net assets	Company share of net assets	Net assets (Adjusted - note 3)	Company share of net assets (Adjusted - note 3)
Cash	\$ 5,480	\$ 4,152	\$ 8,288	\$ 5,959
Tenant and other receivables	3,204	1,765	5,192	3,374
Other	923	839	1,032	793
Current assets	9,607	6,756	14,512	10,126
Investment properties	292,526	204,399	361,970	256,945
Property, plant and equipment, net	26,317	19,044	26,878	19,567
Loans receivable	3,885	55	13,978	9,010
Other non-current assets	481	362	1,107	927
Total assets	\$ 332,816	\$ 230,616	\$ 418,445	\$ 296,575
Accounts payable and accrued liabilities	\$ 6,753	\$ 4,787	\$ 7,578	\$ 5,441
Unearned revenue	712	585	724	560
Mortgages payable - current	25,332	17,311	29,424	21,207
Current liabilities	32,797	22,683	37,726	27,208
Mortgages payable - non-current	187,120	135,298	217,627	156,853
Loan commitment liability	416	252	2,359	1,478
Derivative instruments	7,249	5,615	2,627	2,012
Other non-current liabilities	2,286	1,510	1,702	1,030
Total liabilities	\$ 229,868	\$ 165,358	\$ 262,041	\$ 188,581
Net assets	\$ 102,948	\$ 65,258	\$ 156,404	\$ 107,994

Loan commitment liability represents the fair value of commitments made by the Company to issue loans at rates below market value.

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	Year ended December 31, 2020		Year ended December 31, 2019	
	Net income (loss)	Company share of net income (loss)	Net income (loss)	Company share of net income (loss)
Revenue	\$ 65,249	\$ 40,457	\$ 78,954	\$ 52,564
Other income	1,582	1,294	—	—
Property operating expense	(43,259)	(25,536)	(56,013)	(36,097)
Depreciation expense	(724)	(546)	(1,326)	(995)
Finance costs	(9,294)	(6,591)	(10,762)	(8,048)
Real estate tax expense	(1,609)	(974)	(1,021)	(618)
General and administrative expenses	(3,272)	(1,974)	(515)	(352)
Allowance for credit losses on loans and interest receivable	(14,800)	(11,957)	—	—
Change in fair value of financial instruments	(4,622)	(3,603)	(3,010)	(2,465)
Change in fair value of investment properties	(33,830)	(25,299)	(16,272)	(10,788)
Net loss, prior to distributions to owners	\$ (44,579)	\$ (34,729)	\$ (9,965)	\$ (6,799)

Related party transactions occur between the Company and its joint ventures. These related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to between the parties. Except as disclosed elsewhere in these consolidated financial statements, the related party balances are included in accounts payable, other receivables, loans receivable, and lease revenue from joint ventures.

The following table summarizes information about the gross balance of mortgages payable at the joint ventures:

	December 31, 2020		December 31, 2019	
Mortgages at fixed rates:				
Mortgages (principal) ⁽¹⁾	\$	170,814	\$	163,307
Interest rates		3.99% to 4.98%		3.99% to 4.98%
Weighted average interest rate		4.30 %		4.33 %
Mortgages at variable rates:				
Mortgages (principal)	\$	42,635	\$	84,745
Interest rates		LIBOR plus 2.40% to LIBOR plus 3.00%		LIBOR plus 2.40% to LIBOR plus 3.00%
Weighted average interest rate		3.88 %		4.56 %
Blended weighted average rate		4.22 %		4.41 %

(1) Includes \$114,589 of variable rate mortgages that are fixed with interest rate swaps.

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The following tables summarize the information about the Company's investment in Jaguarundi Ventures, LP, which have been accounted for under the equity method and included in tables above. Jaguarundi Ventures, LP is shown separately below due to significance of the interest in the joint venture. The joint venture was formed on June 5, 2019. During the year ended December 31, 2020, the Company has made cash contributions of \$1,428 to Jaguarundi Ventures, LP (year ended December 31, 2019 - \$11,894). During the year ended December 31, 2020, the Company has not received any distributions from Jaguarundi Ventures, LP (year ended December 31, 2019 - NIL).

	December 31, 2020		December 31, 2019	
	Net assets	Company share of net assets	Net assets (Adjusted - note 3)	Company share of net assets (Adjusted - note 3)
Cash	\$ 1,658	\$ 1,003	\$ 3,936	\$ 2,382
Tenant and other receivables	1,602	969	1,620	980
Other	110	68	—	—
Current assets	3,370	2,040	5,556	3,362
Investment properties	143,785	86,999	162,660	98,420
Loans receivable	—	—	10,120	8,972
Total assets	\$ 147,155	\$ 89,039	\$ 178,336	\$ 110,754
Accounts payable and accrued liabilities	\$ 1,918	\$ 1,160	\$ 2,154	\$ 1,303
Unearned revenue	—	—	82	50
Mortgages payable - current	15,227	9,214	2,122	1,284
Current liabilities	17,145	10,374	4,358	2,637
Mortgages payable - non-current	84,149	50,916	99,542	60,229
Loan commitment liability	416	252	2,359	1,428
Derivative instruments	1,602	969	659	399
Other non-current liabilities	1,700	1,029	1,700	1,029
Total liabilities	\$ 105,012	\$ 63,540	\$ 108,618	\$ 65,722
Net assets	\$ 42,143	\$ 25,499	\$ 69,718	\$ 45,032

The Company provides a guarantee on the outstanding mortgage balances of the Jaguarundi Ventures, LP in exchange for a fee equal to 15 basis points on the amount guaranteed. As of December 31, 2020, the outstanding mortgages balance of Jaguarundi Ventures, LP is \$99,376. As of December 31, 2020, the value of the properties that collateralize the mortgages is \$143,785 and is sufficient to support the mortgage values.

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	Year ended December 31, 2020		Year ended December 31, 2019	
	Net income (loss)	Company share of net income (loss)	Net income (loss)	Company share of net income (loss)
Revenue	\$ 14,423	\$ 8,638	\$ 8,417	\$ 5,048
Finance costs	(3,859)	(2,182)	(2,847)	(1,723)
Real estate tax expense	(1,609)	(974)	(1,021)	(618)
General and administrative expenses	(3,318)	(2,008)	(515)	(352)
Allowance for credit losses on loans and interest receivable	(14,800)	(11,956)	—	—
Change in fair value of financial instruments	(942)	(570)	(126)	(76)
Change in fair value of investment properties	(19,294)	(11,585)	(5,621)	(4,219)
Net loss, prior to distributions to owners	\$ (29,399)	\$ (20,637)	\$ (1,713)	\$ (1,940)

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9. Credit facilities:

The credit facilities are recorded net of loan fees, which are capitalized when paid, and amortized into finance cost over the terms of the related loans using the effective interest rate method.

		Borrowing rate at			Borrowing rate at	
	December 31, 2020	December 31, 2020		December 31, 2019	December 31, 2019	
Credit Facility Term ⁽¹⁾	\$ 200,000	4.66 %	\$	200,000	4.51 %	
Credit Facility Revolver ⁽³⁾	190,500	3.58 %		173,750	4.43 %	
MOB Facility USD denominated portion	21,286	2.34 %		21,286	3.96 %	
MOB Facility CAD denominated portion ⁽¹⁾⁽²⁾	66,904	4.32 %		65,589	4.32 %	
Magnetar Facility	10,000	9.00 %		15,000	8.50 %	
Commonwealth Facility ⁽¹⁾	176,000	3.84 %		176,000	3.84 %	
Finance costs, net	(4,094)	—		(4,666)	—	
Carrying value	\$ 660,596	4.09 %	\$	646,959	4.36 %	
Less current portion	10,000			14,569		
Long-term portion	\$ 650,596		\$	632,390		

(1) This facility is fixed with an interest rate swap.

(2) This facility is denominated in Canadian dollars with a principal amount of CAD\$85,202.

(3) \$75,000 of this facility is fixed with interest rate swaps.

On December 20, 2018 the Company entered into an agreement for an unsecured credit facility (the "Credit Facility") with a \$400,000 capacity. The Credit Facility is comprised of a \$200,000 term loan and a \$200,000 revolving line of credit. The term loan has a maturity date of December 20, 2023, while the revolving line of credit has a maturity date of December 20, 2022, with a one year extension option, subject to lender approval. The Credit Facility bears interest at a rate of LIBOR plus an applicable margin based on the Company's consolidated leverage ratio, with an option to use a rate based on Base Rate, as defined in the agreement, plus an applicable margin.

