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

INVESQUE INC.

Three Month Periods ended March 31, 2023 and 2022
(Unaudited)

INVESQUE INC.

Condensed Consolidated Interim Statements of Financial Position (Unaudited)
(Expressed in thousands of U.S. dollars)
As at

	March 31, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 22,246	$ 27,579
Tenant and other receivables (note 2)	8,030	6,311
Property tax receivables	12,734	11,834
Derivative instruments (note 10)	5,637	5,645
Loans receivable (note 3)	593	—
Assets held for sale (note 15)	16,460	20,224
Other (note 4)	9,737	10,171
	75,437	81,764
Non-current assets:		
Loans receivable (note 3)	21,880	19,654
Derivative instruments (note 10)	7,483	10,412
Investment in joint ventures (note 7)	49,125	49,077
Investment properties (note 5)	532,342	538,591
Property, plant and equipment, net (note 6)	394,398	396,266
Other non-current assets (note 4)	1,443	1,576
	1,006,671	1,015,576
Total assets	$ 1,082,108	$ 1,097,340
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 12,039	$ 13,085
Accrued real estate taxes	13,730	17,891
Credit facilities (note 8)	340,384	337,474
Mortgages payable (note 9)	77,681	58,949
Convertible debentures (note 11)	47,963	47,869
Other current liabilities (note 13)	7,691	6,972
Liabilities related to assets held for sale (note 15)	794	894
	500,282	483,134
Non-current liabilities:		
Credit facilities (note 8)	176,003	176,527
Mortgages payable (note 9)	110,530	127,999
Convertible debentures (note 11)	17,409	16,639
Commonwealth preferred unit liability (note 12)	58,017	57,906
Derivative instruments (note 10)	1	—
Other non-current liabilities (note 13)	3,202	3,277
Non-controlling interest liability	145	211
	365,307	382,559
Total liabilities	865,589	865,693
Shareholders' equity:		
Common share capital (note 16)	510,173	508,961
Equity settled deferred shares	—	862
Preferred share capital (note 16)	85,389	85,389
Contributed surplus	400	400
Equity component of convertible instruments	5,243	5,243
Exchangeable units	2,049	2,049
Cumulative deficit	(385,675)	(370,077)
Accumulated other comprehensive loss	(1,060)	(1,180)
Total shareholders' equity	216,519	231,647
Total liabilities and shareholders' equity	$ 1,082,108	$ 1,097,340

See accompanying notes to these condensed consolidated interim financial statements.

INVESQUE INC.

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

	Three months ended March 31, 2023	Three months ended March 31, 2022
Revenue:		
Rental (note 18)	$ 14,018	$ 14,788
Resident rental and related revenue (note 18)	33,701	32,176
Lease revenue from joint ventures (note 7)	876	903
Other revenue	946	727
	49,541	48,594
Other income	1,745	150
Interest income from loans receivable	529	352
Expenses (income) and fair value adjustments:		
Direct property operating expenses (note 19)	25,716	25,852
Depreciation and amortization expense (note 6)	3,735	3,741
Finance costs from operations (note 20)	11,472	11,115
Real estate property tax expense	12,040	11,409
General and administrative expenses (note 21)	5,966	5,991
Allowance (recovery) for expected credit losses (note 20)	1,047	(24)
Change in non-controlling interest liability	67	236
Change in fair value of investment properties - IFRIC 21	(9,058)	(8,515)
Change in fair value of investment properties (note 5)	8,894	8,474
Change in fair value of financial instruments (note 20)	2,937	(12,839)
Gain on sale of property, plant and equipment (note 6)	(12)	(1,333)
	62,804	44,107
Share of loss from joint ventures (note 7)	(24)	(448)
Loss before income taxes	(11,013)	4,541
Income tax recovery:		
Deferred income tax recovery (note 24)	—	1,127
Net income (loss) from continuing operations	$ (11,013)	$ 5,668
Net income (loss) from discontinued operations, net of tax (note 15)	(4,585)	(2,331)
Net income (loss)	(15,598)	3,337
Other comprehensive income (loss):		
Items to be reclassified to net income (loss) in subsequent periods		
Unrealized gain on translation of foreign operations	120	626
	120	626
Total comprehensive income (loss)	$ (15,478)	$ 3,963
Income (loss) from continuing operations per share (note 17):		
Basic and diluted	$ (0.19)	$ 0.10
Income (loss) per share (note 17):		
Basic and diluted	$ (0.27)	$ 0.06

See accompanying notes to these condensed consolidated interim financial statements.

INVESQUE INC.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Unaudited)
(Expressed in thousands of U.S. dollars)
Three months ended March 31, 2023 and 2022

	Common share capital	Equity settled deferred shares	Preferred share capital	Contributed surplus	Equity component of convertible instruments	Exchangeable units	Cumulative deficit	Accumulated other comprehensive income (loss)	Total
Balance, January 1, 2023	$ 508,961	$ 862	$ 85,389	$ 400	$ 5,243	$ 2,049	$ (370,077)	$ (1,180)	$ 231,647
Net loss	—	—	—	—	—	—	(15,598)	—	(15,598)
Other comprehensive income	—	—	—	—	—	—	—	120	120
Common shares purchased and cancelled under NCIB (note 16)	(56)	—	—	—	—	—	—	—	(56)
Common shares issued on settlement of deferred share incentive plan (note 16)	117	—	—	—	—	—	—	—	117
Amortization of equity settled deferred shares	—	197	—	—	—	—	—	—	197
Obligation for purchase of units under automatic share purchase plan	92	—	—	—	—	—	—	—	92
Common shares issued for equity settled deferred shares (notes 16 and 22)	1,059	(1,059)	—	—	—	—	—	—	—
Balance, March 31, 2023	$ 510,173	$ —	$ 85,389	$ 400	$ 5,243	$ 2,049	$ (385,675)	$ (1,060)	$ 216,519

	Common share capital	Equity settled deferred shares	Preferred share capital	Contributed surplus	Equity component of convertible instruments	Exchangeable units	Cumulative deficit	Accumulated other comprehensive income (loss)	Total
Balance, January 1, 2022	$ 512,004	$ 1,781	$ 85,389	$ 400	$ 6,370	$ —	$ (321,267)	$ 1,580	$ 286,257
Net income	—	—	—	—	—	—	3,337	—	3,337
Other comprehensive loss	—	—	—	—	—	—	—	626	626
Equity component of Commonwealth preferred units	—	—	—	—	(1,127)	—	—	—	(1,127)
Common shares purchased and cancelled under NCIB (note 16)	(312)	—	—	—	—	—	—	—	(312)
Common shares issued on settlement of deferred share incentive plan (note 16)	255	—	—	—	—	—	—	—	255
Amortization of equity settled deferred shares	—	247	—	—	—	—	—	—	247
Common shares issued for equity settled deferred shares (notes 16 and 22)	1,270	(1,270)	—	—	—	—	—	—	—
Common shares issued through conversion of convertible debentures (notes 11 and 16)	125	—	—	—	—	—	—	—	125
Balance, March 31, 2022	$ 513,342	$ 758	$ 85,389	$ 400	$ 5,243	$ —	$ (317,930)	$ 2,206	$ 289,408

See accompanying notes to these condensed consolidated interim financial statements.

INVESQUE INC.

Condensed Consolidated Interim Statements of Cash Flows (Unaudited)
(Expressed in thousands of U.S. dollars)
Three Months ended March 31, 2023 and 2022

