

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

INVESQUE INC.

Three and Six Month Periods ended June 30, 2024 and 2023
(Unaudited)

INVESQUE INC.

Condensed Consolidated Interim Statements of Financial Position (Unaudited)

(Expressed in thousands of U.S. dollars)

As at

	June 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 10,779	\$ 10,745
Tenant and other receivables (note 2)	7,249	7,860
Property tax receivables	6,060	6,382
Derivative instruments (note 10)	2,292	1,023
Loans receivable (note 3)	1,172	965
Assets held for sale (notes 5, 6 and 15)	115,743	10,337
Other (note 4)	9,996	9,588
	<u>153,291</u>	<u>46,900</u>
Non-current assets:		
Loans receivable (note 3)	7,439	11,887
Derivative instruments (note 10)	718	3,004
Investment in joint ventures (note 7)	42,837	45,023
Investment properties (note 5)	252,338	369,932
Property, plant and equipment, net (note 6)	271,060	349,323
Other non-current assets (note 4)	2,668	2,214
	<u>577,060</u>	<u>781,383</u>
Total assets	<u>\$ 730,351</u>	<u>\$ 828,283</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 15,687	\$ 17,296
Accrued real estate taxes	7,049	7,086
Credit facilities (note 8)	91,115	216,015
Mortgages payable (note 9)	57,636	63,830
Convertible debentures (note 11)	22,077	—
Other current liabilities (note 13)	4,971	3,712
Liabilities related to assets held for sale (note 15)	565	457
	<u>199,100</u>	<u>308,396</u>
Non-current liabilities:		
Credit facilities (note 8)	172,629	120,000
Mortgages payable (note 9)	154,477	152,789
Derivative instruments (note 10)	33	927
Convertible debentures (note 11)	18,154	35,611
Commonwealth preferred unit liability (note 12)	58,569	58,348
Deferred tax liability (note 24)	—	1,605
Other non-current liabilities (note 13)	5,025	3,504
Non-controlling interest liability	487	517
	<u>409,374</u>	<u>373,301</u>
Total liabilities	<u>608,474</u>	<u>681,697</u>
Shareholders' equity:		
Common share capital (note 16)	518,375	518,370
Preferred share capital (note 16)	85,389	85,389
Contributed surplus	400	400
Equity component of convertible instruments	9,826	9,826
Exchangeable units	867	2,049
Cumulative deficit	(491,375)	(469,317)
Accumulated other comprehensive loss	(1,605)	(131)
Total shareholders' equity	<u>121,877</u>	<u>146,586</u>
Total liabilities and shareholders' equity	<u>\$ 730,351</u>	<u>\$ 828,283</u>

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 June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Revenue:				
Tenant rental revenue (note 18)	\$ 6,489	\$ 13,022	\$ 14,596	\$ 27,040
Resident rental and related revenue (note 18)	34,445	35,370	67,854	69,071
Lease revenue from joint venture arrangements (note 7)	896	882	1,805	1,758
Other revenue	1,269	983	2,486	1,929
	43,099	50,257	86,741	99,798
Other income	—	—	1,500	1,745
Interest income from loans receivable	189	531	403	1,060
Expenses (income) and fair value adjustments:				
Direct property operating expenses (note 19)	24,565	26,386	49,215	52,102
Depreciation and amortization expense (note 6)	3,551	3,743	7,019	7,478
Net finance costs from operations (note 20)	12,547	12,564	25,596	24,036
Real estate property tax expense	(61)	(1,954)	6,112	10,086
General and administrative expenses (note 21)	7,859	4,953	13,075	10,919
Transaction costs, net	42	655	318	655
Allowance for expected credit losses (note 20)	195	13,123	455	14,170
Change in non-controlling interest liability	188	69	312	136
Change in fair value of investment properties - IFRIC 21	1,609	5,371	(2,842)	(3,687)
Change in fair value of investment properties (note 5)	5,976	44,440	6,335	53,334
Impairment of property, plant and equipment (note 6)	454	—	1,830	—
Change in fair value of financial instruments (note 20)	777	(9,475)	1,158	(6,538)
(Gain) loss on sale of property, plant and equipment	(18)	—	(26)	(12)
	57,684	99,875	108,557	162,679
Share of income (loss) from joint ventures (note 7)	(1,448)	1,872	(2,654)	1,848
Loss before income taxes	(15,844)	(47,215)	(22,567)	(58,228)
Income tax recovery:				
Deferred income tax recovery (note 24)	716	959	1,605	959
Net loss from continuing operations	\$ (15,128)	\$ (46,256)	\$ (20,962)	\$ (57,269)
Net income (loss) from discontinued operations, net of tax (note 15)	(687)	330	(1,096)	(4,255)
Net loss	(15,815)	(45,926)	(22,058)	(61,524)
Other comprehensive income (loss):				
Items to be reclassified to net income (loss) in subsequent periods				
Unrealized gain (loss) on translation of foreign operations	(456)	862	(1,474)	982
	(456)	862	(1,474)	982
Total comprehensive loss	\$ (16,271)	\$ (45,064)	\$ (23,532)	\$ (60,542)
Loss from continuing operations per share (note 17):				
Basic and diluted	\$ (0.27)	\$ (0.82)	\$ (0.37)	\$ (1.01)
Loss per share (note 17):				
Basic and diluted	\$ (0.28)	\$ (0.81)	\$ (0.39)	\$ (1.08)

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)

Six months ended June 30, 2024 and 2023

	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, 2024	\$ 518,370	\$ —	\$ 85,389	\$ 400	\$ 9,826	\$ 2,049	\$ (469,317)	\$ (131)	146,586
Net loss	—	—	—	—	—	—	(22,058)	—	(22,058)
Other comprehensive income	—	—	—	—	—	—	—	(1,474)	(1,474)
Cancellation of exchangeable units	—	—	—	—	—	(1,182)	—	—	(1,182)
Common shares issued on settlement of awards granted under the deferred share incentive plan (note 16)	5	—	—	—	—	—	—	—	5
Balance, June 30, 2024	\$ 518,375	\$ —	\$ 85,389	\$ 400	\$ 9,826	\$ 867	\$ (491,375)	\$ (1,605)	121,877