The borrowing capacity of the Credit Facility is based on the undepreciated book value of an unencumbered pool of assets. Per the agreement, the Company's leverage could not exceed 62.5% through December 31, 2019, reducing to 60% thereafter. The agreement also provides for the Company's leverage to increase to 65% for two quarters following any material acquisition (the "surge period"). Per the agreement, the fixed charge ratio shall not be less than 1.75 to 1.0. On November 7, 2019, the Company amended the terms of the Credit Facility to extend the surge provision period following a material acquisition for both the maximum consolidated total leverage ratio covenant and unencumbered pool leverage covenant. The maximum consolidated total leverage ratio covenant can increase to 65% for four quarters starting with the third quarter of 2019. The unencumbered pool leverage ratio may increase to 65% for two quarters starting with the third quarter of 2019, reducing to 62.5% for two quarters after that, and reducing back to 60% thereafter. The Company's acquisition of Commonwealth is considered a material acquisition under the terms of the Credit Facility.

On November 4, 2020, the Company entered into an agreement to modify the Credit Facility, in which the facility will be permanently converted to a facility secured by pledges of equity in the special purposes entities which own the properties making up a borrowing base. The minimum fixed charge coverage ratio covenant will permanently decrease from 1.75 to 1.60. Per the agreement, the Company will be granted a surge period effective with the quarterly reporting period ended September 30, 2020 through June 30, 2021. During the surge period, the consolidated leverage ratio covenant will be increased from 60% to 65%, the advance rate will increase from 60% to 65% of the borrowing base, the applicable margin for LIBOR loans will increase 15 basis points, and the implied interest rate used to calculate the debt service coverage amount will decrease from 6.0% to 5.75%.

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The table below shows the applicable margins at each leverage ratio during the surge period, which includes a 15 basis point increase:

Level	Consolidated Leverage Ratio	Applicable Margin for Revolving Credit LIBOR Loans	Applicable Margin for LIBOR Loans that are Term Loans
1	Less than 40%	1.75 %	1.70 %
2	Equal to or greater than 40% but less than 45%	1.90 %	1.85 %
3	Equal to or greater than 45% but less than 50%	2.05 %	2.00 %
4	Equal to or greater than 50% but less than 55%	2.20 %	2.15 %
5	Equal to or greater than 55% but less than 60%	2.35 %	2.30 %
6	Equal to or greater than 60% but less than 65%	2.60 %	2.55 %

On May 1, 2018, a wholly owned subsidiary of the Company entered into a secured credit facility ("MOB Facility") for the purpose of funding the acquisition of 14 medical office buildings. The facility has maximum commitment amounts of CAD\$90,060, with a borrowing rate of the BA Rate plus 220 basis points, and a US Dollar commitment of \$22,515, with a borrowing rate of LIBOR plus 220 basis points. The facility provides for interest-only payments through its maturity date of May 1, 2023. Per the terms of the agreement, CAD\$4,858 and USD\$1,228 are reserved for the construction of tenant improvements and the payment of leasing commissions for leases entered into after the closing of the transaction. On May 1, 2018, in conjunction with the acquisition, the Company drew CAD\$85,202 and USD\$16,647. The facility also included an allocation of USD\$4,460 for the acquisition of an additional medical office property in Williamsville, New York. On June 28, 2018, the Company amended the terms of the agreement to increase the borrowing capacity for the Williamsville, New York property to USD\$6,572. The company drew a total of USD\$6,572 in conjunction with the closing of the Williamsville asset on July 9, 2018. On December 31, 2018, the Company repaid USD\$1,933 on the facility. On September 21, 2020, the Company entered into an amendment to the MOB Facility that reset certain loan covenant levels. Pursuant to the terms of the amendment, during a test period beginning June 30, 2020, the Company's debt yield covenant level was reduced to 5.75% (which increases to 8.00% at December 31, 2021).

On July 26, 2019, the Company entered into a credit agreement with Magnetar for a principal amount of \$30,000, annual interest rate of 8.5%, and an initial maturity of one year with a one year extension option. On December 5, 2019, the Company repaid \$15,000 on the facility. On June 5, 2020, the Company gave notice of intent to exercise the one year extension option and per the Magnetar Facility credit agreement the interest rate increased to 9.0%. On June 16, 2020, the Company repaid \$5,000 on the Magnetar Facility.

On August 1, 2019, a wholly owned subsidiary of the Company entered into a secured credit facility ("Commonwealth Facility") for the purpose of funding the acquisition of Commonwealth Tranche I. The \$176,000 new debt secured by 16 properties has a maturity date of August 1, 2024, with 2 available extension options. It bears interest at a rate of LIBOR plus 215 basis points. The agreement also provides for an accordion feature that would extend the capacity of the loan by an additional \$50,000 subject to certain terms and conditions provided for in the agreement. Pursuant to the terms of the Commonwealth Facility, the Company is required to maintain a debt yield of 8.0% (which increases to 8.75% at September 30, 2021) as well as a Debt Service Coverage Ratio of 1.25.

On January 17, 2020, the Company entered into an amendment to the Commonwealth Facility that established a \$10,000 capital improvements holdback ("Holdback"). The Holdback provides funding to the Company for reimbursement of capital improvements made to the properties encumbered by the Commonwealth Facility. The amendment allows the Company to be reimbursed for 65% of capital improvement costs incurred. On January 26, 2021, the Company drew \$4,453 from the Holdback for reimbursement of expenses incurred for adding additional units to the Abingdon, South Boston and Front Royal properties.

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Future principal repayments of the credit facilities are as follows:

	Aggregate principal payments
2021	\$ 10,000
2022	190,500
2023	288,190
2024	176,000
2025	—
Thereafter	—
Total	\$ 664,690

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10. Mortgages payable:

Mortgages payable consist of the following as at December 31, 2020:

	December 31, 2020		December 31, 2019	
Mortgages payable	\$	296,881	\$	275,083
Mark-to-market adjustment, net		4,958		2,297
Finance costs, net		(2,375)		(1,913)
Carrying value	\$	299,464	\$	275,467
Less current portion		30,622		43,024
Long-term portion	\$	268,842	\$	232,443

Mortgages payable are collateralized by investment properties and property, plant and equipment with a value of \$461,200 at December 31, 2020. Maturity dates on mortgages payable range from 2021 to 2054, and the weighted average years to maturity is 7.93 years at December 31, 2020.

Future principal payments on the mortgages payable as at December 31, 2020 are as follows:

	Regular principal payments	Principal due on maturity	Total principal payments	% of total principal payments
2021	\$ 6,417	\$ 24,205	\$ 30,622	10 %
2022	6,396	27,369	33,765	11 %
2023	5,478	83,435	88,913	30 %
2024	3,831	20,698	24,529	8 %
2025	2,637	27,441	30,078	10 %
Thereafter	47,678	41,296	88,974	31 %
	\$ 72,437	\$ 224,444	\$ 296,881	100 %

	December 31, 2020		December 31, 2019	
Mortgages at fixed rates:				
Mortgages (principal) ⁽¹⁾	\$	240,429	\$	241,451
Interest rates		2.55% to 6.15%		2.55% to 6.96%
Weighted average interest rate		4.33 %		4.76 %
Mortgages at variable rates:				
Mortgages (principal)	\$	56,452	\$	33,632
Interest rates		LIBOR plus 2.45% to LIBOR plus 2.75% with a 1% LIBOR Floor		LIBOR plus 3.20% to Canada Prime Rate plus 1.25%
Weighted average interest rate		3.53 %		5.02 %
Blended weighted average rate		4.18 %		4.79 %

(1) Includes \$67,069 of variable rate mortgages that are fixed with interest rate swaps.

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11. Derivative financial instruments:

(a) Derivative swaps:

Derivative swaps as at December 31, 2020 are detailed in the table below:

Swap	Maturity date	Fixed rate	Notional amount	Asset (liability) balance		Income (loss) for the years ended	
				December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Credit Facility Term	December 19, 2023	LIBOR fixed at 2.11%	200,000 \$	(11,945) \$	(4,466) \$	(7,479) \$	(5,655)
Credit Facility Revolver	January 2, 2024	LIBOR fixed at 2.57%	25,000	(1,860)	(1,019)	(841)	(856)
Credit Facility Revolver	December 1, 2022	LIBOR fixed at 2.11%	50,000	(1,996)	(861)	(1,135)	(861)
Leawood Swap ⁽³⁾	March 15, 2024	Interest rate fixed at 4.55%	13,136	—	—	—	(407)
Topeka Swap ⁽³⁾	March 15, 2024	Interest rate fixed at 4.55%	12,477	—	—	—	(387)
Red Oak Swap ⁽¹⁾	January 18, 2021	Interest rate fixed at 3.77%	4,105	(13)	(27)	16	(10)
Park Terrace Swap	December 18, 2020	LIBOR fixed at 2.42%	—	—	—	—	(4)
Seneca Lake Swap	December 18, 2020	LIBOR fixed at 2.42%	—	—	—	—	(4)
Winchester Swap	November 1, 2021	Interest rate fixed at 4.54%	6,327	(76)	(2)	(74)	(159)
Calhoun Swap	May 31, 2019	LIBOR fixed at 1.75%	—	—	—	—	(3)
MOB Facility Swap ⁽²⁾	May 1, 2023	Banker's Acceptance fixed at 2.12%	66,904	(2,561)	(276)	(2,127)	(127)
Grand Brook Swap	October 2, 2021	Interest rate fixed at 5.98%	15,429	(402)	(475)	73	(130)
Commonwealth Swap	August 1, 2024	LIBOR fixed at 1.69%	176,000	(9,375)	(840)	(8,535)	(840)
Constant Care Swap	October 1, 2022	Interest rate fixed at 4.21%	26,972	(641)	64	(705)	64
Oak Ridge Swap	April 1, 2022	LIBOR fixed at 0.66%	14,236	(100)	—	(100)	—
			Carrying value \$	(28,969) \$	(7,902) \$	(20,907) \$	(9,379)
			Less current portion	(491)	—	—	—
			Long term portion \$	(28,478) \$	(7,902)		
			Derivative instruments (Asset) \$	—	64		
			Derivative instruments (Liability)	(28,969)	(7,966)		
			\$	(28,969) \$	(7,902)		

1) The swap has a notional amount of CAD\$5,228.