	Three months ended March 31, 2023	Three months ended March 31, 2022
Cash flows from operating activities:		
Net income (loss)	$ (15,598)	$ 3,337
Items not involving cash:		
Fair value adjustment of investment properties (notes 5 and 15)	12,775	11,874
Fair value adjustment of financial instruments (note 10)	2,937	(13,705)
Depreciation and amortization expense (note 6)	3,735	3,741
Allowance for expected credit losses (note 20)	1,047	(24)
Straight-line rent (notes 15 and 18)	(607)	(1,083)
Amortization of tenant inducements (notes 15 and 18)	67	90
Finance costs from operations (notes 15 and 20)	11,758	11,686
Interest income on loans receivable	(529)	—
Change in non-controlling interest liability	67	236
Gain on sale of property, plant and equipment (note 6)	(12)	(1,333)
Share of loss from joint ventures (note 7)	24	448
Deferred income tax recovery (note 24)	—	(1,127)
Interest paid	(11,102)	(10,491)
Interest income received	144	119
Debt extinguishment costs paid	9	(340)
Change in non-cash operating working capital:		
Tenant and other receivables	(6,591)	(1,059)
Accounts payable and accrued liabilities	(173)	(2,368)
Deferred revenue	689	411
Other assets	651	131
Other liabilities	277	(337)
Accrued real estate taxes	(4,050)	1,717
Net cash provided by (used in) operating activities	$ (4,482)	$ 1,923
Cash flows (used in) from financing activities:		
Proceeds from credit facilities (note 14)	$ 2,660	$ 68,100
Payments on credit facilities (note 14)	(592)	—
Debt issuance costs paid	—	(768)
Proceeds from mortgages (note 14)	1,897	494
Payments of mortgages (note 14)	(836)	(27,334)
Repayment of lease liabilities (note 21)	(107)	—
Redemption of convertible debentures	—	(20,000)
Repayment of preferred shares	—	(10,000)
Payment for repurchase of common shares (note 16)	(56)	—
Payment for repurchase of convertible debentures (note 14)	(63)	(313)
Cash provided by financing activities	$ 2,903	$ 10,179
Cash flows from investing activities:		
Additions to investment properties (notes 5 and 15)	$ (1,985)	$ (11,498)
Additions to property, plant and equipment (note 6)	(1,871)	(1,523)
Proceeds from dispositions of property, plant and equipment	16	5,374
Proceeds from dispositions of assets held for sale	—	3,321
Distributions from joint ventures (note 7)	—	105
Contributions to joint ventures (note 7)	(71)	(286)
Distributions to non-controlling interest partners	(160)	(169)
Contributions from non-controlling interest partners	28	79
Receipts from loans receivable	289	214
Cash used in investing activities	$ (3,754)	$ (4,383)
Increase (decrease) in cash and cash equivalents	(5,333)	7,719
Cash and cash equivalents, beginning period	27,579	19,369
Cash and cash equivalents, end of period	$ 22,246	$ 27,088

See accompanying notes to these condensed consolidated interim financial statements.

Invesque Inc. (the "Company") was incorporated on May 31, 2007 under the Business Corporations Act (Ontario). 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 investment property 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 or 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 exclusively through its subsidiary management company, Commonwealth Senior Living LLC ("Commonwealth").

At March 31, 2023, the Company owns interests in a portfolio of 80 health care and senior living properties of the type noted above comprised of 37 consolidated investment properties, 33 consolidated owner-occupied properties, partial interests in 7 properties held through joint arrangements and 3 investment properties presented as assets held for sale.

1. Basis of preparation:

(a) Liquidity Assessment

The COVID-19 pandemic resulted in a significant economic downturn in the United States, Canada and globally, and also led to disruptions and volatility in capital markets. Certain trends and impacts have continued throughout 2022 and will likely continue throughout 2023. The economic downturn has had an impact on results and operations of the Company, including decreased occupancy, delays in collections from tenants, increased operating expenses and increased interest rates.

The ultimate impact of the pandemic on the Company's results of operations, financial position and cash flows are still uncertain and continually evolving. This includes, among other factors, the duration and severity of negative economic conditions arising therefrom, including interest rates and inflation. The negative impact of the pandemic has been partially offset to date by certain government stimulus programs which have helped to offset increased 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 three months ended March 31, 2023, the Company recognized $34 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 (three months ended March 31, 2022 - $150). For the three months ended March 31, 2023, the Company recognized $196 of income from joint ventures related to the Company's share of government grants recognized by certain of the Company's joint venture properties in respect of COVID-19 pandemic relief (three months ended March 31, 2022 - $nil).

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 March 31, 2023, current liabilities totaled $500,282, and current assets totaled $75,437, resulting in a working capital deficit of $424,845. 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 $22,246, (ii) cash flows generated from operations, (iii) credit facilities, under which $10,821 was available as at March 31, 2023, (iv) property-specific mortgages and refinancings, (v) strategic sale of assets, (vi) issuance of preferred shares, (vii) issuance of convertible debentures, subject to market conditions, (viii) issuance of common shares, subject to market conditions, and (ix) alternative financing sources.

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, interest rates and cost inflation have introduced increased uncertainty. 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 various 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 various debt agreements. There is a risk that such liquidity forecasts may not be achieved and that currently available debt financing that matures in 2023 may no longer be available to the Company at terms and conditions that are forecasted, or at all.

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 March 31, 2023. 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 tenants to meet projected rental obligations to the Company and the continued availability of financing.

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

(i) utilizing available cash to pay down debts,

(ii) continue with sales activity to dispose of certain properties and use the proceeds to pay down and reduce debts,

(iii) exercise the Company's right to convert its convertible debentures into common shares,

(iv) reducing non-essential capital expenditures.

(b) Statement of compliance:

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). All of the Company's subsidiaries adhere to the same accounting policies. The condensed consolidated interim financial statements do not include all of the information required for a set of annual financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2022, which were issued on March 15, 2023.

The Company has applied the same accounting policies and methods of application as the consolidated financial statements as at and for the year ended December 31, 2022.

These condensed consolidated financial statements were approved by the Board of Directors of the Company and authorized for issuance on May 10, 2023.

(c) Discontinued operations:

The results of operations of the Company's medical office building segment are classified as discontinued operations in these financial statements (note 15). A discontinued operation is a component of the Company's business that either has been disposed of, or is classified as held for sale, and either 1) represents a separate major line of business or geographic area of operations, 2) is part of a coordinated single plan to dispose of a separate major line of business or geographic area of operations or 3) is a subsidiary acquired exclusively with a view to resale. Based on the Company's assessment, the segment has been classified as a discontinued operation. Accordingly, the comparative consolidated statement of net loss and comprehensive loss is presented as if the operations had been discontinued from the start of the comparative period.

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

2. Tenant and other receivables:

Tenant and other receivables and corresponding allowance balances are as follows:

	March 31, 2023	December 31, 2022
Tenant and other receivables, gross	$ 12,566	$ 10,527
Allowance for uncollectible receivables	(4,536)	(4,216)
Tenant and other receivables, net	$ 8,030	$ 6,311

The movement in the allowance in respect of tenant and other receivables during the three months ended March 31, 2023 was as follows.

Balance, December 31, 2022	$ 4,216
Allowance	350
Collections — recoveries	(30)
Balance March 31, 2023	$ 4,536

The Company determines estimated allowances on a tenant-by-tenant basis and considers tenant payment history, past default experiences, actual and expected insolvency filings, tenant abandonment and certain tenant disputes. The change in allowance for the period ended March 31, 2023 is primarily due to the addition of new tenants balances arising from considerations noted above, partially offset by tenant recoveries.

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

3. Loans receivable:

Loans receivable issued and outstanding as at March 31, 2023 and December 31, 2022 are detailed in the table below:

Debtor	Loan Type	March 31, 2023	December 31, 2022	Issued Date	Maturity Date	Current Annual Interest Rate	Payment -in-kind Annual Interest Rate
Autumnwood Lifestyles Inc.	Revolving credit facility	$ 981	$ 1,107	November 1, 2016	December 31, 2024	8.0% [1]	— %
Ellipsis Real Estate Partners	Loan receivable	1,039	1,040	September 14, 2018	September 14, 2028	— %	7.5 %
Hillcrest Millard, LLC	Loan receivable	419	459	January 1, 2019	January 1, 2028	— %	5.0 %
Hillcrest Firethorn, LLC	Loan receivable	392	456	January 1, 2019	November 1, 2027	— %	5.0 %
HML-RE LLC	Loan receivable	1,415	1,439	August 30, 2022	August 29, 2025	8.0 %	— %
HFT-RE LLC	Loan receivable	1,340	1,364	August 30, 2022	August 29, 2025	8.0 %	— %
Winyan Investment Ltd (Brantford)	Loan receivable	3,207	3,151	November 28, 2022	November 28, 2025	4.0 %	— %
RHS Propco Mooresville, LLC	Loan receivable	5,000	5,000	June 28, 2019	July 1, 2024	8.5 %	— %
Blue Bell Senior Holdings, LLC	Loan receivable	490	490	February 21, 2020	March 1, 2024 [2]	5.9 %	— %
PSL Care GP, LLC	Loan receivable	450	450	May 6, 2020	[3]	3.5 %	— %
Symcare ML, LLC	Loan receivable	8,080	7,940	June 1, 2021	December 31, 2035	— %	1.0 %
Memory Care America, LLC	Loan receivable	3,026	—	March 31, 2023	July 31, 2025	10.0 %	— %
Accrued current and non-current interest		241	228				
Allowance for expected credit losses on loans receivable		(8,277)	(8,111)				
Carrying value of loans recorded at amortized cost		$ 17,803	$ 15,013				
Carrollton Autumn Leaves LP	Loan receivable - FVTPL	2,277	2,277	December 6, 2022	January 1, 2049	4.4 %	— %
Javelina Ventures, LLC	Loan receivable - FVTPL	2,393	2,364	December 31, 2018	[4]	— %	5.0 %
Carrying value of loans receivable		$ 22,473	$ 19,654				
Less current portion		593	—				
Non-current portion		$ 21,880	$ 19,654				

(1) This loan will bear interest rates of 8.6% and 8.9% on the outstanding balance as of January 1, 2023 and January 1, 2024, respectively. As of December 31, 2022 there is no additional drawing capacity on this loan.