	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	—	—	—	—	—	—	(61,524)	—	(61,524)
Other comprehensive income	—	—	—	—	—	—	—	982	982
Common shares purchased and cancelled under NCIB	(145)	—	—	—	—	—	—	—	(145)
Common shares issued on settlement of awards granted under the deferred share incentive plan	117	—	—	—	—	—	—	—	117
Amortization of equity settled deferred shares	—	197	—	—	—	—	—	—	197
Obligation for purchase of units under automatic share purchase plan	158	—	—	—	—	—	—	—	158
Common shares issued for equity settled deferred shares	1,059	(1,059)	—	—	—	—	—	—	—
Equity component of convertible debentures	736	—	—	—	1,925	—	—	—	2,661
Balance, June 30, 2023	\$ 510,886	\$ —	\$ 85,389	\$ 400	\$ 7,168	\$ 2,049	\$ (431,601)	\$ (198)	174,093

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)

Six Months ended June 30, 2024 and 2023

	Six months ended June 30, 2024		Six months ended June 30, 2023	
Cash flows from (used in) operating activities:				
Net loss	\$	(22,058)	\$	(61,524)
Items not involving cash and other items:				
Fair value adjustment of investment properties (notes 5 and 15)		6,735		56,151
Fair value adjustment of financial instruments (note 10)		1,158		(6,538)
Impairment of property, plant and equipment (note 6)		1,830		—
Transaction costs arising from dispositions		318		827
Depreciation and amortization expense (note 6)		7,019		7,478
Allowance for expected credit losses (note 20)		455		14,170
Straight-line rent		(840)		(1,575)
Amortization of tenant inducements		133		132
Net finance costs from operations (notes 15 and 20)		26,030		24,537
Gain on loan exchange and amendment		717		—
Interest income on loans receivable		(403)		(1,060)
Change in non-controlling interest liability		312		136
Gain on sale of property, plant and equipment		(26)		(12)
Share of loss (income) from joint ventures (note 7)		2,654		(1,848)
Deferred income tax recovery (note 24)		(1,605)		(959)
Interest paid		(19,340)		(19,288)
Interest income received		124		256
Debt extinguishment costs paid		(306)		(212)
Change in non-cash operating working capital:				
Tenant and other receivables		(1,918)		(5,737)
Accounts payable and accrued liabilities		(2,274)		(588)
Deferred revenue		(956)		646
Other assets		1,240		(1,413)
Other liabilities		1,469		1,377
Accrued real estate taxes		75		(1,436)
Cash provided by operating activities	\$	543	\$	3,520
Cash flows provided by (used in) financing activities:				
Proceeds from credit facilities	\$	—	\$	2,660
Payments on credit facilities (note 14)		(71,789)		(123,326)
Debt issuance costs paid		(776)		(937)
Proceeds from mortgages (note 14)		28,404		61,087
Payments of mortgages (note 14)		(31,670)		(40,647)
Repayment of lease liabilities		(231)		(214)
Payment for interest rate swap contract		(850)		(2,975)
Payment for settlement of interest rate swap contract		(185)		—
Proceeds from settlement of interest rate swap		—		6,382
Payment for repurchase of common shares (note 16)		—		(145)
Payment for repurchase of convertible debentures (note 14)		—		(80)
Cash used in financing activities	\$	(77,097)	\$	(98,195)
Cash flows from (used in) investing activities:				
Additions to investment properties	\$	(883)	\$	(4,423)
Proceeds from dispositions of investment properties, net		72,809		92,300
Additions to property, plant and equipment		(2,258)		(3,454)
Proceeds from dispositions of property, plant and equipment		—		23
Proceeds from dispositions of assets held for sale, net		3,848		6,130
Distributions from joint ventures (note 7)		905		1,941
Contributions to joint ventures (note 7)		(1,403)		(1,231)
Distributions to non-controlling interest partners		(628)		—
Contributions from non-controlling interest partners		67		(178)
Issuance of loans receivable		(907)		(3,858)
Receipts from loans receivable		5,038		5,583
Cash provided by investing activities	\$	76,588	\$	92,833
Increase (decrease) in cash and cash equivalents		34		(1,842)
Cash and cash equivalents, beginning of period		10,745		27,579
Cash and cash equivalents, end of period	\$	10,779	\$	25,737

See accompanying notes to these condensed consolidated interim financial statements.

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

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 and medical office properties, which are operated primarily under long-term leases or joint venture arrangements with operating partners. The Company's consolidated portfolio also includes investments in owner occupied seniors housing properties in which Invesque Inc. owns the real estate and provides management services exclusively through its majority-owned subsidiary management company, Commonwealth Senior Living LLC ("Commonwealth").

At June 30, 2024, the Company owned interests in a portfolio of 62 health care and senior living properties of the type noted above comprised of 21 consolidated investment properties, 20 consolidated owner-occupied properties, partial interests in 8 properties held through joint arrangements, 8 consolidated owner-occupied properties presented as assets held for sale and 5 investment properties presented as assets held for sale.

1. Basis of preparation:

(a) Liquidity Assessment

Liquidity risk is the risk that an entity is unable to fund its assets or meet its financial obligations as they come due. Liquidity risk is managed in part through cash flow forecasting by the Company. While there are uncertainties in assessing future liquidity requirements under normal operating conditions, 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 debt capacity, and to ensure the Company will meet its financial covenants, which include minimum cash requirements, 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, successful closing of asset dispositions in the timeframe contemplated by management, 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 the next 12 months may no longer be available to the Company at terms and conditions that are forecasted, or at all.

The Company believes, subject to the completion of the strategic sales of assets and refinancings, that it will have sufficient available liquidity to meet its minimum obligations as they come due and to comply with required financial covenants for a period of at least 12 months from June 30, 2024. 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 and debt covenant projections 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, the ability of the Company to complete strategic sales of assets and the continued availability of financing.

In response to a downside scenario, which would be a scenario whereby the Company is unable to refinance the corporate credit facility coming due within the next 12 months, the Company has the ability to take the following mitigating actions to reduce costs, optimize the Company's cash flows and preserve liquidity:

- i. utilize available cash above minimum covenant requirements to pay down debts,
- ii. pursue sales transactions to dispose of certain properties and use the net proceeds to pay down and reduce debts,
- iii. exercise the Company's right to convert its convertible debentures into common shares,
- iv. offer discounts to current loans receivable in exchange for early repayment,
- v. reduce non-essential capital expenditures, and

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

- vi. extend or refinance debt with near-term maturities, subject to third party lender credit approval.