2) The swap is for a fixed amount of CAD\$85,202.

3) These properties were contributed to a joint venture on June 5, 2019.

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(b) Prepayment embedded derivatives:

Certain mortgages payable contain prepayment options that represent embedded derivatives that require bifurcation from the host contract. The prepayment options are measured at fair value, with changes in the fair value being recognized as change in fair value of financial instruments in the consolidated statements of income (loss) and comprehensive income (loss).

The fair value of the prepayment embedded derivatives has been determined using a LIBOR based interest rate swap options ("swaptions") as a proxy. The swaptions were structured to mirror the financial conventions of the respective loans, including payment periods, accrual basis, principal amortization, prepayment dates and prepayment premiums. The swaptions were structured as fixed receiver with a strike rate set on market as of the date of the loan agreement with exercise premiums to match the underlying loans plus a cost of refinancing upon exercise. The resulting swaption price would represent a proxy for the value of the prepayment rights embedded in the underlying loans. The fair values determined are based on significant other observable inputs (Level 2). As at December 31, 2020, the prepayment embedded derivative assets have a fair value of \$4,814 (2019 - NIL). For the year ended December 31, 2020, a fair value gain of \$1,823 (year ended December 31, 2019 - NIL), was recorded in the consolidated statements of income (loss) and comprehensive income (loss).

12. Convertible debentures:

(a) 2016 Convertible Debentures

On December 16, 2016, the Company issued \$45,000 aggregate principal amount of convertible unsecured subordinated debentures (the "2016 Convertible Debentures"). The 2016 Convertible Debentures are due on January 31, 2022 and bear interest at an annual rate of 5.00% payable semi-annually in arrears on July 31 and January 31 of each year.

The 2016 Convertible Debentures are convertible into common shares of the Company at the option of the holder at a conversion price of \$11.00 per common share at any time prior to the earlier of January 31, 2022 and the last business day immediately preceding the date specified by the Company for redemption. On or after January 31, 2020 and prior to January 31, 2021, the 2016 Convertible Debentures may be redeemed by the Company in whole or in part at a price equal to the principal amount thereof plus accrued and unpaid interest provided that the volume weighted average trading price of the common shares on the Toronto Stock Exchange for the 20 consecutive trading days preceding the date on which the notice of redemption is given is not less than 125% of the conversion price. On or after January 31, 2021, and prior to the maturity date, the 2016 Convertible Debentures may be redeemed by the Company in whole at any time or in part from time to time, at a price equal to the principal amount thereof plus accrued interest.

Upon redemption or maturity, the Company may satisfy its obligations with respect to the convertible debentures in cash or the issuance of common shares based on 95% of the Current Market Price on the Redemption Date or Maturity Date, respectively.

As at December 31, 2020, the 2016 Convertible Debentures are comprised of the following:

	December 31, 2020	December 31, 2019
Issued	\$ 44,975	\$ 44,975
Issue costs, net of amortization and accretion of equity component	802	45
Equity component, excluding issue costs and taxes	(1,648)	(1,648)
2016 Convertible Debentures	\$ 44,129	\$ 43,372

Interest costs related to the 2016 Convertible Debentures are recorded in financing costs using the effective interest rate method.

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On May 6, 2019, \$25 of 2016 Convertible Debentures were converted into 2,272 common shares.

(b) 2018 Convertible Debentures

On August 24, 2018, the Company issued \$50,000 aggregate principal amount of convertible unsecured subordinated debentures (the "2018 Convertible Debentures"). The 2018 Convertible Debentures are due on September 30, 2023 and bear interest at an annual rate of 6.00% payable semi-annually in arrears on March 31 and September 30 of each year commencing on March 31, 2019.

The 2018 Convertible Debentures are convertible into common shares of the Company at the option of the holder at a conversion price of \$10.70 per common share. The debentures will not be redeemable prior to September 30, 2021. On or after September 30, 2021, and prior to September 30, 2022, the 2018 Convertible Debentures may be redeemed in whole or in part from time to time at the Company's option, at a price equal to their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading price of the common shares on the Toronto Stock Exchange for the 20 consecutive trading days preceding the date on which the notice of redemption is given is not less than 125% of the conversion price. On or after September 30, 2022, and prior to the maturity date, the 2018 Convertible Debentures may be redeemed by the Company, in whole at any time or in part from time to time, at a price equal to the principal amount thereof plus accrued and unpaid interest.

Upon redemption or maturity, the Company may satisfy its obligations with respect to the convertible debentures in cash or the issuance of common shares based on 95% of the Current Market Price on the Redemption Date or Maturity Date, respectively.

As at December 31, 2020, the 2018 Convertible Debentures are comprised of the following:

	December 31, 2020	December 31, 2019
Issued	\$ 50,000	\$ 50,000
Issue costs, net of amortization and accretion of equity component	(982)	(1,587)
Equity component, excluding issue costs and taxes	(736)	(736)
2018 Convertible Debentures	\$ 48,282	\$ 47,677

Interest costs related to the 2018 Convertible Debentures are recorded in financing costs using the effective interest rate method.

13. Commonwealth preferred unit liability:

On August 1, 2019, the Company issued \$53,587 in preferred interests of the acquiring subsidiary to fund the purchase of Commonwealth Tranche I. The preferred interests are exchangeable by holders into common shares of the Company at a fixed exchange price of \$9.75 per common share. The preferred interests have an initial dividend rate of 6.50% per annum, with annual escalators beginning August 1, 2023, and a liquidation value equal to their unreturned initial capital contribution and any accrued and unpaid dividends. These dividends are included in finance costs from operations in the consolidated statements of income and comprehensive income. Under certain circumstances, the Company will have the right to redeem the preferred interests at its discretion for an amount specified in the operating agreement.

On December 23, 2019, the Company issued \$12,093 in preferred interests of the acquiring subsidiary to fund the purchase of the Commonwealth Tranche II.

On October 1, 2020, the Company issued \$1,701 in preferred interests to fund the earnout payment pursuant to the Commonwealth purchase agreement (note 7).

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As at December 31, 2020 the Commonwealth preferred unit liability is comprised of the following:

	December 31, 2020	December 31, 2019
Issued	\$ 67,381	\$ 65,680
Equity component, net of accretion	(1,584)	(2,026)
Commonwealth preferred unit liability	\$ 65,797	\$ 63,654

14. Other liabilities:

Other liabilities are as follows:

	December 31, 2020	December 31, 2019
Deferred shares liability (note 22)	\$ 875	\$ 2,597
Security deposits received from tenants	8,576	8,573
Escrows collected from tenant	1,816	944
Unearned revenue	2,674	1,426
Liability to previous owner of Care	126	632
Lease liability	1,890	2,199
Loan commitment liability (note 25)	115	979
Exchangeable units liability	2,049	2,049
Earnout payable (note 7 and 25)	2,254	—
Other	841	352
	\$ 21,216	\$ 19,751
Current	\$ 4,975	\$ 3,015
Non-current	16,241	16,736
	\$ 21,216	\$ 19,751

Loan commitment liability represents the fair value of commitments made by the Company to issue loans at rates below market value.

On August 30, 2019, the Company issued 327,869 Class B LP units with the right to exchange units into common shares at the option of the unit holder ("Exchangeable Units"). The shares were issued to fund \$2,049 of the consideration paid for the three purchased properties located in Indiana. The Exchangeable Units are entitled to receive distributions equal to those provided to common share holders. These distributions are included in finance costs from operations in the consolidated statement of income (loss) and comprehensive income (loss).