(2) 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.

(3) No stated maturity date for loan receivable. Principal of loan is repaid when distributions are made from the joint venture operated by Phoenix Senior Living.

(4) The repayment of this loan is pursuant to the Javelina Ventures Operating Agreement in which net available cash from operations and proceeds from property recapitalization will be used to repay the principal and accrued interest on this loan with no fixed maturity date.

The Symcare loans outstanding and $15 of the accrued current and non-current interest as at March 31, 2023 included in the table above are due from current third party tenant operators ($7,940 and $15, respectively as at December 31, 2022). The total amount of the loan and accrued interest totaling $8,095 has been reserved and included as part of the allowance for the loan losses ($7,955 - December 31, 2022).

Loans receivable and associated allowance for losses on loans receivable accounted for at amortized cost as at March 31, 2023 are as follows:

	Stage 1	Stage 2	Stage 3	Total
Loans receivable, net of loan fees	$ 17,985	$ —	$ 8,095	$ 26,080
Allowance for losses on loans receivable	(182)	—	(8,095)	(8,277)
Loans receivable, net of allowances	$ 17,803	$ —	$ —	$ 17,803

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

The changes in the gross loans receivable balance during the three months ended March 31, 2023 are shown in the following table:

		Stage 1		Stage 2		Stage 3		Total
Total loans receivable as at December 31, 2022	$	15,169	$	—	$	7,955	$	23,124
Loans receivable								
Transfer to/(from)								
Stage 1		—		—		—		—
Stage 2		—		—		—		—
Stage 3		—		—		—		—
	$	15,169	$	—	$	7,955	$	23,124
Issuances		3,180		—		43		3,223
Repayments		(423)		—		—		(423)
Currency translation		11		—		—		11
Amortization of mark-to-market adjustment		48		—		97		145
Total loans receivable as at March 31, 2023	$	17,985	$	—	$	8,095	$	26,080

The changes in the allowance for credit losses during the three months ended March 31, 2023 are shown in the following table:

		Stage 1		Stage 2		Stage 3		Total
Total allowance for credit losses as at December 31, 2022	$	156	$	—	$	7,955	$	8,111
Allowance for credit losses								
Remeasurement		26		—		140		166
Transfer to/(from)								
Stage 1		—		—		—		—
Stage 2		—		—		—		—
Stage 3		—		—		—		—
	$	182	$	—	$	8,095	$	8,277
Issuances		—		—		—		—
Repayments		—		—		—		—
Currency translation		—		—		—		—
Write off of loans receivable and allowances		—		—		—		—
Total allowance for credit losses as at March 31, 2023	$	182	$	—	$	8,095	$	8,277

For the three months ended March 31, 2023, a loss of $258 (three months ended March 31, 2022 - $(24) recovery) was recorded as part of the remeasurement in the allowance for credit losses on loans and interest receivable in the consolidated statements of loss and comprehensive loss. The increase in allowance for credit losses is primarily due to the allowance against the Symcare loan, which has a carrying value of $nil as of March 31, 2023 driven by increased risk associated with the collection of the loan, including the counterparty performance and financial strength.

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

On November 21, 2022, the Company received notice that it was the winning bidder and was bound into a Loan Sale Agreement with the U.S. Department of Housing and Urban Development ("HUD") for the purchase of a note encumbering a memory care facility located in Carrollton, Texas ("Carrollton Autumn Leaves LP"). On December 5, 2022, The Company acquired the note for $2,300 via auction and the borrower was placed immediately into default. The note carried an unpaid principal amount of $4,100 and the Company measured the loan at fair market value on acquisition, which is included in the table above under Stage 1 at March 31, 2023. On April 10, 2023, the Company acquired ownership of the memory care facility as part of a deed in lieu of foreclosure agreement with the debtor or borrower under the note. The Company's assumption of ownership of the memory care facility was exchanged for forgiveness of the note receivable. In conjunction with the acquisition of the property, the Company, as landlord, entered into a triple-net lease with an affiliate of Constant Care Management Company.

In the first quarter of 2023, the Company entered into a lease transition agreement with the previous tenant, Memory Care America ("MCA"), which provides for the dissolving of the rental agreement. The parties agreed to transition the three memory care communities operated by MCA to a replacement operator, and MCA agreed to pay the Company for past due rent and real estate tax obligations, a portion of the rent differential between the MCA leases and the replacement operator rent for the first year of their new lease, and other transition related costs that the Company is required to incur in order to effectuate a smooth transition of the portfolio. On March 31, 2023, a promissory note totaling $2,995 was signed by Memory Care America ("MCA") in favor of the Company. The parties agreed that this note will be revised and replaced on June 1, 2023, to capture costs incurred by the Company that were not yet identified as of March 31, 2023. The note will earn interest at an annual rate of 10% and matures on July 31, 2025. The promissory note is guaranteed individually by executives and related parties of MCA, and a corporate guaranty from MCA's parent company was also provided.

4. Other assets:

Other assets are as follows:

	March 31, 2023	December 31, 2022
Prepaid expenses	$ 2,096	$ 2,259
Security deposits and costs related to pending transactions	45	36
Escrow deposits held by lenders	5,687	6,255
Right-of-use assets	878	941
Bond assets	564	635
Other	1,910	1,621
	$ 11,180	$ 11,747
Current	$ 9,737	$ 10,171
Non-current	1,443	1,576
	$ 11,180	$ 11,747

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

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

5. Investment properties:

(a) Investment properties:

	Number of Properties		Amount
Balance, December 31, 2022	37	$	538,591
Capital expenditures			1,897
Increase attributable to straight-line rents			615
Fair value adjustment			(8,893)
Amortization of tenant inducements			(61)
Translation of foreign operations			193
Balance, March 31, 2023	37	$	532,342
Property tax liability under IFRIC 21			(9,058)
Fair value adjustment to investment properties - IFRIC 21			9,058
		$	532,342

At March 31, 2023, 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 investment properties that represent different geographical locations across the Company's portfolio and updates, as deemed necessary, the Company's internal 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 estimated 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 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, and therefore proportionately consolidated.

The Company continues 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 and interest rate and general economic environments. The carrying value for the Company’s investment properties reflects its best estimate for the highest and best use as at March 31, 2023. In a non-current scenario, certain aspects of the Company’s business and operations that could potentially be impacted include rental income, occupancy, turnover, future demand, interest rates 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:

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

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 valued using the direct capitalization income approach as at March 31, 2023 and December 31, 2022 are set out in the following table:

	March 31, 2023	December 31, 2022
Capitalization rate - range	7.00% - 9.00%	6.05% - 9.00%
Capitalization rate - weighted average	7.70%	7.48%

The estimated fair value of investment properties is most sensitive to changes in capitalization rates and stabilized future cash flows for those assets valued using the direct capitalization income approach. 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:

		March 31, 2023		December 31, 2022
Investment properties valued using direct capitalization income approach	$	251,361	$	353,836
Capitalization rate:				
25-basis point increase	$	(7,990)	$	(11,233)
25-basis point decrease	$	8,538	$	12,037

As at March 31, 2023, a 1% increase (decrease) in stabilized future cash flows would result in a portfolio fair value increase (decrease) of $2,514. 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 $11,137. 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 $10,424.

		March 31, 2023		December 31, 2022
Investment properties valued using discounted cash flow projection	$	159,981	$	184,755
Investment properties valued using other methods	$	121,000	$	—

(b) Assets held for sale

The following table summarizes the investment properties held for sale on March 31, 2023 and December 31, 2022:

		March 31, 2023		December 31, 2022
Assets:				
Investment properties (1)	$	14,375	$	18,184
	$	14,375	$	18,184

(1) As of March 31, 2023 and December 31, 2022, total assets held for sale reflect the medical office buildings reportable segment accounted for as discontinued operations.