Corporate Credit Facility Requirements

On March 5, 2024, the Company executed a consent and first amendment to the amended credit agreement ("first amendment") in which the parties agreed to the completion of a series of asset sale transactions and debt refinancings in order to achieve further paydowns on the credit facility in exchange for a reduction in the minimum requirements for certain covenants. The changes to specified covenants were effective as of March 5, 2024, which are applicable as long as a) the Company executes on the completion of the sale of three skilled nursing buildings, and b) the term commitment does not exceed \$75,700 and the borrowing base leverage ratio does not exceed 70.0% as of August 1, 2024. Material amendments to the credit facility were as follows:

- i. The minimum consolidated fixed charge coverage ratio shall be reduced to 1.35x from January 1, 2024 until March 31, 2024, and thereafter reduced to 1.25x.
- ii. The minimum liquidity requirement shall be reduced to \$10,000 once the term commitment is reduced below \$75,700 and the borrowing base leverage does not exceed 70.0%.
- iii. The minimum assumed debt service coverage ratio shall not be less than 1.30x from March 5, 2024 to September 30, 2024, and 1.50x thereafter.

As of June 30, 2024, the Company has satisfied the consent conditions outlined in the first amendment. The term commitment outstanding has been reduced to approximately \$73,500, the Company has completed the sale of required assets, and borrowing base leverage is below the required 70% threshold.

In respect of the Company's ability to satisfy the outstanding balance of the credit facility upon maturity on March 31, 2025, management continues to execute on the following initiatives:

- i. Selling certain properties and using the net sale proceeds to meet the loan curtailment requirements. In the first and second quarters of 2024, the Company successfully completed sales of six skilled nursing facilities. Net cash proceeds, after closing costs, were used to pay down the Corporate Credit Facility.
- ii. Refinancing certain properties, at a reasonable loan-to-value based on the underlying value of the property and using the net refinancing proceeds to meet the loan curtailment requirements. In the second quarter of 2024, the Company completed four mortgage refinancing transactions and used proceeds to pay down the Corporate Credit Facility.
- iii. Entering into fixed interest rate swaps, at market terms, in order to reduce the exposure to variable interest rate fluctuations and manage debt service costs to meet the fixed charge coverage ratio requirements.
- iv. Refinancing or extending the remaining unpaid debt balance at maturity of the Corporate Credit Facility utilizing residual assets as collateral.

Commonwealth Credit Facility Requirements

The Company successfully extended the maturity of the Commonwealth Facility by one year to August 1, 2025 (the "First Extended Maturity Date"). The Credit Agreement also provides for a second one-year extended maturity date, subject to certain conditions. As of June 30, 2024, the Company believes the conditions for a further extension will be met.

Working Capital Requirements and Near-Term Debt Maturities

The Company expects to meet its working capital requirements with respect to accounts payable and accrued liabilities through cash and cash equivalents on hand and operating cash flows. As at June 30, 2024, current liabilities totaled \$199,100, and current assets totaled \$153,291, resulting in a working capital deficit of \$45,809 (December 31, 2023 -

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

\$308,396, \$46,900 and \$261,496, respectively). Excluding convertible debentures and secured debt, as at June 30, 2024, current liabilities totaled \$119,387, and current assets totaled \$153,291, resulting in a working capital surplus of \$33,904. 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 in excess of lender requirements (ii) cash flows generated from operations, (iii) property-specific mortgages and refinancings and (iv) strategic sale of assets. The Company also has the ability to raise additional liquidity through issuance of common shares, subject to market conditions, and alternative financing sources. With respect to near-term debt maturities, including mortgages and credit facilities, the Company believes it will be successful in either refinancing or settling each of the near-term debt instruments through sales of the underlying assets securing such debts. However, the Company will be exposed to increased interest expense while pursuing refinancings and new variable-fixed interest rate swaps in 2024 due to the current interest rate environment.

(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 and joint ventures 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 prepared in accordance with IFRS Accounting Standards and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2023, which were issued on March 15, 2024.

The Company applied the same accounting policies and methods of application as the consolidated financial statements as at and for the year ended December 31, 2023, with the exception of the amendments adopted in 2024 outlined in Note 1(c).

Certain comparative information for the 2023 fiscal year has been reclassified to conform with the financial presentation used in the current year. Within the notes to the condensed consolidated financial statements, specifically mortgages payable and credit facilities, the amount of fixed versus variable debt has been reclassified in order to reflect the contractual terms of the separate underlying debt instrument, ignoring the impact of interest rate swaps, in accordance with IAS 32: Financial Instruments: Presentation.

These condensed consolidated financial statements were approved by the Board of Directors of the Company and authorized for issuance on August 8, 2024.

(c) Accounting standards effective in the year:

The Company adopted *Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1*, as issued in 2020 and 2022. The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2024. They clarify certain requirements for determining whether a liability should be classified as current or non-current and require new disclosures for non-current liabilities that are subject to covenants within 12 months after the reporting period. This resulted in a change in the accounting policy for classification of liabilities that can be settled in a Company's own shares (i.e. convertible debt). Previously, the Company ignored all counterparty conversion options when classifying the related liabilities as current or non-current. Under the revised policy, when a liability includes a counterparty conversion option that may be settled by a transfer of the Company's own shares, the Company takes into account the conversion option in classifying the host liability as current or non-current, except when it is classified as an equity component or a compound instrument.

The adoption of the amendments did not have any material impact on the Company's consolidated financial statements.

(d) 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

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

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. As of June 30, 2024, all but two properties have been sold and the remaining are expected to be disposed of in the next twelve months.

The medical office building segment has been classified as discontinued operations for a period greater than one year from the date of classification, however the Company remains committed to selling the buildings. The Company has sold 12 of the original 14 buildings and multiple buyers have approached the Company with offers on the remaining two buildings. Due to circumstances outside of the Company's control, such as the inability to obtain financing and the economic environment within the medical office building industry, no transactions have closed on the remaining two buildings to date. The Company is committed to sell the assets at a reasonable fair market value, which is reflected in the change in fair value of investment properties in the period.

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

2. Tenant and other receivables:

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

		June 30, 2024	December 31, 2023
Tenant and other receivables, gross	\$	11,516	\$ 12,012
Allowance for uncollectible receivables		(4,267)	(4,152)
Tenant and other receivables, net	\$	7,249	\$ 7,860

The movement in the allowance in respect of tenant and other receivables during the six months ended June 30, 2024 was as follows:

Balance, December 31, 2023	\$	4,152
Allowance		473
Collections — recoveries		(358)
Balance June 30, 2024	\$	4,267

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 six months ended June 30, 2024 is primarily due to individual tenant recoveries at owner-occupied properties, offset by the addition of new tenants balances arising from considerations noted above.