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15. Reconciliation of changes in liabilities arising from financing activities:

	Credit facilities	Mortgages payable	Convertible debentures	Commonwealth preferred unit liability	Total
Balance, December 31, 2018	\$ 338,140	\$ 303,330	\$ 89,745	\$ —	\$ 731,215
Proceeds from financing	370,350	39,489	—	—	409,839
Repayments	(63,990)	(40,635)	—	—	(104,625)
Scheduled principal payments	—	(4,959)	—	—	(4,959)
Mortgages contributed to joint venture (note 8)	—	(102,692)	—	—	(102,692)
Mortgages assumed on acquisition of control over properties previously owned through a joint venture	—	32,265	—	—	32,265
Mortgages assumed through acquisition of property, plant, and equipment (note 7)	—	47,152	—	—	47,152
Commonwealth preferred units issued	—	—	—	65,680	65,680
Equity component of Commonwealth preferred unit liability	—	—	—	(2,093)	(2,093)
Financing costs paid	(1,952)	(979)	—	—	(2,931)
Amortizing of financing costs and mark to market adjustments	1,311	1,259	1,329	67	3,966
Changes in foreign currency rates	3,100	1,237	—	—	4,337
Conversion of convertible debentures into common shares	—	—	(25)	—	(25)
Balance, December 31, 2019	\$ 646,959	\$ 275,467	\$ 91,049	\$ 63,654	\$ 1,077,129
Proceeds from financing	33,000	16,682	—	—	49,682
Repayments	(21,250)	(17,375)	—	—	(38,625)
Scheduled principal payments	—	(5,112)	—	—	(5,112)
Mortgage contributed to joint venture (note 7)	—	(8,411)	—	—	(8,411)
Mortgages assumed from joint venture (note 7)	—	29,670	—	—	29,670
Mortgages assumed through acquisition of investment property (note 6)	—	4,853	—	—	4,853
Commonwealth preferred units issued (note 7)	—	—	—	1,701	1,701
Mark to market adjustments made to mortgages assumed through acquisition of property, plant and equipment	—	2,991	—	—	2,991
Financing costs paid	(996)	(603)	—	—	(1,599)
Amortizing of financing costs, mark to market adjustments, and accretion of equity components	1,577	337	1,362	442	3,718
Changes in foreign currency rates	1,306	965	—	—	2,271
Balance, December 31, 2020	\$ 660,596	\$ 299,464	\$ 92,411	\$ 65,797	\$ 1,118,268

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16. Share capital:

(a) Common shares:

The following number and value of common shares were issued and outstanding as at December 31, 2020:

	Common shares	Carrying value
Balance, December 31, 2018	52,933,851	\$ 493,165
Issued as consideration for acquisition of Symcare properties	555,556	3,800
Issued on settlement of Deferred Share Incentive Plan	150,912	1,078
Issued pursuant to the Company's dividend reinvestment plan	1,070,518	7,023
Shares acquired under NCIB	(79,627)	(530)
Issued through conversion of convertible debentures	2,272	25
Balance, December 31, 2019	54,633,482	\$ 504,561
Issued on settlement of Deferred Share Incentive Plan	335,709	1,078
Issued on settlement of equity settled Deferred Shares	31,203	214
Issued pursuant to the Company's dividend reinvestment plan	931,602	3,498
Shares acquired under NCIB	(54,500)	(148)
Balance, December 31, 2020	55,877,496	\$ 509,203

- (i) On November 15, 2019 the Toronto Stock Exchange ("TSX") approved the Company's notice of intention to renew its normal course issuer bid ("NCIB") for a portion of its common shares. Pursuant to the notice, the Company is authorized to acquire up to a maximum of 2,723,835 of its common shares, or approximately 5% of the Company's 54,476,694 outstanding common shares as of November 1, 2019, for cancellation over the following 12 months. Purchases under the NCIB will be made through the facilities of the TSX or through a Canadian alternative trading system and in accordance with applicable regulatory requirements at a price per share equal to the market at the time of acquisition. The number of shares that can be purchased pursuant to the NCIB is subject to a daily maximum of 10,927 shares, subject to the Company's ability to make one block purchase of shares per calendar week that exceeds such limits. Any shares purchased under the NCIB will be canceled upon purchase. During the year ended December 31, 2020, the Company acquired 54,500 shares.
- (ii) For the year ended December 31, 2020, the Company declared dividends payable on common shares of \$10,120 (2019 - \$39,764). Of the \$10,120 dividends declared in the year ended December 31, 2020, \$2,868 was satisfied in the form of shares issued through the dividend reinvestment plan (2019 - \$7,687).
- (iii) On April 10, 2020, the Company announced the suspension of its dividend for all common shareholders from April 1, 2020 until further notice.

(b) Preferred shares:

The following number and value of preferred shares were issued and outstanding as at December 31, 2020:

	Preferred shares	Carrying value
Balance, December 31, 2018	7,560,137	\$ 71,106
Issued Series 4 preferred shares	1,538,461	14,283
Balance, December 31, 2019 and December 31, 2020	9,098,598	\$ 85,389

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The Company entered into subscription agreements in 2017 and 2018 in respect of the issuance of class A convertible preferred shares ("Preferred Shares") to certain funds managed by Magnetar, a significant shareholder of the Company, funded in 3 series. The purpose of the transaction was to raise proceeds to be used for the repayment of debt, general working capital purposes and to fund future acquisitions. The Company issued 7,560,137 preferred shares for aggregate gross proceeds of \$71,500.

The Preferred Shares issued during series 1, 2, and 3 are non-voting and are initially convertible into common shares of the Company on a one-for-one basis at the option of the holder based on an initial liquidation preference and a conversion price of \$9.75. The Preferred Shares were issued at a price per share equal to the initial liquidation preference of \$9.75, subject to a 3% discount. Following issuance, the liquidation preference of the Preferred Shares will accrete at a rate of 5.65% per annum, compounded quarterly, increasing the number of common shares into which each Preferred Share is convertible at the fixed rate, and is subject to further adjustments in certain circumstances. In certain circumstances, the Company may redeem the Preferred Shares for an amount equal to their liquidation preference and may also require the conversion of the Preferred Shares. If the Preferred Shares are redeemed or mandatorily converted in the first year following issuance, the liquidation preference of such shares will include a 4% premium to the initial liquidation preference. This premium will be reduced by 1% per year in respect of redemptions or mandatory conversions in the second, third or fourth years following issuance.

On July 23, 2019, the Company entered into subscription agreements in respect of the issuance of Class A convertible preferred shares to Magnetar for aggregate gross proceeds of \$14,550. On August 27, 2019 the fourth series funded resulted in the issuance of 1,538,461 Class A Series 4 Preferred Shares.

The Series 4 Preferred Shares will be convertible into common shares at a conversion price of \$9.75. The other terms of the Series 4 Preferred Shares will be substantially similar to the terms of the Company's Class A convertible preferred shares that are currently outstanding, except that the liquidation preference of the Series 4 Preferred Shares will accrete at a rate of 9.80% for the first 24 months following the issuance of the Series 4 Preferred Shares and 12.25% thereafter; the prepayment penalty on liquidation, mandatory conversion and redemption will be 1% of the initial liquidation amount if the applicable event occurs within the first six months after issuance and 0.5% of the initial liquidation amount if the applicable event occurs between 6 months and one year following the issuance; and the Series 4 Preferred Shares will contain a limitation on converting to common shares, without prior approval of the Toronto Stock Exchange, if such conversion would result in the issuance of common shares equal to or exceeding 10% of the common shares outstanding on the date the Series 4 Preferred Shares are issued.

As at December 31, 2020, the preferred shares are convertible into 10,654,257 common shares of the Company.

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17. Earnings (loss) per share:

Basic income per share is calculated using the weighted average number of shares outstanding during the period. The calculation of diluted income per share, is calculated using the "if-converted" method and to the extent the conversion is dilutive, assumes all convertible securities have been converted at the beginning of the period, or at the time of issuance, if later, and any charges or returns on the convertible securities, on an after-tax basis, are removed from net earnings. The outstanding convertible debentures, unvested deferred shares, exchangeable units, preferred shares and Commonwealth preferred units, if exercised, would be anti-dilutive to net income per share. Accordingly their potential exercise has been ignored in calculating the diluted net income per share.