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

6. Property, plant and equipment, net:

(a) Property, plant and equipment, net:

Property, plant and equipment consists of the following as at March 31, 2023:

	Land	Buildings	Furniture, fixtures and equipment	Properties under development	Total
Cost					
Balance, December 31, 2022	$ 25,037	$ 456,730	$ 15,146	$ 338	$ 497,251
Additions	—	905	908	58	1,871
De-recognition	—	—	(13)	—	(13)
Transfers	—	42	—	(42)	—
Balance, March 31, 2023	$ 25,037	$ 457,677	$ 16,041	$ 354	$ 499,109
Accumulated depreciation					
Balance, December 31, 2022	$ —	$ 97,186	$ 3,799	$ —	$ 100,985
Depreciation and amortization	—	3,171	564	—	3,735
De-recognition	—	—	(9)	—	(9)
Balance, March 31, 2023	$ —	$ 100,357	$ 4,354	$ —	$ 104,711
Property, plant and equipment, net balance, December 31, 2022	$ 25,037	$ 359,544	$ 11,347	$ 338	$ 396,266
Property, plant and equipment, net balance, March 31, 2023	$ 25,037	$ 357,320	$ 11,687	$ 354	$ 394,398

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

7. Joint arrangements:

As at March 31, 2023, the following are the Company's joint arrangements:

Joint arrangement	Number of properties	Location	Company ownership	Investment
Invesque-Autumnwood Landlord	4	Canada	28 %	Joint operation (1)(2)
Invesque-Autumnwood Operator	—	Canada	28 %	Joint venture (2)(3)
Heritage JV	3	United States	80 %	Joint venture (4)
Heritage Newtown	1	United States	80 %	Joint venture (4)
Heritage Harleysville	1	United States	90 %	Joint venture (4)
Heritage Glassboro	1	United States	90 %	Joint venture (4)
Heritage Lansdale	1	United States	90 %	Joint venture (4)
Jaguarundi	—	United States	66 %	Joint venture (5)
Terra Bluffs	1	United States	80 %	Joint venture (4)

(1) The Company directly holds its interest in the assets and liabilities of the real estate joint operation and therefore is proportionately consolidated.

(2) The Company has contractual preferred interest in the buildings based on the equity contributed to the buildings.

(3) These joint venture arrangements have been structured through separate legal entities and the operators lease the properties from the joint operation landlord, being Invesque-Autumwood Landlord.

(4) 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.

(5) The joint venture has sold all if its interests in investment properties. Remaining assets include cash, escrows and receivables resulting from the sale of Bridgemoor properties.

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.

The Company and Autumnwood each own a 50% direct beneficial interest in the investment properties of the Invesque-Autumnwood Landlord entities ("landlords") and are jointly obligated for the related mortgages for a portfolio of four properties, which are classified as joint controlled 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 classified as joint ventures and are accounted for 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 proportionate share of the landlords' lease receipts totaling, $876 for the three months ended March 31, 2023 (three months ended March 31, 2022 - $903), were reported as lease revenue from joint ventures in the statements of loss and comprehensive loss. Invesque-Autumnwood Operators lease expense in connection with these properties is included in the share of loss from joint ventures in the consolidated statements of loss and comprehensive loss.

The Company has an interest in seven 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 in both the real estate and operations. Each of these joint arrangements are accounted for as joint ventures using the equity method and the Company's share of net income (loss) is included in income (loss) from joint ventures in the consolidated statements of loss and comprehensive loss.

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

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

	Three months ended March 31, 2023	Three months ended March 31, 2022
Cash contributions to joint ventures	$ 71	$ 286
Distributions received from joint ventures	$ —	$ 105

	March 31, 2023 Net assets	March 31, 2023 Company share of net assets	December 31, 2022 Net assets	December 31, 2022 Company share of net assets
Cash and cash equivalents	$ 3,815	$ 3,197	$ 3,726	$ 3,116
Tenant and other receivables	2,438	1,718	2,629	1,854
Other	5,635	4,504	4,921	3,981
Current assets	11,888	9,419	11,276	8,951
Investment properties	187,840	148,494	185,177	146,578
Property, plant and equipment, net	1,365	682	1,436	718
Derivative instruments	2,397	1,978	3,057	2,522
Other non-current assets	9	8	9	8
Total assets	$ 203,499	$ 160,581	$ 200,955	$ 158,777
Accounts payable and accrued liabilities	$ 10,917	$ 8,807	$ 10,438	$ 8,558
Deferred revenue	754	620	754	635
Mortgages payable - current	9,829	7,891	9,876	7,928
Current liabilities	21,500	17,318	21,068	17,121
Mortgages payable - non-current	92,160	77,213	92,693	77,659
Construction loans	19,401	15,568	16,912	13,570
Other non-current liabilities	1,900	1,357	1,892	1,350
Total liabilities	$ 134,961	$ 111,456	$ 132,565	$ 109,700
Net assets	$ 68,538	$ 49,125	$ 68,390	$ 49,077

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

	Three months ended March 31, 2023		Three months ended March 31, 2022	
	Net income (loss) at 100%	Company share of net income (loss)	Net income (loss) at 100%	Company share of net income (loss)
Revenue	$ 14,634	$ 8,936	$ 14,455	$ 8,647
Other income	234	196	—	—
Property operating expense	12,976	7,404	10,791	6,157
Depreciation expense	—	—	181	136
Finance costs	1,113	935	1,796	1,380
Real estate tax expense	—	—	300	197
General and administrative expenses	1	1	2,385	1,569
Change in fair value of financial instruments	660	541	(1,752)	(1,441)
Change in fair value of investment properties	60	275	1,052	1,097
Net income (loss), prior to distributions to owners	$ 58	$ (24)	$ (298)	$ (448)

Related party transactions occur between the Company and its interests in 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 other assets and lease revenue from joint ventures.

The following table summarizes information about the 100% balance of mortgages payable accounted for by the Company's joint ventures:

	March 31, 2023	December 31, 2022
Mortgages at fixed rates:		
Mortgages (principal) (1)	$ 85,256	$ 94,955
Interest rates (inclusive of swap impact)	3.99% to 4.25%	3.99% to 5.23%
Weighted average interest rate	4.01 %	4.13 %
Mortgages at variable rates:		
Mortgages (principal)	$ 17,890	$ 8,763
Interest rates	SOFR plus 2.75% to SOFR plus 3.50% with a 4.50% floor	LIBOR plus 2.75% with a 3.75%-floor; transition to SOFR plus 3.50% with a 4.50% floor
Weighted average interest rate	7.97 %	7.76 %
Blended weighted average rate	4.70 %	4.43 %

(1) Includes $77,632 of variable rate mortgages that are fixed with interest rate swaps (December 31, 2022 - $87,264). The interest rate swap of 3.99% on the $77,632 mortgage matures on May 31, 2024 while the underlying mortgage matures on May 31, 2026.

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

8. Credit facilities:

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

		March 31, 2023	Borrowing rate at March 31, 2023		December 31, 2022	Borrowing rate at December 31, 2022
Credit Facility Term [1] [4]	$	200,000	4.26 %	$	200,000	4.26 %
Credit Facility Revolver [2] [4]		138,496	5.65 %		135,836	5.42 %
Commonwealth Facility [3]		179,086	3.92 %		179,677	3.91 %
Finance costs, net		(1,195)	—		(1,512)	—
Carrying value	$	516,387	4.51 %	$	514,001	4.44 %
Less current portion		340,384			337,474	
Long-term portion	$	176,003		$	176,527	

(1) The interest rate on this facility is fixed with an interest rate swap (note 10).

(2) The interest rate on $25,000 of this facility is fixed with interest rate swaps (note 10).

(3) The interest rate on $174,633 of this facility is fixed with interest rate swaps (note 10). On April 18, 2023, this credit facility migrated to an elective alternative benchmark of Daily Simple SOFR and a related benchmark adjustment.

(4) Upon the upcoming transition from LIBOR in June 2023, this credit facility will migrate to an elective alternative benchmark of either Term SOFR and a related benchmark adjustment, Daily Simple SOFR and a related benchmark adjustment or an alternative benchmark based on future legislative or then-market benchmark replacement determinations.

Future principal repayments of the credit facilities are as follows:

		Aggregate principal payments
2023	$	340,315
2024		177,267
2025 and thereafter		—
Total	$	517,582

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

9. Mortgages payable:

Mortgages payable consist of the following as at:

	March 31, 2023	December 31, 2022
Mortgages payable	$ 184,596	$ 183,440
Mark-to-market adjustment, net	4,729	4,753
Finance costs, net	(1,114)	(1,245)
Carrying value	$ 188,211	$ 186,948
Less current portion	77,681	58,949
Non-current portion	$ 110,530	$ 127,999

Mortgages payable are collateralized by investment properties and property, plant and equipment with a carrying value of $280,330 at March 31, 2023. Maturity dates on mortgages payable range from 2023 to 2054, and the weighted average years to maturity is 5.92 years at March 31, 2023.