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

3. Loans receivable:

Loans receivable issued and outstanding as at June 30, 2024 and December 31, 2022 are detailed in the table below:

Debtor	Loan Type	June 30, 2024	December 31, 2023	Issued Date	Maturity Date	Current Annual Interest Rate	Payment -in-kind Annual Interest Rate
Autumnwood Lifestyles Inc.	Revolving credit facility	\$ —	\$ 585	November 1, 2016	December 31, 2024	8.9% ⁽¹⁾	— %
Ellipsis Real Estate Partners	Loan receivable	—	1,035	September 14, 2018	September 14, 2028	7.5 %	— %
Hillcrest Millard, LLC	Loan receivable	—	361	January 1, 2019	January 1, 2028	5.0 %	— %
Hillcrest Firethorn, LLC	Loan receivable	—	339	January 1, 2019	November 1, 2027	5.0 %	— %
Winyan Investment Ltd (Brantford)	Loan receivable	—	3,437	November 28, 2022	November 28, 2025	4.0 %	— %
Blue Bell Senior Holdings, LLC	Loan receivable	574	601	February 21, 2020	March 1, 2025 ⁽²⁾	5.9 %	— %
PSL Care GP, LLC	Loan receivable	—	450	May 6, 2020	⁽³⁾	3.5 %	— %
Symcare ML, LLC	Loan receivable	—	7,955	June 1, 2021	December 31, 2035	— %	1.0 %
Symcare ML, LLC	Loan receivable	3,648	3,648	June 1, 2023	February 29, 2024	— %	10.0 %
Memory Care America, LLC	Loan receivable	3,907	3,016	March 31, 2023	July 31, 2025	10.0 %	— %
4 Pack Master Tenant, LLC	Loan receivable	1,167	715	June 1, 2023	May 31, 2038	— %	10.0 %
Constant Care Management Company, LLC	Loan receivable	607	—	January 31, 2024	June 30, 2026	10.0 %	— %
Chapters Little Rock, LLC, Chapters San Antonio, LLC, and Chapters New Braunfels, LLC	Loan receivable	235	—	March 15, 2024	December 31, 2024	10.0 %	— %
	Accrued current and non-current interest	381	425				
	Allowance for expected credit losses on loans receivable	(4,452)	(12,199)				
	Carrying value of loans recorded at amortized cost	\$ 6,067	\$ 10,368				
	Loan receivable - Javelina Ventures, LLC FVTPL	2,544	2,484	December 31, 2018	⁽⁴⁾	5.0 %	— %
	Carrying value of loans receivable	\$ 8,611	\$ 12,852				
	Less current portion	1,172	965				
	Non-current portion	\$ 7,439	\$ 11,887				

(1) This loan charged interest rates of 8.6% and 8.9% on the outstanding balance as of January 1, 2023 and January 1, 2024, respectively. This loan was paid in full in the second quarter of 2024.

(2) Maturity date is the earlier of March 1, 2025, the date at which the existing debt secured by the property is refinanced, or upon termination of the management agreement.

(3) No stated maturity date. Principal of loan is repaid when distributions are made from the Limited Partnership 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.

\$2,009 of the loans outstanding and \$20 of the accrued current and non-current interest as at June 30, 2024 included in the table above are due from current third party tenant operators (\$715 and \$6, respectively as at December 31, 2023). Of these amounts, \$20 has been reserved as uncollectible since issuance of these loans and included as part of the allowance for the loan losses (\$7 - December 31, 2023).

Loans receivable and associated allowance for losses on loans receivable accounted for at amortized cost as at June 30, 2024 are as follows:

	Stage 1	Stage 2	Stage 3	Total
Loans receivable, net of loan fees	\$ 2,612	\$ 4,259	\$ 3,648	\$ 10,519
Allowance for losses on loans receivable	(26)	(778)	(3,648)	(4,452)
Loans receivable, net of allowances	\$ 2,586	\$ 3,481	\$ —	\$ 6,067

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

The changes in the gross loans receivable balance during the six months ended June 30, 2024 are shown in the following table:

	Stage 1	Stage 2	Stage 3	Total
Total loans receivable as at December 31, 2023	\$ 7,770	\$ 6,842	\$ 7,955	22,567
Loans receivable				
Transfer to/(from)				
Stage 1	—	—	—	—
Stage 2	—	(3,648)	—	(3,648)
Stage 3	—	—	3,648	3,648
	\$ 7,770	\$ 3,194	\$ 11,603	22,567
Issuances	1,534	1,065	—	2,599
Repayments	(5,549)	—	—	(5,549)
PIK interest	48	—	—	48
Currency translation	(65)	—	—	(65)
Amortization of mark-to-market adjustment	395	—	—	395
Non-cash settlement	(1,228)	—	—	(1,228)
Write off of loans receivable	(293)	—	(7,955)	(8,248)
Total loans receivable as at June 30, 2024	\$ 2,612	\$ 4,259	\$ 3,648	10,519

The changes in the allowance for credit losses during the six months ended June 30, 2024 are shown in the following table:

	Stage 1	Stage 2	Stage 3	Total
Total allowance for credit losses as at December 31, 2023	\$ 133	\$ 4,111	\$ 7,955	12,199
Allowance for credit losses				
Remeasurement	3	179	136	318
Transfer to/(from)				
Stage 1	—	—	—	—
Stage 2	—	(3,512)	—	(3,512)
Stage 3	—	—	3,512	3,512
	\$ 136	\$ 778	\$ 11,603	12,517
Write off of loans receivable and allowances	(100)	—	(7,955)	(8,055)
Non-cash settlement	(10)	—	—	(10)
Total allowance for credit losses as at June 30, 2024	\$ 26	\$ 778	\$ 3,648	4,452

For the three and six months ended June 30, 2024, a loss of \$195 and \$514, respectively (three and six months ended June 30, 2023 - \$3,301 and \$3,515, respectively) were 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.

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

In March 2024, the Company and Ellipsis entered into an arrangement whereby both parties agreed that the promissory note issued September 14, 2018 would be satisfied in full and cancelled in exchange for:

- a. Ellipsis assigning its 20% profit-only interest in the underlying operations of four memory care facilities to the Company, who is already the owner of the properties, and
- b. Ellipsis assigning its 189,194 Class B Units (i.e. Exchangeable Units) back to the Company with a carrying amount of \$1,182.