The following table reconciles the numerator and denominator of the basic and diluted earnings per share computation:

Net loss:

	Year ended December 31, 2020	Year ended December 31, 2019
Net loss for basic and diluted net loss per share	\$ (184,004)	\$ (5,359)

Denominator for basic and diluted net loss per share:

	Year ended December 31, 2020	Year ended December 31, 2019
Weighted average number of shares, including fully vested deferred shares: Basic and diluted	55,699,307	53,989,904

Net loss per share:

	Year ended December 31, 2020	Year ended December 31, 2019
Basic and diluted	\$ (3.30)	\$ (0.10)

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18. Revenue:

(a) Rental Revenue:

Rental revenue consists of the following:

	Year ended December 31, 2020	Year ended December 31, 2019
Contractual rental revenue	\$ 68,436	\$ 75,950
Straight-line rent adjustments	6,394	8,964
Amortization of tenant inducements	(385)	(158)
Property tax recoveries	12,705	15,243
Revenue from services - CAM recoveries ⁽¹⁾	2,962	3,199
	\$ 90,112	\$ 103,198

(1) Represents property services element in accordance with IFRS 15

The Company is scheduled to receive rental income from operators of its seniors housing and care properties under the provisions of long term non-cancellable operating leases, generally with lease terms of 10 to 15 years, with provisions for lease extensions at the option of the tenants. These leases are triple-net and include renewal options and rent escalation clauses.

The Company is also scheduled to receive rental income from tenants of the medical office building portfolio. These leases include provisions for recovery of real estate taxes, insurance and costs associated with common area maintenance ("CAM").

The tenant Symcare operates a portfolio of 15 properties and pays rent pursuant to a master lease. For the year ended December 31, 2020, rental revenue from this tenant comprised approximately 43% (year ended December 31, 2019 - 38%), of the Company's consolidated rental revenue for the period.

Future minimum rentals to be received as of December 31, 2020 are as follows:

Less than 1 year	\$ 69,031
Between 1 and 5 years	272,230
More than 5 years	514,544
	\$ 855,805

Future minimum rentals in the above table attributable to Symcare represent approximately 50% of the total.

(b) Resident rental and related revenue:

	Year ended December 31, 2020	Year ended December 31, 2019
Resident revenue	\$ 56,250	\$ 16,210
Service revenue ⁽¹⁾	64,157	22,257
	\$ 120,407	\$ 38,467

(1) Represents property services element in accordance with IFRS 15

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19. Direct property operating expenses:

Direct property operating expenses consist of the following:

	Year ended December 31, 2020			Year ended December 31, 2019		
	Owner occupied properties	Medical office buildings	Total	Owner occupied properties	Medical office buildings	Total
Repairs and maintenance	\$ 2,436	\$ 1,649	\$ 4,085	\$ 763	\$ 1,539	\$ 2,302
Utilities	3,709	1,381	5,090	1,163	1,369	2,532
Property management fees	—	536	536	—	574	574
Compensation and benefits	59,279	—	59,279	19,226	—	19,226
Other services and supplies	6,680	994	7,674	2,562	1,022	3,584
Real estate taxes	2,272	—	2,272	715	—	715
Other	15,668	901	16,569	3,782	818	4,600
	\$ 90,044	\$ 5,461	\$ 95,505	\$ 28,211	\$ 5,322	\$ 33,533

20. Finance costs:

Finance costs consist of the following:

	Year ended December 31, 2020	Year ended December 31, 2019
Interest expense on credit facilities	\$ 20,496	\$ 22,665
Interest expense on mortgages payable	11,121	11,922
Interest expense on convertible debentures	5,248	5,249
Distributions on exchangeable units	62	80
Dividends on Commonwealth preferred units	4,376	1,475
Amortization and accretion expense	3,997	3,882
Interest rate swap payments (receipts)	7,747	(86)
Write-off of deferred financing costs from refinancing	67	82
Amortization of mark-to-market debt adjustments	(330)	25
Interest income from loans receivable (note 4)	(2,983)	(3,661)
Finance costs from operations	\$ 49,801	\$ 41,633
Allowance for credit losses on loans and interest receivable (note 4)	23,546	1,003
Change in non-controlling interest liability	316	504
Change in fair value of financial instruments (note 11)	19,084	9,379
Change in fair value of contingent consideration (note 7)	5,510	—
Total finance costs	\$ 98,257	\$ 52,519

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21. General and administrative:

General and administrative costs consist of the following:

	Year ended December 31, 2020	Year ended December 31, 2019
Compensation and benefits	\$ 11,432	\$ 9,067
Asset management and administrative fees	235	499
Professional fees	3,474	3,090
Deferred share compensation expense	1,066	2,653
Bad debt expense	1,838	—
Other	2,494	2,783
	<u>\$ 20,539</u>	<u>\$ 18,092</u>

For the year ended December 31, 2020, \$6,699 (year ended December 31, 2019 - \$2,843) of general and administrative costs were incurred at the Commonwealth management company. For the year ended December 31, 2020, the Company has incurred severance expense of \$394 (year ended December 31, 2019 - NIL).

22. Deferred share incentive plan:

On May 25, 2016, the shareholders of the Company voted on and approved a deferred share incentive plan (the "Deferred Share Incentive Plan").

Each director of the Company is given the right to participate in the Deferred Share Incentive Plan. Directors who elect to participate shall receive a portion of their fees earned for service on the Board (the "Elected Amount") in the form of deferred shares in lieu of cash ("Individual Contributed Deferred Shares"). In addition, the Deferred Share Incentive Plan provides that the Company shall match 100% of the elected amount for each director such that the aggregate number of deferred shares issued to each such director annually shall be equal in value to two times the elected amount for such director ("Company Contributed Deferred Shares").

Under the Deferred Share Incentive Plan, deferred shares may be granted from time to time to participants in the Deferred Share Incentive Plan at the discretion of the Board of Directors or the Compensation, Governance and Nominating Committee ("Discretionary Deferred Shares")

Wherever cash dividends are paid on the common shares, additional deferred shares are credited to the participant's account. The number of such additional deferred shares is calculated by multiplying the aggregate number of deferred shares held on the relevant dividend record date by the amount of the dividend paid by the Company on each common share, and dividing the result by the market value of the common shares on the dividend date.

Individual Contributed Deferred Shares vest immediately upon grant. Company Contributed Deferred Shares, which are granted only to directors, generally vest in three equal installments on the first three anniversary dates of the grant.

Discretionary Deferred Shares may also be granted to participants and, where vesting is not specified in connection with the grant, such Discretionary Deferred Shares will vest on the second anniversary of the date of grant.

Additional deferred shares credited to a participant's account in connection with cash dividends vest on the same schedule as their corresponding Deferred Shares and are considered issued on the same date as the deferred shares in respect of which they were credited.

At the meeting of shareholders held on May 16, 2018, shareholders approved an amendment to the Deferred Share Incentive Plan to increase the maximum number of common shares available for issuance under the Deferred Share Incentive Plan to 4,000,000.

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At December 31, 2020, the number of deferred shares granted and outstanding and vested are as follows:

	Granted/ Outstanding	Fully Vested
As at December 31, 2018	375,279	92,244
Discretionary Deferred Shares granted	621,917	95,526
Individual Contributed Deferred Shares (vested immediately)	41,289	41,289
Company Contributed Deferred Shares	28,995	30,039
Shares forfeited	(18,842)	—
Shares issued upon vesting of deferred shares	(150,912)	(150,912)
As at December 31, 2019	897,726	108,186
Discretionary Deferred Shares	257,955	335,595
Equity Settled Deferred Shares	375,733	34,998
Individual Contributed Deferred Shares (vested immediately)	78,648	78,648
Company Contributed Deferred Shares	78,648	24,718
Shares issued upon vesting of deferred shares	(366,912)	(366,912)
Shares settled for cash pursuant to the plan terms	(4,255)	(4,255)
As at December 31, 2020	1,317,543	210,978

For the year ended December 31, 2020, the expense recognized in the consolidated statements of income (loss) and comprehensive income (loss) related to deferred shares was \$1,066 (year ended December 31, 2019 - \$2,653). A deferred share liability of \$875 (2019 - \$2,597) is included in other non-current liabilities in the consolidated statements of financial position as at December 31, 2020.

On January 24, 2020, the Company granted 344,310 deferred shares that are considered to be equity settled, as the participants of this grant have waived their rights to receive settlement in cash pursuant to the plan. During the year ended December 31, 2020, the Company amortized \$1,809 (year ended December 31, 2019 - \$733) of equity settled deferred shares.

The table above includes dividends granted during the year ended December 31, 2020 of 64,266 shares (2019 - 72,585 shares).

23. Related party transactions:

Related party transactions in addition to those disclosed elsewhere in these consolidated financial statements are as follows:

The Company entered into subscription agreements in 2017, 2018 and 2019 in respect of the issuance of class A convertible preferred shares to certain funds managed by Magnetar, a significant shareholder of the Company, funded in multiple series. The purpose of the transaction was to raise proceeds to be used for the repayment of debt, general working capital purposes and to fund future acquisitions. The Company issued 9,098,598 preferred shares for aggregate gross proceeds of \$86,050.

On June 5, 2019, the Company formed a joint venture, Jaguarundi Ventures, LP, with Magnetar. The Company contributed 8 properties to a newly formed joint venture and received \$23,000 from Magnetar in exchange for a 39.49% interest in the joint venture.