Future principal payments on the mortgages payable as at March 31, 2023 are as follows:

	Regular principal payments	Principal due on maturity	Total principal payments	% of total principal payments
2023	$ 2,343	$ 57,781	$ 60,124	32 %
2024	2,561	43,862	46,423	25 %
2025	1,510	18,865	20,375	11 %
2026	1,358	—	1,358	1 %
2027	962	17,161	18,123	10 %
Thereafter	25,903	12,290	38,193	21 %
	$ 34,637	$ 149,959	$ 184,596	100 %

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

	March 31, 2023	December 31, 2022
Mortgages at fixed rates:		
Mortgages (principal) (1)	$ 103,416	$ 104,003
Interest rates (inclusive of interest rate swap impact)	2.55% to 6.15%	2.55% to 6.15%
Weighted average interest rate	3.98 %	3.98 %
Mortgages at variable rates:		
Mortgages (principal)	$ 81,180	$ 79,437
Interest rates	LIBOR plus 2.45% with a 2% LIBOR Ceiling to AMERIBOR plus 2.925%	LIBOR plus 2.45% with a 2% LIBOR Ceiling to AMERIBOR plus 2.925%
Weighted average interest rate	7.35 %	6.97 %
Blended weighted average rate	5.46 %	5.28 %

(1) Includes $3,571 variable rate mortgage with a fixed interest rate swap of 5.86% with a January 18, 2028 maturity and $17,135 variable rate mortgage with a fixed interest rate swap of 2.96% with a March 31, 2024 maturity (December, 2022 - $3,585 variable rate mortgage with a fixed interest rate swap of 5.86% with a January 18, 2023 maturity and $17,135 variable rate mortgage with a fixed interest rate swap of 2.96% with a March 31, 2024 maturity).

Upon the upcoming transition from LIBOR in June 2023, $17,135 of the Company's variable rate mortgages fixed through an interest rate swap will see the underlying variable rate migrate to an elective alternative benchmark of either Term SOFR and a related benchmark adjustment, Daily Simple SOFR and a related benchmark adjustment or an alternative benchmark based on future legislative or then-market benchmark replacement determinations. The remaining $3,571 of variable rate mortgage fixed through an interest rate swap will not be impacted by the LIBOR transition. $50,539 of the Company's variable rate mortgages are subject to LIBOR and will see the underlying variable rate migrate to an elective benchmark of either Term SOFR and a related benchmark adjustment, Daily Simple SOFR and a related benchmark adjustment or an alternative benchmark based on future legislative or then-market benchmark replacement determinations.

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

10. Derivative financial instruments:

(a) Derivative swaps:

Derivative swaps as at March 31, 2023 are detailed in the table below:

Swap	Maturity date	Fixed rate	Notional amount	Asset (liability) balance March 31, 2023	Asset (liability) balance December 31, 2022	Income (loss) for the three month period ended March 31, 2023	Income (loss) for the three month period ended March 31, 2022
Credit Facility Term [2]	December 19, 2023	LIBOR fixed at 2.11%	$ 200,000	$ 4,409	$ 5,645	$ (1,236)	$ 5,709
Credit Facility Revolver [2]	January 2, 2024	LIBOR fixed at 2.57%	25,000	473	602	(129)	753
Credit Facility Revolver	December 1, 2022	LIBOR fixed at 2.11%	—	—	—	—	557
Red Oak Swap [1]	July 31, 2024	Interest rate fixed at 2.17%	3,585	(1)	7	(8)	22
MOB Facility Swap	May 1, 2023	Banker's Acceptance fixed at 2.12%	—	—	—	—	865
Commonwealth Swap [2]	August 1, 2024	LIBOR fixed at 1.69%	174,633	6,471	7,936	(1,465)	6,194
Oak Ridge Swap	April 1, 2022	LIBOR fixed at 0.66%	—	—	—	—	20
Charlottesville Swap[2]	March 31, 2024	LIBOR fixed at 0.56%	17,135	755	934	(179)	490
			Net carrying value	$ 12,107	$ 15,124	$ (3,017)	$ 14,610
			Less current portion	5,637	5,645		
			Non-current portion	$ 6,470	$ 9,479		
			Derivative instruments Asset	$ 12,108	$ 15,124		
			Derivative instruments (Liability)	(1)	—		
				$ 12,107	$ 15,124		

(1) The swap has a notional amount of CAD$4,827

(2) Upon the transition from LIBOR in June 2023, this interest rate swap agreement will migrate to an elective alternative benchmark of either Term SOFR and a related benchmark adjustment, Daily Simple SOFR and a related benchmark adjustment or an alternative benchmark based on future legislative or then-market benchmark replacement determinations. The rate utilized in the interest rate swap will match the corresponding benchmark rate in the debt instrument to which the swap relates.

(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 loss and comprehensive loss.

The fair value of the prepayment embedded derivatives has been determined using a LIBOR based interest rate swap options ("swaptions") as a proxy. Upon the transition from LIBOR in 2023, this interest rate swap agreement will migrate to an elective alternative benchmark of either Term SOFR and a related benchmark adjustment, Daily Simple SOFR and a related benchmark adjustment or an alternative benchmark based on future legislative or then-market benchmark replacement determinations. The rate utilized in the interest rate swap will match the corresponding benchmark rate in the debt instrument to which the swap relates. 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 March 31, 2023, the prepayment embedded derivative assets have a fair value of $1,012 (December 31, 2022 - $933). For the three months ended March 31, 2023, a fair value gain of $79 and (three months ended March 31, 2022 - $905 loss), was recorded in the condensed consolidated interim statements of loss and comprehensive loss.

11. 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 were 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 were redeemable 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 were redeemable 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.

On November 15, 2021, a meeting of holders of the 2016 Convertible Debentures was held whereby the holders of 2016 Convertible Debentures ("2016 Debentureholders") approved proposed amendments to the 2016 Convertible Debentures. The approved amendments include the following changes to the 2016 Convertible Debentures:

1. Increase the interest rate from 5.00% to 7.00%, effective January 31, 2022.
2. Decrease the conversion price from $11.00 to $5.00 per share.
3. Extension of the maturity date from January 31, 2022 to January 31, 2025.
4. Approval of the redemption of $20,000 of the principal amount of the 2016 Convertible Debentures as of the close of business on January 31, 2022.

As a result of the substantive modification of the terms of the 2016 Convertible Debentures, on the date of modification the amortized cost of the previously recorded liability was derecognized for an amount equal to its fair value, resulting in a gain of $7,200. The previously recorded equity component of the 2016 Convertible Debentures was transferred to share capital, and the fair value of the liability and equity components of the modified convertible debentures were recorded.

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

On January 31, 2022 (the "Redemption Date"), the Company redeemed $20,000 of the principal amount of the 2016 Convertible Debentures outstanding plus accrued and unpaid interest (at 5.00%) thereon. In accordance with the Debenture Amendments, the interest rate on the remaining 2016 Convertible Debentures was increased to 7.00% effective January 31, 2022.

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, 2022, the 2016 Convertible Debentures are comprised of the following:

		March 31, 2023		December 31, 2022
Issued	$	24,850	$	24,850
Issue costs, net of amortization and accretion of equity component		1,078		745
Mark to market adjustment, net		(4,265)		(4,702)
Equity component, excluding issue costs and taxes		(4,254)		(4,254)
2016 Convertible Debentures	$	17,409	$	16,639
Current	$	—	$	—
Non-current		17,409		16,639
2016 Convertible Debentures	$	17,409	$	16,639

Interest costs of $1,781 related to the 2016 Convertible Debentures are recorded in financing costs using the effective interest rate method.

In January 2022, $125 of 2016 Convertible Debentures were converted into 25,000 common shares.

On January 31, 2022 (the "Redemption Date"), the Company redeemed $20,000 of the principal amount of the 2016 Convertible Debentures outstanding plus accrued and unpaid interest (at 5.00%) thereon. In accordance with the Debenture Amendments, the interest rate on the remaining 2016 Convertible Debentures was increased to 7.00% effective January 31, 2022.

(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 were not 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.

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

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.