The profit-only interest is structured in a manner whereby the Company is entitled to its share of net profits, but only its share of net losses until the undistributed profits balance has been reduced to zero, effectively eliminating its exposure to overall net losses in this investment. The Company has recognized the 20% profit-only interest as a financial asset in accordance with IFRS 9, measured at FVTPL. On the date of the transaction, the net present value of future cash flows from this profit-only interest was estimated to be \$700. As a result of this transaction, a gain of \$685 has been recorded within net finance costs from operations in the statement of loss and comprehensive loss for the six months ended June 30, 2024.

4. Other assets:

	June 30, 2024	December 31, 2023
Prepaid expenses	\$ 2,847	\$ 2,667
Security deposits and costs related to pending transactions	244	52
Escrow deposits held by lenders	4,790	5,709
Right-of-use assets	1,532	1,710
Bond assets	436	504
Profit participation investment	700	—
Other	2,115	1,160
	\$ 12,664	\$ 11,802
Current	\$ 9,996	\$ 9,588
Non-current	2,668	2,214
	\$ 12,664	\$ 11,802

Escrow deposits held by lenders include amounts held for use in payment and settlement of real estate taxes, property insurance and replacement reserves. There were no changes in the methods and assumptions used in estimating the fair values since year-end.

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

5. Investment properties:

(a) *Investment properties:*

	Number of Properties	Amount
Balance, December 31, 2023	30	\$ 369,932
Capital expenditures		468
Increase attributable to straight-line rents		840
Fair value adjustment		(6,335)
Amortization of tenant inducements		(121)
Sale of income properties	(6)	(71,995)
Transferred to assets held for sale	(3)	(37,800)
Foreign currency translation		(2,651)
Balance, June 30, 2024	21	\$ 252,338
Property tax liability under IFRIC 21		(2,842)
Fair value adjustment to investment properties - IFRIC 21		2,842
		\$ 252,338

At June 30, 2024, 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. 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 capitalization income approach or the discounted cash flow approach (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 (\$468 total for the 6 months ended June 30, 2024) at two properties in Canada that are jointly owned and proportionately consolidated in these financial statements.

The Company continues to review market overall capitalization rates, terminal capitalization rates and discount rates as well as its stabilized future cash flows and future cash flows over the investment holding period, in light of the present 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 June 30, 2024.

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

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
Direct capitalization income approach:	
Overall capitalization rates ("OCR")	There is an inverse relationship between the overall capitalization rates and the fair value; in other words, the higher the overall 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.
Discounted cash flow approach:	
Terminal capitalization rates ("TCR")	There is an inverse relationship between the terminal capitalization rates and the fair value; in other words, the higher the terminal capitalization rate, the lower the estimated fair value.
Discount rates ("IRR")	There is an inverse relationship between the discount rates and the fair value; in other words, the higher the discount rate, the lower the estimated fair value.
Future cash flows over the holding period	There is a direct relationship between the future cash flows over the holding period and the fair value; in other words, the higher the future cash flows over the holding period, the higher the estimated fair value.

A summary of the significant unobservable inputs and ranges for each approach used as at June 30, 2024 and December 31, 2023 are set out in the following table:

<u>Three and six months ended June 30, 2024</u>					
Approach	Fair Value	Input	Min	Max	Weighted Average
Direct capitalization income	\$ 95,823	OCR	7.75 %	8.00 %	7.96 %
Discounted cash flow	156,515	TCR	6.50 %	10.00 %	7.78 %
		IRR	8.00 %	11.50 %	9.30 %
Anticipated sale price	—	N/A	N/A	N/A	N/A
Total	<u>\$ 252,338</u>				
<u>Year ended December 31, 2023</u>					
Approach	Fair Value	Input	Min	Max	Weighted Average
Direct capitalization income	\$ 94,844	OCR	7.70 %	7.95 %	7.92 %
Discounted cash flow	168,553	TCR	6.50 %	10.00 %	7.92 %
		IRR	8.00 %	11.50 %	9.44 %
Anticipated sale price	106,535	N/A	N/A	N/A	N/A
Total	<u>\$ 369,932</u>				

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

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

stabilized future cash flows would result in the following changes in the fair value of the Company's investment properties as of June 30, 2024, valued using this approach:

		Change in stabilized future cash flows		
		(1.00)%	— %	1.00 %
		Change in overall capitalization rate ("OCR")	(0.25)%	\$ 2,117
	— %	\$ 958	\$ —	\$ (958)
	0.25 %	\$ (3,846)	\$ (2,917)	\$ (1,988)

The estimated fair value of investment properties valued using the discounted cash flow approach is most sensitive to changes in terminal capitalization rates and discount rates. Changes in the terminal capitalization rates and discount rates would result in the following changes in the fair value of the Company's investment properties as of June 30, 2024, valued using this approach:

		Change in discount rate ("IRR")		
		(0.25)%	— %	0.25 %
		Change in terminal capitalization rate ("TCR")	(0.25)%	\$ 4,905
	— %	\$ 1,749	\$ —	\$ (1,740)
	0.25 %	\$ (1,184)	\$ (2,893)	\$ (4,708)

b) Asset dispositions - three and six months ended June 30, 2024

	Pennsylvania	Texas (2) & Missouri (1)	Wisconsin
Properties sold:	2	3	1
Net assets disposed:			
Investment properties	\$ 11,435	\$ 55,500	\$ 5,060
	\$ 11,435	\$ 55,500	\$ 5,060
Consideration received/funded:			
Cash	\$ 11,380	\$ 24,341	\$ 6,111
Mortgage settlement	—	30,470	—
Mortgage prepayment fees	—	305	—
Closing costs	55	182	18
Working capital	—	202	9
Credit towards future sales	—	—	(1,078)
	\$ 11,435	\$ 55,500	\$ 5,060

On February 29, 2024 the Company sold two skilled nursing facilities in Pennsylvania for a total sale price of \$11,435 and \$1,500 in lease termination fees. Sale proceeds and lease termination fees in excess of closing costs were used to pay down a portion of the corporate credit facility.

On March 5, 2024, the Company sold two skilled nursing facilities in Texas and one in Missouri for a total sale price of \$55,500. Sale proceeds in excess of closing costs were used to settle the mortgage affiliated with two of the properties and to pay down a portion of the corporate credit facility.