On July 26, 2019, the Company entered into a credit agreement with Magnetar for a principal amount of \$30,000, annual interest rate of 8.5%, and an initial maturity of one year with a one year extension option. On December 5, 2019, the Company repaid \$15,000 on the facility. On June 5, 2020, the Company gave notice of intent to exercise the one year

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extension option and per the credit agreement the interest rate will increase to 9.0%. On June 16, 2020, the Company repaid \$5,000 on the facility.

24. Income taxes:

The income tax recovery in the consolidated statements of income (loss) and comprehensive income (loss) differs from that expected by applying the combined federal, provincial and state income tax rates of 26.5% (2019 - 26.5%). The differences for the years ended December 31, 2020 and 2019 are as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
Net loss before income taxes	\$ (190,948)	\$ (5,426)
Income tax recovery at Canadian tax rate	(50,601)	(1,438)
Non-deductible expenses	5,211	1,443
Difference in tax rate in foreign jurisdiction	(2,038)	(19)
Unrecognized tax losses	40,484	(53)
Income tax recovery	\$ (6,944)	\$ (67)

The Company has certain subsidiaries in the United States and Canada that are subject to tax on their taxable income. The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below.

	December 31, 2020	December 31, 2019
Deferred tax assets:		
Tax losses	\$ 26,759	\$ 19,756
Financing costs	281	952
Derivative instruments	5,126	2,378
Other	10,762	2,703
	\$ 42,928	\$ 25,789
Deferred tax liabilities:		
Investment properties and property, plant and equipment	517	30,691
Convertible debentures	216	343
Other	1,699	1,699
Deferred tax liabilities	\$ 2,432	\$ 32,733
Deferred tax assets not recognized	\$ (40,496)	\$ —
Net deferred tax liability	\$ —	\$ (6,944)

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The gross movement in deferred tax is as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
Deferred tax liability, beginning balance	\$ (6,944)	\$ (7,011)
Deferred tax recovery	6,944	67
Deferred tax liability, ending balance	\$ —	\$ (6,944)

At December 31, 2020, U.S. subsidiaries had accumulated net operating losses available for carryforward for U.S. income tax purposes of \$73,629 (2019 - \$51,965). The pre-2020 accumulated net operating losses of \$51,965 will expire in 2038. The state net operating losses will expire in 2029. The Company and its Canadian subsidiary have losses in Canada for income tax purposes amounting to \$24,385 that expire between 2036 and 2039. The Company has non-capital losses amounting to \$98,014 at December 31, 2020 (2019 - \$2,129) for which no deferred tax asset has been recognized as it is not probable that future taxable profits will be available against which the Company can use the benefits therefrom.

25. Commitments and contingencies:

Pursuant to the Chesterton lease agreement and satisfaction of certain conditions, the tenant has an option prior to the end of the fifth year of the lease to increase rent to a level supported by certain metrics as identified in the lease agreement. In consideration for the exercise of such option, the Company is required to pay the tenant an amount equal to the capitalized value of the rent increase using a pre-determined capitalization rate. If such option is exercised, the tenant's rent is also increased by an amount equal to the consideration paid multiplied by the capitalization rate. The Company has not recorded any balance in the consolidated financial statements associated with this commitment.

There are risks which arise from the joint arrangements, including the willingness of the other partners to contribute or withdraw funds and a change in creditworthiness of the partner. As a result, there may be a requirement by the Company to contribute cash into the operating partnerships.

On December 31, 2018, the Company entered into an operating agreement with Javelina Ventures, LLC in which the Company will share in 5% of the net available cash flows from operations. Concurrently, the Company entered into an agreement to guarantee a total of \$5,000 of the mortgages on the properties operated by Javelina Ventures, LLC. The Company earns an annual guaranty fee of \$225 until the loans have been repaid or the guaranty is released. The Company has not recorded any balance in the financial statements associated with this commitment.

On June 5, 2019, the Company entered into agreements to fund future loans to tenants of the Jaguarundi Ventures, LP joint venture. On October 1, 2019, the Company amended the agreements to increase the future loan commitments to the tenants. On February 18, 2020, the Company amended the agreements to further increase the future loan commitments to the tenants. As at December 31, 2020, the Company is committed to fund an additional \$380 pursuant to these agreements. The Company has recorded an associated loan commitment liability representing the fair value of these commitments, which were made at interest rates below market value. The Company provides a guarantee on the outstanding mortgage balances of the Jaguarundi Ventures, LP in exchange for a fee equal to 15 basis points on the amount guaranteed (note 8). As of December 31, 2020, the value of the properties that collateralize the mortgages is \$143,785 and is sufficient to support the mortgage values.

Pursuant to the Commonwealth purchase agreement, the Company may be required to fund one or more earnout payments relating to six communities that had not yet reached stabilization at the time of acquisition by the Company. These earnout payments are only payable in the event specific occupancy and EBITDAR thresholds have been satisfied, and must be met prior to the third anniversary of closing at which time the earnout payment obligation will cease to exist. The earnout payments, when funded, will consist of a combination of cash and additional preferred interests. At this time, given the performance of one of the six communities, the Company has recorded an expense related to the increase in the fair value of contingent consideration in the amount of \$3,256, which was paid through the issuance of \$1,701 of Commonwealth preferred units and \$1,555 of cash on hand. The Company has recorded a liability of \$2,254 in the financial statements

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associated with this commitment relating to the remaining five communities based on the weighted average probably of earnout payments owed using estimated future results at the properties.

On May 6, 2020, the Company entered into a limited partnership agreement with the operator Phoenix. Pursuant to this agreement, if the management agreement with Phoenix is terminated without cause, Phoenix has the right to cause the Company to purchase all of its interest in the partnership. The Company has not recorded any balance in the consolidated financial statements associated with this commitment.

26. Capital management:

The Company's objectives when managing capital are to ensure sufficient liquidity to pursue its organic growth combined with strategic acquisitions, and to maintain a flexible capital structure that optimizes the cost of capital at acceptable risk and preserves the ability to meet financial obligations.

The capital of the Company consists of mortgages payable, the credit facilities, convertible debentures, Commonwealth preferred unit liability, preferred shares and common shares.

The Company sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets, as well as with consideration of externally imposed capital requirements. In managing its capital structure, the Company monitors performance throughout the period to ensure working capital requirements are funded from operations, available cash on deposit and available financing. The Company may make changes to its capital structure in order to support the broader corporate strategy or in light of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue equity or new debt, issue new debt with different characteristics to replace existing debt, or reduce the amount of existing debt.

The real estate industry is capital-intensive by nature. As a result, debt capital is an important aspect in managing the business. In addition, financial leverage is used to enhance terms from purchased real estate. The Company actively monitors debt maturities and available debt financing options.

Under the terms of the Company's credit facilities, the Company is required to meet certain financial and non-financial covenants that are customary for the nature and phase of the Company's current business structure.

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27. Fair value measurement:

The fair value hierarchy of assets and liabilities measured at fair value on a recurring basis in the consolidated statements of financial position is as follows:

	December 31, 2020			December 31, 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivative asset	\$ —	\$ 4,814	\$ —	\$ —	\$ 64	\$ —
Investment properties	—	—	882,019	—	—	969,634
Loans receivable	—	—	2,368	—	—	2,368
Loan commitment liability	—	115	—	—	979	—
Derivative liability	—	28,969	—	—	7,966	—
Deferred share liability	—	875	—	—	2,597	—

For the assets and liabilities measured at fair value as at December 31, 2020, there were no transfers between Level 1, Level 2 and Level 3 levels during the period. For changes in fair value measurements of investment properties included in Level 3 of the fair value hierarchy, refer to note 6 for details. The fair values of the derivative instruments represents estimates at a specific point in time using financial models, based on interest rates that reflect current market conditions, the credit quality of counterparties and interest rate curves. Fair value measurements of derivative instruments were estimated using Level 2 inputs. Fair value of deferred share liability represents the value of the units if converted using the market price of the Company's common shares.

Fair value of financial instruments:

The carrying amounts and fair values of financial instruments as shown in the consolidated statements of financial position are shown in the table below. The table below excludes cash, restricted cash, tenant and other receivables, security deposits and costs related to future acquisitions, income support receivable, escrow deposits held by lenders, accounts payable and accrued liabilities, accrued real estate taxes, construction payable, liabilities to previous owner of Care, escrows collected from tenant, and dividend payable, as the carrying amounts of these assets and liabilities are a reasonable approximation of fair value due to their short term nature. The table also excludes security deposits received from tenants as the carrying amount is a reasonable approximation of fair value.