The 2018 Convertible Debentures are comprised of the following as at:

		March 31, 2023		December 31, 2022
Issued	$	50,000	$	50,000
NCIB purchases		(1,720)		(1,657)
Issue costs, net of amortization and accretion of equity component		419		262
Equity component, excluding issue costs and taxes		(736)		(736)
2018 Convertible Debentures	$	47,963	$	47,869

Interest costs of $2,989 related to the 2018 Convertible Debentures are recorded in financing costs using the effective interest rate method.

12. Commonwealth preferred unit liability:

The Commonwealth preferred unit liability is comprised of the following as at:

		March 31, 2023		December 31, 2022
Issued	$	68,424	$	68,424
Cumulative redemptions		(9,818)		(9,818)
Equity component, net of accretion		(589)		(700)
Commonwealth preferred unit liability	$	58,017	$	57,906

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

13. Other liabilities:

Other liabilities are as follows:

	March 31, 2023	December 31, 2022
Deferred shares liability (note 22)	$ 387	$ 363
Security deposits received from tenants	1,077	1,080
Escrows collected from tenant	956	829
Deferred revenue	2,713	2,025
Lease liability	1,487	1,612
Obligation for purchase of units under automatic share purchase plan (note 16)	3,946	4,038
Other	327	302
	$ 10,893	$ 10,249
Current	$ 7,691	$ 6,972
Non-current	3,202	3,277
	$ 10,893	$ 10,249

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

	Credit facilities	Mortgages payable	Convertible debentures	Commonwealth preferred unit liability	Total
Balance December, 31, 2022	$ 514,001	$ 186,948	$ 64,508	$ 57,906	$ 823,363
Proceeds from financing activities	2,660	1,897	—	—	4,557
Repayments and refinancings	—	—	(63)	—	(63)
Scheduled principal payments	(592)	(836)	—	—	(1,428)
Amortizing of financing costs, mark to market adjustments, and accretion of equity components as applicable	318	108	927	111	1,464
Changes in foreign currency rates	—	94	—	—	94
Balance, March 31, 2023	$ 516,387	$ 188,211	$ 65,372	$ 58,017	$ 827,987

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

15. Discontinued operations:

A strategic decision has been made to exit the medical office building segment, and the sale of the remaining three buildings is expected to be completed in the current year. On July 26, 2022, the Company sold a medical office building in Orlando, Florida, and on July 28, 2022, it sold ten medical office buildings in Canada. On November 28, 2022, the Company sold a medical office building in Brantford, Ontario. As of March 31, 2023, the Company owns three remaining medical office buildings in the United States.

The assets and liabilities of the discontinued operations as at March 31, 2023 are as follows:

		March 31, 2023
Investment properties	$	14,375
Other assets		2,085
Total assets held for sale	$	16,460
Other liabilities	$	794
Total liabilities related to assets held for sale	$	794

The following is a summary of the results of discontinued operations:

	Three months ended March 31,			
		2023		2022
Rental revenue	$	750	$	3,217
Other revenue		1		239
Direct property operating expense		470		1,769
Finance costs from operations		286		923
Real estate tax expense		535		1,060
General and administrative expense		18		—
Change in fair value of investment properties - IFRIC 21		(401)		(499)
Change in fair value of investment properties		3,882		3,400
Change in fair value of financial instruments		—		(866)
Foreign exchange loss reclassified from other comprehensive income		(5)		—
Current income tax expense		551	$	—
Net loss from discontinued operations	$	(4,585)	$	(2,331)

Cash flows from discontinued operations, as included in the applicable activities reported in the consolidated statement of cash flows:

	Three months ended March 31,			
		2023		2022
Net cash (used in) provided by operating activities	$	(286)	$	935
Net cash (used in) financing activities		—		(43)
Net cash (used in) provided by investing activities		(88)		(114)

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

16. Share capital:

(a) Common shares:

The following number and value of common shares were issued and outstanding as at March 31, 2023:

	Common shares		Carrying value
Balance, December 31, 2022	56,111,348	$	508,961
Issued on settlement of Deferred Share Incentive Plan	83,056		117
Issued on settlement of equity settled Deferred Shares	160,025		1,059
Shares acquired under NCIB	(61,900)		(56)
Obligation for purchase of units under automatic share purchase plan	—		92
Balance, March 31, 2023	56,292,529	$	510,173

(i) On December 15, 2021 the Toronto Stock Exchange ("TSX") approved the Company's notice of intention to make a 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 2,811,814 of its common shares, or approximately 5% of the Company's 56,236,292 outstanding common shares as of December 15, 2021, 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 6,584 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.

(ii) Effective December 20, 2022, the Company renewed the NCIB. Pursuant to the notices filed with the TSX, The Company is authorized to acquire up to a maximum of 2,806,947 of its Shares, or approximately 5% of The Company's 56,138,948 outstanding Shares as of December 9, 2022, and up to a maximum of $4,867 aggregate principal amount of Debentures, or approximately 10% of the public float of $48,672 aggregate principal amount of Debentures outstanding as of December 9, 2022, in each case for cancellation over a twelve- month period. The number of Shares that can be purchased pursuant to the NCIB is subject to a current daily maximum of 3,944 Shares (which is equal to 25% of 15,779 Shares, being the average daily trading volume during the six months ended November 30, 2022), and the aggregate principal amount of Debentures that can be purchased pursuant to the NCIB is subject to a current daily maximum of $8,187 aggregate principal amount of Debentures (which is equal to 25% of $32,750 aggregate principal amount of Debentures, being the average daily trading volume during the six months ended November 30, 2022), in each case subject to the Company's ability to make one block purchase of the Shares or 2023 Convertible Debentures, as applicable, per calendar week that exceeds such limits. An automatic share purchase plan exists in conjunction with the NCIB, and as of March 31, 2023, the Company recorded a liability of $3,946 for the maximum redemption amount of common shares and convertible debentures where the Company's broker has the ability to unilaterally purchase these securities on behalf of the Company under the related arrangement.

(b) Preferred shares:

The following number and value of preferred shares were issued and outstanding as at March 31, 2023:

	Preferred shares		Carrying value
Balance, December 31, 2022 and March 31, 2023	9,098,598	$	85,389

As at March 31, 2023, the preferred shares are convertible into 12,362,362 (December 31, 2022 - 12,154,453) common shares of the Company.

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

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 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:

	Three months ended March 31, 2023	Three months ended March 31, 2022
Net income (loss) from continuing operations for basic and diluted net loss per share	$ (11,013)	$ 5,668
Net income (loss) for basic and diluted net loss per share	$ (15,598)	$ 3,337

Denominator for basic and diluted net loss per share:

	Three months ended March 31, 2023	Three months ended March 31, 2022
Weighted average number of shares, including fully vested deferred shares: Basic and diluted	56,746,431	56,706,423

Net loss per share:

	Three months ended March 31, 2023	Three months ended March 31, 2022
Net income (loss) per share from continuing operations:		
Basic	$ (0.19)	$ 0.10
Diluted	$ (0.19)	$ 0.10
Net income (loss) per share:		
Basic	$ (0.27)	$ 0.06
Diluted	$ (0.27)	$ 0.06

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

18. Revenue:

(a) Rental Revenue:

Rental revenue consists of the following:

	Three months ended March 31, 2023	Three months ended March 31, 2022
Contractual rental revenue	$ 10,487	$ 10,880
Straight-line rent adjustments	615	1,075
Amortization of tenant inducements	(61)	(60)
Amortization of leasing commission	(5)	—
Property tax recoveries	2,982	2,893
	$ 14,018	$ 14,788

The Company is scheduled to receive rental income from operators of its seniors housing and care properties under the provisions of 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.

A tenant Symcare previously operated a portfolio of 15 properties and paid rent to the Company pursuant to a master lease. During the year ended December 31, 2021, three properties included in the master lease were sold and four were transitioned to a new operator. On June 1, 2021, a subsidiary of the Company entered into a new master lease with the remaining eight properties. For the three months ended March 31, 2023, contractual rental revenue from this tenant comprised approximately 35% (three months ended March 31, 2022 - 29%), of the Company's consolidated contractual rental revenue for the period. On February 27, 2023, the Company entered into a purchase and sale agreement to sell the Company' full interest in the Symcare portfolio. The transaction is expected to close in 2023 and all proceeds will be used to settle the outstanding loan receivable from Symcare and retire debt on the Company's corporate credit facilities, being term and revolving debt arrangements (note 8).