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

On June 24, 2024, the Company sold a skilled nursing facility in Wisconsin for a sale price of \$5,060. An additional \$1,078 was paid and applied as a non-refundable deposit towards future sales of skilled nursing facilities to the same buyer. Sale proceeds in excess of closing costs were used to pay down a portion of the corporate credit facility.

c) Assets held for sale

The following table summarizes the investment properties held for sale as at June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
Assets:		
Investment properties ⁽¹⁾	\$ 43,321	\$ 5,521
	\$ 43,321	\$ 5,521

(1) As of June 30, 2024, total assets held for sale reflect three investment properties in New York and the two remaining medical office buildings, whereby the activities are presented as discontinued operations (note 15). As of December 31, 2023, total assets held for sale reflect two medical office buildings presented as discontinued operations.

The Company executed Purchase and Sale Agreements for the three New York investment properties and expects to close on sale transactions in the next six to nine months.

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

6. Property, plant and equipment, net:

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

Property, plant and equipment consists of the following as at June 30, 2024:

	Land	Buildings	Furniture, fixtures and equipment	Properties under development	Total
Cost					
Balance, December 31, 2023	\$ 23,029	\$ 420,119	\$ 15,531	\$ 421	\$ 459,100
Additions	—	1,386	900	—	2,286
Assets transferred to held for sale	(5,108)	(79,248)	(3,761)	(8)	(88,125)
Balance, June 30, 2024	\$ 17,921	\$ 342,257	\$ 12,670	\$ 413	\$ 373,261
Accumulated depreciation					
Balance, December 31, 2023	\$ —	\$ 104,652	\$ 5,125	\$ —	\$ 109,777
Depreciation	—	5,847	1,172	—	7,019
Impairment loss	—	1,830	—	—	1,830
Assets transferred to held for sale	—	(14,578)	(1,847)	—	(16,425)
Balance, June 30, 2024	\$ —	\$ 97,751	\$ 4,450	\$ —	\$ 102,201
Property, plant and equipment, net balance, December 31, 2023	\$ 23,029	\$ 315,467	\$ 10,406	\$ 421	\$ 349,323
Property, plant and equipment, net balance, June 30, 2024	\$ 17,921	\$ 244,506	\$ 8,220	\$ 413	\$ 271,060

(b) *Dispositions of assets held for sale - six months ended June 30, 2024*

	South Carolina
Properties sold:	1
Net assets disposed:	
Property, plant and equipment sales proceeds	\$ 3,975
	\$ 3,975
Consideration received/funded:	
Cash	3,600
Transaction costs	263
Working capital	112
	\$ 3,975

On January 31, 2024, the Company sold a property in Summerville, South Carolina for a sale price of \$3,975. Sale proceeds in excess of closing costs were received and held by the Company. The property was classified as held for sale as of December 31, 2023.

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

(c) Assets held for sale

The following table summarizes the property, plant and equipment held for sale on June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
Assets:		
Property, plant and equipment, net	\$ 71,700	\$ 3,962
	\$ 71,700	\$ 3,962

In the second quarter of 2024, the Company executed Purchase and Sale Agreements to sell eight properties operated by Commonwealth Senior Living. As of August 8, 2024 the due diligence period has been waived and the transactions are expected to close by the end of 2024.

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

7. Joint arrangements:

As at June 30, 2024, the Company's joint arrangements are as follows:

Joint arrangement	Number of properties	Location	Company ownership	Investment
Invesque-Autumnwood Landlord	4	Canada	29 %	Joint operation ⁽¹⁾⁽²⁾
Invesque-Autumnwood Operator	—	Canada	29 %	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 third party operators lease the properties from the joint operation landlord, being Invesque-Autumnwood 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 previously held in investment properties. Remaining assets include cash, escrows and receivables resulting from the earlier sale of the 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. These properties 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 investment 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 related party 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 \$896 and \$1,805, respectively, for the three and six months ended June 30, 2024 (three and six months ended June 30, 2023 - \$882 and \$1,758, respectively), 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.

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 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 loss is included in loss from joint ventures in the consolidated statements of loss and comprehensive loss.

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

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 June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Cash contributions to joint ventures	\$ 817	\$ 1,160	\$ 1,403	\$ 1,231
Distributions received from joint ventures	\$ 887	\$ 1,941	\$ 905	\$ 1,941

	June 30, 2024		December 31, 2023	
	Net assets	Company share of net assets	Net assets	Company share of net assets
Cash and cash equivalents	\$ 1,407	\$ 1,153	\$ 1,181	\$ 881
Tenant and other receivables	2,703	2,026	2,676	2,087
Other	5,831	5,645	5,518	4,541
Current assets	9,941	8,824	9,375	7,509
Investment properties	192,483	152,022	190,353	150,592
Property, plant and equipment, net	1,391	695	1,417	708
Derivative instruments	—	—	1,085	896
Other non-current assets	9	8	11	10
Total assets	\$ 203,824	\$ 161,549	\$ 202,241	\$ 159,715
Accounts payable and accrued liabilities	\$ 14,080	\$ 10,673	\$ 10,916	\$ 8,898
Deferred revenue	609	512	645	530
Mortgages payable - current	53,519	44,685	9,146	7,345
Current liabilities	68,208	55,870	20,707	16,773
Mortgages payable - non-current	74,471	61,466	91,079	76,344
Construction loans	—	—	25,207	20,227
Other non-current liabilities	1,923	1,376	1,889	1,348
Total liabilities	\$ 144,602	\$ 118,712	\$ 138,882	\$ 114,692
Net assets	\$ 59,222	\$ 42,837	\$ 63,359	\$ 45,023

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

	Three months ended June 30, 2024		Three months ended June 30, 2023	
	Net loss at 100%	Company share of net loss	Net income at 100%	Company share of net income
Revenue	\$ 17,567	\$ 10,366	\$ 15,188	\$ 9,095
Other income	—	—	1,852	1,547
Property operating expense	15,784	8,641	13,860	7,690
Depreciation expense	—	—	2	1
Net finance costs	2,255	1,874	1,280	1,069
General and administrative expenses	6	4	3	2
Change in fair value of financial instruments	448	370	(25)	(16)
Change in fair value of investment properties	691	925	134	24
Net income (loss) prior to distributions to owners	\$ (1,617)	\$ (1,448)	\$ 1,786	\$ 1,872

	Six months ended June 30, 2024		Six months ended June 30, 2023	
	Net loss at 100%	Company share of net loss	Net income at 100%	Company share of net loss
Revenue	\$ 34,760	\$ 20,671	\$ 29,822	\$ 18,030
Other income	—	—	2,086	1,742
Property operating expense	31,059	17,333	26,836	15,094
Depreciation expense	—	—	2	1
Net finance costs	4,090	3,392	2,393	2,004
General and administrative expenses	13	8	5	3
Change in fair value of financial instruments	1,085	896	635	523
Change in fair value of investment properties	1,545	1,696	194	299
Net income (loss) prior to distributions to owners	\$ (3,032)	\$ (2,654)	\$ 1,843	\$ 1,848

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 condensed consolidated interim financial statements, the related party balances are included in other assets and lease revenue from joint ventures.