	December 31, 2020		December 31, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets:				
Loans receivable	\$ 18,703	\$ 18,768	\$ 48,902	\$ 48,947
Derivative instruments	4,814	4,814	64	64
Bond assets	881	881	1,071	1,071
Financial liabilities:				
Mortgages payable	299,464	301,839	275,467	275,083
Credit facilities	660,596	664,690	646,959	651,625
Derivative instruments	28,969	28,969	7,966	7,966
Convertible debentures	92,411	58,784	91,049	86,441
Commonwealth preferred unit liability	65,797	65,797	63,654	63,654
Loan commitment liability	115	115	979	979
Exchangeable Units liability	2,049	600	2,049	2,207

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Fair value represents management's estimates of the fair market value at a given point in time, which may not reflect fair value in the future. These calculations are subjective and require estimation, and cannot be determined with precision. Changes in assumptions could significantly affect the estimates. The following summarizes the significant methods and assumptions used in estimating the fair values of financial instruments reflected in the table above.

i. Loans receivable

The fair value of loans receivable is determined by the discounted cash flow method using applicable inputs such as prevailing interest rates, contractual rates and discounts. Fair value measurements of these instruments were estimated using Level 3 inputs. The carrying values of short term loans generally approximate their fair values.

ii. Derivative instruments

The fair values of the derivative instruments represents estimates at a specific point in time using financial models, based on interest rates that reflect current market conditions, the credit quality of counterparties and interest rate curves. Fair value measurements of derivative instruments were estimated using Level 2 inputs.

iii. Bond assets

The fair value of bond assets is determined by the discounted cash flow method using applicable inputs such as discount rates and fixed payment schedules. Fair value measurements of these instruments were estimated using Level 3 inputs. The carrying values of bond assets approximate their fair values.

iv. Mortgages payable and credit facility

The fair values of these instruments are estimates made at a specific point in time, based on relevant market information. These estimates are based on quoted market prices for the same or similar issues or on the current rates offered to the Company for similar financial instruments subject to similar risk and maturities. Fair value measurements of these instruments were estimated using Level 2 inputs. The carrying values of short-term and variable rate debt generally approximate their fair values.

v. Convertible debentures

The Company determined the fair value of the convertible debentures using quoted market prices which are considered Level 1 inputs.

vi. Commonwealth preferred unit liability

The fair value of the Commonwealth preferred unit liability is determined by the discounted cash flow method using applicable inputs such as market interest rates and contractual rates. Fair value measurements of these instruments were estimated using Level 3 inputs.

vii. Loan commitment liability

The fair value of the loan commitment liability is determined by the discounted cash flow method using applicable inputs such as market interest rates and contractual rates. Fair value measurements of these instruments were estimated using Level 3 inputs.

viii. Exchangeable Unit liability

The Company determined the fair value of the Exchangeable Unit liability using quoted market prices of the Company's common shares which are considered Level 2 inputs.

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28. Financial risk management:

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Management has updated its risk management policies and strategies for the current risks due to COVID-19.

(i) Market risk

Foreign currency risk:

Foreign exchange risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. A portion of the Company's operations are located in Canada, resulting in the Company being subject to foreign currency fluctuations which may impact its financial position and results. In order to mitigate the risk, the Company's borrowings on Canadian assets are also denominated in Canadian dollars to act as a natural hedge. In addition, Canadian dollar revenue was predominantly naturally hedged by Canadian dollar expenditures such as corporate professional fees, interest expense and administrative expenditures.

Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk on loans receivable because all of the loans earn interest at fixed rates.

The Company is exposed to interest rate risk on the credit facilities and certain mortgages payable, which bear interest at variable rates. To manage interest rate risk, the Company entered into swap agreements which effectively fixes interest on a portion of its variable rate debt. It may also enter into additional derivative financial instruments from time to time to mitigate interest rate risk. At December 31, 2020, 81.7% of our interest was of fixed rate, including the impact of in-place swaps. To limit exposure to the risk of higher interest rates at renewal, the Company spreads the maturities of its fixed-rate, long-term debt over time.

The Company's remaining financial instruments have no exposure to interest rate risk due to their short-term nature.

At December 31, 2020, the Company's interest-bearing financial instruments were as follows:

	Carrying Amount	
	December 31, 2020	December 31, 2019
Fixed-rate financial liabilities	\$ 861,053	\$ 860,650
Variable-rate financial liabilities	\$ 191,418	\$ 152,825

As at December 31, 2020, an increase/decrease of 100-basis-points in interest rates, assuming all other variables are constant, would result in a \$1,927 (2019 - \$1,537) change in the Company's finance costs over the next twelve months.

(ii) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the Company by failing to discharge its obligations. The Company is exposed to credit risk on all financial assets and its exposure is generally limited to the carrying amount on the consolidated statement of financial position. The Company is exposed to credit risk arising from the possibility that a borrower may be unable to fulfill their contractual obligations. In the event

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that borrowers are not able to meet commitments, the Company could suffer a loss of either interest or principal or both. The Company actively manages its affairs to minimize its credit risk through careful selection and assessment of its credit parties and collateral based on knowledge obtained through means such as due diligence carried out in respect of leasing transactions to new operators. Despite these measures the Company increased its allowance for credit losses on loans and interest receivable due to the effects that the COVID-19 pandemic has had on borrowers' cash flows. The Company also manages credit risk related to its cash balances by selection of reputable banking institutions.

(iii) Liquidity risk:

The Company's principal liquidity needs arise from working capital requirements, debt servicing and repayment obligations, planned funding of property improvements, leasing costs, and property development and acquisition funding requirements.

Liquidity risk arises from the possibility of not having sufficient debt, cash and equity capital available to the Company to fund its growth program and refinance or meet its payment obligations as they arise.

The Company is subject to the liquidity risk that it will not be able to meet its financial obligations as they come due. Although a portion of the cash flow generated by the investment properties is devoted to servicing outstanding debt and the convertible debentures, there can be no assurance that the Company will continue to generate sufficient cash flow from operations to meet interest payments and principal repayment obligations upon an applicable maturity date. If the Company is unable to meet principal or interest repayment obligations, it could be required to renegotiate such payments, issue additional equity or debt, or obtain other financing. The failure to make or renegotiate interest or principal payments, issue additional equity or debt, or obtain other financing could have a material effect on the Company's financial condition and results of operations. The Company manages its liquidity risk through cash and debt management. The Company plans to address scheduled interest payments through operating cash flows and significant principal maturities through a combination of debt and equity financing.

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The following are the contractual maturities of the Company's financial liabilities as at December 31, 2020, including expected interest payments where applicable:

	Total	2021	2022	2023	2024	2025	Thereafter
Credit facilities principal	\$664,690	\$10,000	\$190,500	\$288,190	\$176,000	\$ —	\$ —
Mortgages payable principal	296,881	30,622	33,765	88,913	24,529	30,078	88,974
Convertible debentures principal	94,975	—	44,975	50,000	—	—	—
Commonwealth preferred unit liability principal ⁽¹⁾	67,381	—	—	—	67,381	—	—
Total principal	1,123,927	40,622	269,240	427,103	267,910	30,078	88,974
Percentage of total	100.0 %	3.6 %	24.0 %	38.0 %	23.8 %	2.7 %	7.9 %
Credit facilities interest	76,740	27,126	25,941	16,896	6,777	—	—
Mortgages payable interest	78,386	11,672	10,316	8,110	5,264	4,615	38,409
Convertible debentures interest	12,373	5,249	4,124	3,000	—	—	—
Commonwealth preferred unit liability interest	17,157	4,404	4,404	4,574	3,775	—	—
Accounts payable and accrued liabilities	17,715	17,715	—	—	—	—	—
Accrued real estate taxes	14,518	14,518	—	—	—	—	—
Other current liabilities	4,975	4,975	—	—	—	—	—
Other non-current liabilities	16,241	2,481	2,086	535	386	126	10,627
Loan commitments	380	380	—	—	—	—	—
Total other commitments	238,485	88,520	46,871	33,115	16,202	4,741	49,036
Total commitments	\$1,362,412	\$129,142	\$316,111	\$460,218	\$284,112	\$34,819	\$138,010

(1) The liability has no stated maturity date. It is the Company's expectation that the liability will be repaid in 2024.

29. Key management personnel compensation:

The remuneration of key management personnel of the Company for years ended December 31, 2020 and 2019 is set forth in the table below.

	Year ended December 31, 2020	Year ended December 31, 2019
Officers and directors compensation	\$ 2,111	\$ 2,684
Share based compensation	2,909	2,490
	\$ 5,020	\$ 5,174

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30. Segments:

The Company's current portfolio includes investments in assisted living, independent living, memory care, transitional care, long-term care, and medical office properties. The Company's senior housing and care investments in assisted living, independent living, memory care, transitional care and long-term care share similar characteristics and are generally leased to operators on a long-term, triple-net lease basis. In some instances the Company has an interest in both the property and operations in joint ventures and joint arrangements with the operating partner at the facility. The Company considers these investments to be one reportable operating segment. The Company has investments in 15 medical office buildings ("Medical office buildings"). This multi-tenant medical office portfolio has different characteristics that are evaluated by management, and is considered to be a separate reportable operating segment. Through the acquisition of Commonwealth and the transition of the Greenfield assets, the Company has investments in 36 properties and a management company that operates 29 of those properties ("owner occupied property"). Management considers this another reportable operating segment.