Future minimum rental revenues, excluding renewals and exercise of options, to be received as of March 31, 2023 are as follows:

	As of March 31, 2023
Less than 1 year	$ 42,422
Between 1 and 5 years	177,066
More than 5 years	316,727
	$ 536,215

Symcare represents approximately 39% (December 31, 2022 - 39%) of the future minimum rental revenues as of March 31, 2023 in the above table.

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

(b) Resident rental and related revenue:

	Three months ended March 31, 2023	Three months ended March 31, 2022
Resident revenue	$ 27,998	$ 26,630
Service revenue [(1)]	5,703	5,546
	$ 33,701	$ 32,176

(1) Represents property services element of revenue accounted for as services are performed in accordance with IFRS 15

19. Direct property operating expenses:

Direct property operating expenses consist of the following:

	Three months ended March 31, 2023	Three months ended March 31, 2022
Repairs and maintenance	$ 686	$ 805
Utilities	1,163	1,175
Compensation and benefits	16,849	16,321
Other services and supplies	1,922	1,642
Administrative and marketing	2,465	2,394
Real estate taxes	594	668
Insurance	721	799
Other	1,316	2,048
	$ 25,716	$ 25,852

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

20. Finance costs:

Finance costs consist of the following:

	Three months ended March 31, 2023	Three months ended March 31, 2022
Interest expense on credit facilities	$ 8,650	$ 3,091
Interest expense on mortgages payable	2,165	1,777
Interest expense on convertible debentures	1,144	1,228
Dividends on Commonwealth preferred units	929	928
Amortization and accretion expense	1,008	1,022
Net interest rate swap payments (receipts)	(2,829)	2,083
Debt extinguishment costs	(9)	340
Amortization of mark-to-market debt adjustments	414	646
Finance costs from operations	$ 11,472	$ 11,115
Allowance for (recovery of) credit losses on loans and interest receivable (note 3)	258	(24)
Allowance for credit losses on property taxes receivable	789	—
Change in fair value of financial instruments (notes 10 and 15)	2,937	(12,839)
Change in non-controlling interest liability related to finance costs from operations	(201)	(34)
Total finance costs	$ 15,255	$ (1,782)

21. General and administrative:

General and administrative expenses consist of the following:

	Three months ended March 31, 2023	Three months ended March 31, 2022
Compensation and benefits	$ 3,686	$ 4,061
Professional fees	951	928
Deferred share compensation expense	340	140
Rent (1)	107	75
Other	882	787
	$ 5,966	$ 5,991

(1) Lease payments recognized as expense for the years ended December 31, 2022 and December 31, 2021.

For the three months ended March 31, 2023, $2,091 (three months ended March 31, 2022 - $1,772) of general and administrative expenses noted above were incurred at the Commonwealth Senior Living's management company, which represents the owner-occupied reportable segment.

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

22. Deferred share incentive plan:

At March 31, 2023, the number of deferred shares granted and outstanding and vested are as follows:

	Granted/ Outstanding	Fully Vested
As at December 31, 2022	584,784	312,411
Discretionary Deferred Shares	—	51,165
Equity Settled Deferred Shares	—	160,024
Individual Contributed Deferred Shares (vested immediately)	207,640	207,640
Company Contributed Deferred Shares	—	3,949
Shares issued upon vesting of deferred shares	(294,245)	(294,245)
Shares forfeited	(12,584)	—
As at March 31, 2023	485,595	440,944

For the three months ended March 31, 2023, the Company recognized $340, respectively of expense related to deferred shares in the consolidated statements of loss and comprehensive loss (three months ended March 31, 2022 - $140 loss, respectively). A deferred share liability of $387 is included in other non-current liabilities in the condensed consolidated interim statements of financial position as at March 31, 2023 (December 31, 2022 - $363).

The deferred share incentive plan compensation expense is measured on grant at the service commencement date, based on the fair market value of the Company's shares, and amortized over the applicable vesting period. For the three months ended March 31, 2023, the Company granted 207,640 deferred shares with a grant-date fair value of $187 (December 31, 2022 - 126,436 units with a grant-date fair value of $213).

During 2021, the Board of Directors of the Company created a special, long-term incentive program for fiscal years 2021 and 2022, based upon the Company achieving defined levels of both share price and internally calculated net asset value per share. To be eligible to receive any such compensation, the Company's share price must be at least $3.00 per share and the Company's internally calculated net asset value per share must be at least $4.00. No accrual has been made under this program, based on the Company's calculation of probability of achieving the thresholds for eligibility.

23. Related party transactions:

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

Magnetar is a significant shareholder of the Company. 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, resulting in the Company retaining a 60.51% interest. On October 29, 2021, the Company contributed an additional investment property located in Webster, Texas to the joint venture resulting in an increase of the Company's interest in the joint venture to 65.83%.

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

24. Income taxes:

The income tax recovery in the consolidated statements of loss and comprehensive loss differs from that expected by applying the combined federal, provincial and state income tax rates of 26.5% (2022 - 26.5%). The differences for the three months ended March 31, 2023 and 2022 are as follows:

	Three months ended March 31, 2023	Three months ended March 31, 2022
Net income (loss) from continuing operations before income taxes	$ (11,013)	$ 4,541
Income tax recovery at Canadian tax rate	(2,918)	1,203
Non-deductible expenses	91	39
Difference in tax rate in foreign jurisdiction	(107)	84
Unrecognized tax losses	2,934	(2,453)
Income tax recovery	$ —	$ (1,127)

For the three months ended March 31, 2023, U.S. subsidiaries recognized income tax expense related to the gain on disposition of an asset of $551 (three months ended March 31, 2022 - $nil), which represents a tax rate of 29.1% on the gain. The income tax expense is included in net income (loss) from discontinued operations (note 15).

25. Commitments and contingencies:

There are risks which arise from the Company's 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, for operational shortfalls. Generally, there are not minimum or maximum threshold contribution requirements of the partners contained in these agreements; rather, each partner is required to contribute a pro-rated share of the required amounts, commensurate with its ownership threshold.

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 due to the underlying value of the property exceeding the value of the mortgage.

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. During the year ended December 31, 2020, given the performance of one of the six communities, the Company 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. During the year ended March 31, 2023, the Company satisfied the $1,996 liability recorded as of December 31, 2021 through the issuance of $1,043 of Commonwealth preferred units and $953 of cash on hand. As at March 31, 2023, the Company has recorded a liability of $nil (December 31, 2021 - $1,996 liability) in the financial statements associated with this commitment relating to the remaining communities based on the weighted average probability of earnout payments owed using estimated future results at the properties. For the three months ended March 31, 2023, the Company has not recognized any adjustment related to the change in fair value of contingent consideration (December 31, 2022 - $258 gain) related to this liability in the consolidated statements of loss and comprehensive loss.

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

On May 6, 2020, the Company entered into a limited partnership agreement with the operator Phoenix Senior Living ("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 at the then fair market value. The Company has not recorded a provision in these consolidated financial statements associated with this commitment due to the unlikelihood of termination of the agreement.

Pursuant to the Company's sale of an equity interest in the Lansdale investment property and associated issuance of debt on July 8, 2022, the Company entered into an agreement to provide a 100% recourse loan guarantee of up to $14,273 to the purchaser. The amount of the loan guarantee may be reduced upon the achievement of performance covenants by the purchaser and related operations of the property, which have not been met at period end.

26. 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:

	March 31, 2023			December 31, 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivative assets	$ —	$ 13,120	$ —	$ —	$ 16,057	$ —
Investment properties	—	—	532,342	—	—	538,591
Loans receivable	—	—	4,670	—	—	4,641
Derivative liability	—	1	—	—	—	—
Deferred share liability	—	387	—	—	363	—

For the assets and liabilities measured at fair value as at March 31, 2023, there were no transfers between Level 1, Level 2 and Level 3 levels during the year. For changes in fair value measurements of investment properties included in Level 3 of the fair value hierarchy, refer to note 5 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 statement 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, escrow deposits held by lenders, property tax receivables, accounts payable and accrued liabilities, accrued real estate taxes, security deposits, 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.

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

	March 31, 2023		December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets:				
Loans receivable	$ 22,473	$ 22,316	$ 19,654	$ 19,494
Derivative instruments	13,120	13,120	16,057	16,057
Bond assets	564	564	635	635
Financial liabilities:				
Mortgages payable	188,211	176,302	186,948	175,810
Credit facilities	516,387	507,786	514,001	504,726
Derivative instruments	1	1	—	—
Convertible debentures	65,372	59,858	64,508	59,133
Commonwealth preferred unit liability	58,017	58,017	57,906	57,906

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. There were no changes in the methods and assumptions used in estimating the fair values since year-end.

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

27. 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 also has investments in 4 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, currently a consolidated subsidiary, and the transition of certain other assets, the Company has investments in 33 properties and a management company that operates 28 of those properties ("owner occupied property"). Management considers this a separate reportable segment.

The following tables show net loss by reportable segment for the three months ended March 31, 2023 and 2022:

	Three months ended March 31, 2023					
	Seniors housing and care investment properties	Owner occupied properties	Corporate/ other	Total continuing operations	Medical office buildings (discontinued operations)	Total
Rental revenue	$ 14,018	$ —	$ —	$ 14,018	$ 750	$ 14,768
Resident rental and related revenue	—	33,701	—	33,701	—	33,701
Lease revenue from joint ventures	876	—	—	876	—	876
Other revenue	5	815	126	946	1	947
Other income	1,711	34	—	1,745	—	1,745
Interest income from loans receivable	117	—	412	529	—	529
Direct property operating expenses	—	25,716	—	25,716	470	26,186
Depreciation and amortization expense	—	3,688	47	3,735	—	3,735
Finance cost from operations	4,903	4,507	2,062	11,472	286	11,758
Real estate tax expense	12,040	—	—	12,040	535	12,575
General and administrative expenses	7	2,091	3,868	5,966	18	5,984
Allowance for expected credit losses	833	—	214	1,047	—	1,047
Changes in non-controlling interest liability	—	67	—	67	—	67
Change in fair value of investment properties - IFRIC 21	(9,058)	—	—	(9,058)	(401)	(9,459)
Change in fair value of investment properties	8,894	—	—	8,894	3,882	12,776
Change in fair value of financial instruments	8	1,564	1,365	2,937	—	2,937
Gain on sale of property, plant and equipment	—	(12)	—	(12)	—	(12)
Foreign exchange loss reclassified from other comprehensive income	—	—	—	—	(5)	(5)
Share of income (loss) from joint ventures	24	—	—	24	—	24
Income tax expense	—	—	—	—	551	551
Net income (loss)	$ (924)	$ (3,071)	$ (7,018)	$ (11,013)	$ (4,585)	$ (15,598)
Expenditures for non-current assets:						
Capital additions	1,897	1,871	—	3,768	88	3,856

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

	Three months ended March 31, 2022					
	Seniors housing and care investment properties	Owner occupied properties	Corporate/ other	Total continuing operations	Medical office buildings (discontinued operations)	Total
Rental revenue	$ 14,788	$ —	$ —	$ 14,788	$ 3,217	$ 18,005
Resident rental and related revenue	—	32,176	—	32,176	—	32,176
Lease revenue from joint ventures	903	—	—	903	—	903
Other revenue	5	574	148	727	239	966
Other income	—	150	—	150	—	150
Interest income from loans receivable	118	—	234	352	—	352
Direct property operating expenses	—	25,852	—	25,852	1,769	27,621
Depreciation and amortization expense	—	3,718	23	3,741	—	3,741
Finance cost from operations	4,237	4,426	2,452	11,115	923	12,038
Real estate tax expense	11,409	—	—	11,409	1,060	12,469
General and administrative expenses	(266)	1,772	4,485	5,991	—	5,991
Recovery of expected credit losses	—	—	(24)	(24)	—	(24)
Changes in non-controlling interest liability	—	236	—	236	—	236
Change in fair value of investment properties - IFRIC 21	(8,515)	—	—	(8,515)	(499)	(9,014)
Change in fair value of investment properties	8,474	—	—	8,474	3,400	11,874
Change in fair value of financial instruments	(21)	(5,779)	(7,039)	(12,839)	(866)	(13,705)
Gain on sale of property, plant and equipment	—	(1,324)	(9)	(1,333)	—	(1,333)
Share of income (loss) from joint ventures	448	—	—	448	—	448
Income tax recovery	—	—	(1,127)	(1,127)	—	(1,127)
Net income (loss)	$ 48	$ 3,999	$ 1,621	$ 5,668	$ (2,331)	$ 3,337
Expenditures for non-current assets:						
Capital additions	—	1,535	—	1,535	737	2,272

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

The following tables show assets and liabilities by reportable segment as at March 31, 2023 and December 31, 2022:

	As at March 31, 2023					
	Seniors housing and care investment properties	Owner occupied properties	Corporate/ other	Total continuing operations	Medical office buildings	Total
Investment properties	$ 532,342	$ —	$ —	$ 532,342	$ —	$ 532,342
Property, plant and equipment, net	—	393,743	655	394,398	—	394,398
Investment in joint ventures	49,125	—	—	49,125	—	49,125
Loans receivable	1,492	—	20,981	22,473	—	22,473
Assets held for sale	—	—	—	—	16,460	16,460
Other assets	2,814	22,414	40,928	66,156	1,154	67,310
Total assets	$ 585,773	$ 416,157	$ 62,564	$1,064,494	$ 17,614	$1,082,108
Mortgages payable	$ 63,775	$ 111,549	$ —	$ 175,324	$ 12,887	$ 188,211
Credit facilities	323,240	193,147	—	516,387	—	516,387
Convertible debentures	—	—	65,372	65,372	—	65,372
Commonwealth preferred unit liability	—	58,017	—	58,017	—	58,017
Non-controlling interest liability	—	145	—	145	—	145
Other liabilities	15,209	12,810	8,644	36,663	—	36,663
Liabilities related to assets held for sale	—	—	—	—	794	794
Total liabilities	$ 402,224	$ 375,668	$ 74,016	$ 851,908	$ 13,681	$ 865,589

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

	As at December 31, 2022					
	Seniors housing and care investment properties	Owner occupied properties	Corporate/ other	Total continuing operations	Medical office buildings	Total
Investment properties	$ 538,591	$ —	$ —	$ 538,591	$ —	$ 538,591
Property, plant and equipment, net	—	395,559	707	396,266	—	396,266
Investment in joint ventures	49,077	—	—	49,077	—	49,077
Loans receivable	1,553	—	18,101	19,654	—	19,654
Assets held for sale	—	—		—	20,224	20,224
Other assets	727	22,754	48,518	71,999	1,529	73,528
Total assets	$ 589,948	$ 418,313	$ 67,326	$ 1,075,587	$ 21,753	$ 1,097,340
Mortgages payable	$ 62,149	$ 111,954	$ —	$ 174,103	$ 12,845	$ 186,948
Credit facilities	320,365	193,636	—	514,001	—	514,001
Convertible debentures	—	—	64,508	64,508	—	64,508
Commonwealth preferred unit liability	—	57,906	—	57,906	—	57,906
Non-controlling interest liability	—	211	—	211	—	211
Other liabilities	19,631	10,933	10,661	41,225	—	41,225
Liabilities related to assets held for sale	—	—	—	—	894	894
Total liabilities	$ 402,145	$ 374,640	$ 75,169	$ 851,954	$ 13,739	$ 865,693

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.

At March 31, 2023, $904,564 of the Company's non-current assets, excluding financial instruments, are located in the United States (December 31, 2022 - $915,401) and $72,744 are located in Canada (December 31, 2022 - $70,109). During the three months ended March 31, 2023, the Company generated $47,719 (three months ended March 31, 2022 - $48,039), of its revenues, excluding other revenue, from properties located in the United States and $876 (three months ended March 31, 2022 - $903) of its revenues from properties located in Canada.

28. Subsequent events:

On April 7, 2023, the Company sold a medical office building in Orlando, Florida for cash consideration of \$6,375 before closing costs, \$4,830 of which was used to pay off mortgage debt.

On April 10, 2023, the Company acquired ownership of the memory care facility in Carrollton, Texas as part of a deed in lieu of foreclosure agreement with the debtor or borrower under the Carrollton Autumn Leaves LP note. The Company's assumption of ownership of the memory care facility was exchanged for forgiveness of the note receivable. In conjunction with the acquisition of the property, the Company, as landlord, entered into a triple-net lease with an affiliate of Constant Care Management Company (note 4).

On April 10, 2023, the Company announced proposed enhancements to the terms of its 6.00% Convertible Debentures due September 30, 2023. On May 23, 2023, a meeting of holders of the 2018 Convertible Debentures will be held for voting on proposed amendments to the 2018 Convertible Debentures, including the following:

1. Increase the interest rate from 6.00% to 8.75%, effective September 30, 2023.
2. Decrease the conversion price from \$10.70 to \$2.75 per share.
3. Extend the maturity date from September 30, 2023 to September 30, 2026.
4. Redemption of \$22,000 of the principal amount of the 2018 Convertible Debentures as of the close of business on September 30, 2023.