The following tables show net income (loss) by reportable segment for the years ended December 31, 2020 and 2019:

	Year ended December 31, 2020				
	Seniors housing and care investment properties	Owner occupied properties	Medical office buildings	Corporate/ other	Total
Rental revenue	\$ 77,457	\$ —	\$ 12,655	\$ —	\$ 90,112
Resident rental and related revenue	—	120,407	—	—	120,407
Lease revenue from joint ventures	3,118	—	—	—	3,118
Other revenue	—	1,769	1,114	867	3,750
Other income	—	3,415	—	—	3,415
Direct property operating expenses	—	(90,044)	(5,461)	—	(95,505)
Depreciation and amortization expense	—	(48,476)	—	(93)	(48,569)
Finance cost from operations	(22,810)	(17,484)	(3,646)	(5,861)	(49,801)
Real estate tax expense	(11,389)	—	(2,099)	—	(13,488)
General and administrative expenses	(1,992)	(6,699)	(307)	(11,541)	(20,539)
Transaction costs for business combination	—	(34)	—	(136)	(170)
Allowance for credit losses on loans and interest receivable	(518)	—	—	(23,028)	(23,546)
Changes in non-controlling interest liability	(168)	(148)	—	—	(316)
Change in fair value of investment properties - IFRIC 21	57	—	—	—	57
Change in fair value of investment properties	(78,648)	—	(21,740)	—	(100,388)
Change in fair value of financial instruments	(690)	(6,712)	(2,127)	(9,555)	(19,084)
Change in fair value of contingent consideration	—	—	—	(5,510)	(5,510)
Loss on sale of property, plant and equipment	—	58	—	(220)	(162)
Loss from joint ventures	(34,729)	—	—	—	(34,729)
Income tax recovery	—	—	—	6,944	6,944
Net loss	\$ (70,312)	\$ (43,948)	\$ (21,611)	\$ (48,133)	\$ (184,004)
Expenditures for non-current assets:					
Acquisition of properties	\$ 8,202	\$ 36,154	\$ —	\$ —	\$ 44,356
Capital additions	4,360	11,269	631	—	16,260

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	Year ended December 31, 2019				
	Seniors housing and care investment properties	Owner occupied properties	Medical office buildings	Corporate/ other	Total
Rental revenue	\$ 89,944	\$ —	\$ 13,254	\$ —	\$ 103,198
Resident rental and related revenue	—	38,467	—	—	38,467
Lease revenue from joint ventures	3,024	—	—	—	3,024
Other income	14	874	1,792	1,038	3,718
Direct property operating expenses	—	(28,211)	(5,322)	—	(33,533)
Depreciation and amortization expense	—	(14,349)	—	(91)	(14,440)
Finance cost from operations	(26,593)	(5,836)	(4,066)	(5,138)	(41,633)
Real estate tax expense	(13,637)	—	(2,207)	—	(15,844)
General and administrative expenses	(420)	(2,843)	(535)	(14,294)	(18,092)
Transaction costs for business combination	—	—	—	(5,898)	(5,898)
Diligence costs for transactions not pursued	—	—	—	(633)	(633)
Allowance for credit losses on loans and interest receivable	(55)	—	—	(948)	(1,003)
Changes in non-controlling interest liability	(378)	(126)	—	—	(504)
Change in fair value of investment properties - IFRIC 21	(29)	—	—	—	(29)
Change in fair value of investment properties	(1,179)	—	(4,867)	—	(6,046)
Change in fair value of financial instruments	(1,040)	(840)	(127)	(7,372)	(9,379)
Loss from joint ventures	(6,799)	—	—	—	(6,799)
Income tax recovery	—	—	—	67	67
Net loss	\$ 42,852	\$ (12,864)	\$ (2,078)	\$ (33,269)	\$ (5,359)
Expenditures for non-current assets:					
Acquisition of properties	\$ 89,421	\$ 347,870	\$ —	\$ —	\$ 437,291
Capital additions	7,546	1,275	1,576	—	10,397

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The following tables show assets and liabilities by reportable segment as at December 31, 2020 and 2019:

	As at December 31, 2020				
	Seniors housing and care investment properties	Owner occupied properties	Medical office buildings	Corporate/ other	Total
Investment properties	\$ 759,628	\$ —	\$ 122,391	\$ —	\$ 882,019
Property, plant and equipment, net	—	448,912	—	2,913	451,825
Investment in joint ventures	65,258	—	—	—	65,258
Loans receivable	6,669	—	—	12,034	18,703
Other assets	24,014	27,464	6,712	22,429	80,619
Total assets	\$ 855,569	\$ 476,376	\$ 129,103	\$ 37,376	\$ 1,498,424
Mortgages payable	\$ 158,715	\$ 140,749	\$ —	\$ —	\$ 299,464
Credit facilities	388,715	174,465	87,416	10,000	660,596
Convertible debentures	—	—	—	92,411	92,411
Commonwealth preferred unit liability	—	65,797	—	—	65,797
Non-controlling interest liability	3,373	1,036	—	—	4,409
Other liabilities	25,897	24,302	4,964	27,255	82,418
Total liabilities	\$ 576,700	\$ 406,349	\$ 92,380	\$ 129,666	\$ 1,205,095
	As at December 31, 2019				
	Seniors housing and care investment properties	Owner occupied properties	Medical office buildings	Corporate/ other	Total
Investment properties	\$ 828,150	\$ —	\$ 141,484	\$ —	\$ 969,634
Property, plant and equipment, net	—	456,936	—	3,006	459,942
Investment in joint ventures	107,994	—	—	—	107,994
Loans receivable	9,759	—	—	31,895	41,654
Other assets	18,141	24,381	1,726	7,266	51,514
Total assets	\$ 964,044	\$ 481,317	\$ 143,210	\$ 42,167	\$ 1,630,738
Mortgages payable	\$ 151,279	\$ 124,188	\$ —	\$ —	\$ 275,467
Credit facilities	386,778	174,230	85,951	—	646,959
Convertible debentures	—	—	—	91,049	91,049
Commonwealth preferred unit liability	—	63,654	—	—	63,654
Non-controlling interest liability	3,376	123	—	—	3,499
Other liabilities	25,875	12,839	2,465	28,787	69,966
Total liabilities	\$ 567,308	\$ 375,034	\$ 88,416	\$ 119,836	\$ 1,150,594

In measuring performance, the Company does not distinguish or group its properties on a geographical basis. Management has applied judgment by aggregating its properties into four reportable segments for disclosure purposes. The Company's Chief Executive Officer is the chief decision maker and regularly reviews performance on an individual property basis and on the basis of the Company's reportable operating segments.

INVESQUE INC.

Notes to Consolidated Financial Statements

(Expressed in thousands of U.S. dollars unless otherwise noted, except share and per share amounts)

Years ended December 31, 2020 and 2019

At December 31, 2020, \$1,246,928 of the Company's non-current assets, excluding financial instruments, are located in the United States (2019 - \$1,371,173) and \$154,945 are located in Canada (2019 - \$162,283). During the year ended December 31, 2020, the Company generated \$202,508, (year ended December 31, 2019 - \$133,104), of its revenues, excluding other revenue, from properties located in the United States and \$11,129 (year ended December 31, 2019 - \$11,585) of its revenues from properties located in Canada.



Corporate Information

Directors

Scott White, Chairman and Chief Executive Officer

Brad Benbow, Director^{2,3}

Donna Brandin, Director¹

Shaun Hawkins, Director^{1,2}

Charles Herman, Lead Independent Director^{2,3}

Randy Maultsby, Director¹

Adlai Chester, Director and Chief Investment Officer

¹ *Audit Committee Member*

² *Governance and Nominating Committee Member*

³ *Human Resources and Compensation Committee Member*

Officers and Senior Management

Scott White

Chief Executive Officer

Adlai Chester

Chief Investment Officer

Scott Higgs

Chief Financial Officer

Vineet Bedi

Chief Strategy Officer

Bryan Hickman

Senior Vice President – Investments

Shareholder Information

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Auditors

KPMG LLP

Toronto, Ontario

Legal Counsel

Goodmans LLP

Toronto, Ontario

Stock Exchange Listing

Toronto Stock Exchange (IVQ.U and IVQ)

Transfer Agent and Registrar

Computershare Trust Company of Canada

Toronto, ON

Telephone: 800-564-6253

Shareholder and Investor Contact

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