The following table summarizes information related to mortgages payable accounted for by the Company's joint ventures at 100%:

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

	June 30, 2024		December 31, 2023	
Mortgages at fixed rates:				
Mortgages (principal)	\$	12,526	\$	6,352
Interest rates (inclusive of swap impact)		8.00 %		4.25 %
Weighted average interest rate		8.00 %		4.25 %
Mortgages at variable rates:				
Mortgages (principal) ⁽¹⁾	\$	116,642	\$	95,035
Interest rates		SOFR plus 2.05% to SOFR plus 4.00%		2.035% plus SOFR fixed at 1.95% to SOFR plus 4.00%
Weighted average interest rate		8.01 %		5.00 %
Blended weighted average rate		8.01 %		4.95 %

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

8. Credit facilities:

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

	June 30, 2024	Borrowing rate at June 30, 2024	December 31, 2023	Borrowing rate at December 31, 2023
Credit Facility ⁽¹⁾	\$ 88,493	8.08 %	\$ 159,000	7.67 %
Credit Facility ⁽¹⁾	—	— %	24	7.95 %
Commonwealth Facility ⁽²⁾	176,004	5.76 %	177,262	5.76 %
Finance costs, net	(753)	—	(271)	—
Carrying value	\$ 263,744	6.54 %	\$ 336,015	6.66 %
Less current portion	91,115		216,015	
Non-current portion	\$ 172,629		\$ 120,000	

(1) As of December 31, 2023, only \$159,000 of the corporate credit facility principal balance was swapped.

(2) Rate as of June 30, 2024, is reflective of the in-place swapped rate and credit spread.

Future principal repayments of the credit facilities are as follows:

	Aggregate principal payments
2024	\$ 1,293
2025	263,204
2026 and thereafter	—
Total	\$ 264,497

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

9. Mortgages payable:

Mortgages payable consist of the following as at:

	June 30, 2024		December 31, 2023	
Mortgages payable	\$	209,439	\$	214,017
Mark-to-market adjustment, net		4,817		4,823
Finance costs, net		(2,143)		(2,221)
Carrying value	\$	212,113	\$	216,619
Less current portion		57,636		63,830
Non-current portion	\$	154,477	\$	152,789

Mortgages payable are first charge mortgages secured and collateralized by investment properties and property, plant and equipment with a carrying value of \$301,871 at June 30, 2024. Maturity dates on mortgages payable range from 2024 to 2054, and the weighted average years to maturity is 5.44 years at June 30, 2024.

Future principal payments on the mortgages payable as at June 30, 2024 are as follows:

	Regular principal payments	Principal due on maturity	Total principal payments	% of total principal payments
2024	\$ 977	\$ 39,177	\$ 40,154	20 %
2025	2,051	16,542	18,593	9 %
2026	1,952	62,269	64,221	31 %
2027	1,411	17,160	18,571	9 %
2028	1,455	2,857	4,312	2 %
Thereafter	25,082	38,506	63,588	29 %
	\$ 32,928	\$ 176,511	\$ 209,439	100 %

The mortgages contain several financial covenants, most notably those that are debt service coverage in nature, as defined and described in the respective agreements. Accordingly, certain mortgages payable are classified as a non-current liability as at period end on the basis that the Company has the right to defer settlement of the liabilities on the basis that compliance with covenants is expected over twelve months after the reporting period.

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

	June 30, 2024	December 31, 2023
Mortgages at fixed interest rates:		
Mortgages (principal)	\$ 67,430	\$ 61,317
Interest rates (inclusive of interest rate swap impact)	2.55% to 6.15%	2.55% to 6.15%
Weighted average interest rate	4.70 %	4.06 %
Mortgages at variable rates ⁽¹⁾ :		
Mortgages (principal)	\$ 142,009	\$ 152,700
Interest rates	SOFR plus 2.45% with a 2% SOFR cap to AMERIBOR plus 2.925%	SOFR plus 2.45% with a 2% SOFR cap to SOFR plus 3.50% with a 1% SOFR Floor
Weighted average interest rate	6.77 %	6.97 %
Weighted average interest rate	6.05 %	6.14 %

(1) Weighted average interest rates include variable rate debt of \$73,917 that is fixed with interest rate swaps and interest rate caps. Details of fixed rate swaps and cap rates are as follows:

Balance and swapped or capped rate at June 30, 2024	Stated interest rate	Interest rate swap / cap maturity	Debt maturity
\$3,000 fixed swap at 8.1%	8.9 %	August 5, 2026	August 5, 2026
\$3,403 fixed swap at 5.9%	6.9 %	July 31, 2024	July 31, 2024
\$10,013 SOFR cap at 2.0% plus 2.45%	7.8 %	July 1, 2024	August 1, 2030
\$57,500 rate cap at 5.5%	8.8 %	June 10, 2025	January 10, 2026

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

10. Derivative financial instruments:

(a) Derivative swaps and interest rate caps:

Derivative swaps and interest rate caps as at June 30, 2024, and fair value adjustments during the period then ended, are detailed in the table below:

Swaps and Caps	Maturity date	Fixed rate	Notional amount	Asset (liability) balance		Income (loss) for the six months ended	
				June 30, 2024	December 31, 2023	June 30, 2024	June 30, 2023
Credit Facility Term ⁽¹⁾	December 19, 2023	SOFR fixed at 2.05%	\$ —	\$ —	\$ —	\$ —	\$ (2,070)
Credit Facility Revolver ⁽¹⁾	January 2, 2024	SOFR fixed at 2.50%	—	—	—	—	(199)
Credit Facility Term and Revolver ⁽²⁾	May 31, 2025	SOFR fixed at 5.07%	—	—	(837)	652	—
Red Oak Mortgage Swap ⁽³⁾	July 31, 2024	CORRA fixed at 3.82%	3,404	4	7	(3)	21
Commonwealth Credit Facility Swap ⁽⁴⁾	August 1, 2024	SOFR fixed at 1.62%	—	—	—	—	(1,554)
Commonwealth Credit Facility Swap ⁽⁴⁾	March 1, 2024	SOFR fixed at 3.50%	—	—	822	(822)	—
Commonwealth Credit Facility Swap ⁽⁴⁾	July 31, 2024	SOFR fixed at 3.50%	176,004	519	—	(331)	—
Charlottesville Mortgage Swap ⁽⁵⁾	March 31, 2024	SOFR fixed at 2.96%	—	—	—	—	(268)
Christiansburg Mortgage Rate Cap ⁽⁶⁾	July 1, 2024	SOFR capped at 2.00%	10,197	28	194	(166)	359
Merchants Bank of Indiana Mortgage Rate Cap ⁽⁷⁾	June 10, 2025	SOFR capped at 2.00%	57,500	1,740	2,156	(416)	210
Carrollton Mortgage Swap	August 5, 2026	SOFR fixed at 5.02%	3,000	(32)	(90)	58	—
Net carrying value and net fair value adjustments				\$ 2,259	\$ 2,252	\$ (1,028)	\$ (3,501)
Less current portion				32	1,023		
Non-current portion				\$ 2,227	\$ 1,229		
Derivative instruments Asset				\$ 2,291	\$ 3,179		
Derivative instruments Liability				(32)	(927)		
				\$ 2,259	\$ 2,252		

(1) The swaps were terminated or matured on December 19, 2023.

(2) The swap was contracted effective December 29, 2023 and terminated on February 26, 2024.

(3) The swap has a notional amount of CAD\$4,657. The interest rate benchmark of the underlying mortgage transitioned to Canadian Overnight Repo Rate Average ("CORRA") plus 2.045% with a total swapped rate of 5.86%.

(4) The original swap was terminated on June 29, 2023 and re-contracted, with new terms, with an effective date of September 1, 2023. In May 2024 a short-term swap was re-contracted with a maturity date of July 31, 2024.

(5) The swap was terminated on December 29, 2023.

(6) The interest cap consists of an interest rate spread ceiling of 2.00% and a base rate of 2.45%.

(7) The interest cap was purchased in conjunction with a mortgage refinance and consists of an interest rate spread ceiling of 2.00% and a base rate of 3.50%.

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

(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 SOFR 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 June 30, 2024, the prepayment embedded derivative assets have a fair value of \$717 (December 31, 2023 - \$848). For the three and six months ended June 30, 2024, a fair value loss of \$50 and \$130, respectively (three and six months ended June 30, 2023 - \$119 loss and \$40 loss, respectively), was recorded in the consolidated statements of loss and comprehensive loss.

11. Convertible debentures:

(a) 2016 Convertible Debentures

The 2016 Convertible Debentures are comprised of the following as at:

	June 30, 2024	December 31, 2023
Issued	\$ 24,850	\$ 24,850
Issue costs, net of amortization and accretion of equity component	3,070	2,202
Fair value adjustment, net	(1,589)	(2,768)
Equity component, excluding issue costs and taxes	(4,254)	(4,254)
2016 Convertible Debentures	\$ 22,077	\$ 20,030
Current	\$ 22,077	\$ —
Non-current	—	20,030
2016 Convertible Debentures	\$ 22,077	\$ 20,030

Interest costs of \$435 and \$870, respectively, related to the 2016 Convertible Debentures are recorded in financing costs for the three and six months ended June 30, 2024 (December 31, 2023- \$435 and \$870, respectively) using the effective interest rate method (note 20).

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

(b) 2018 Convertible Debentures

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

	June 30, 2024	December 31, 2023
Issued	\$ 50,000	\$ 50,000
Redemptions	(4,828)	(4,828)
Normal course issuer bid ("NCIB") purchases	(1,757)	(1,757)
Issue costs, net of amortization and accretion of equity component	921	278
Fair value adjustment, net	(18,946)	(20,876)
Equity component, excluding issue costs and taxes	(7,236)	(7,236)
2018 Convertible Debentures	\$ 18,154	\$ 15,581
Current	\$ —	\$ —
Non-current portion	18,154	15,581
2018 Convertible Debentures	\$ 18,154	\$ 15,581

Interest costs of \$950 and \$1,900, respectively, related to the 2018 Convertible Debentures are recorded in financing costs for the three and six months ended June 30, 2024 (December 31, 2023- \$723 and \$1,432, respectively) using the effective interest rate method (note 20).

12. Commonwealth preferred unit liability:

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

	June 30, 2024	December 31, 2023
Issued	\$ 68,424	\$ 68,424
Cumulative redemptions	(9,818)	(9,818)
Equity component, net of accretion	(37)	(258)
Commonwealth preferred unit liability	\$ 58,569	\$ 58,348

The Commonwealth preferred unit liability is presented as a non-current liability on the statement of financial position as in accordance with the agreement, the term shall continue indefinitely until such time as the Company is liquidated and dissolved. Therefore, the Company has the unilateral right to defer the settlement of this liability for at least twelve months after the reporting period.

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

13. Other liabilities:

Other liabilities are as follows:

	June 30, 2024		December 31, 2023	
Deferred shares liability (note 22)	\$	55	\$	118
Security deposits received from tenants		476		730
Escrows collected from tenant		1,086		699
Deferred revenue		2,576		2,454
Lease liability		2,008		2,183
Severance liability		2,652		—
Other		1,143		1,032
	\$	9,996	\$	7,216
Current	\$	4,971	\$	3,712
Non-current		5,025		3,504
	\$	9,996	\$	7,216

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

	Credit facilities	Mortgages payable	Convertible debentures	Commonwealth preferred unit liability	Total
Balance December 31, 2023	\$ 336,015	\$ 216,619	\$ 35,611	\$ 58,348	\$ 646,593
Proceeds from financing activities	—	28,404	—	—	28,404
Repayments and refinancings	(70,531)	(30,470)	—	—	(101,001)
Scheduled principal payments	(1,258)	(1,200)	—	—	(2,458)
Financing costs paid	(716)	(481)	—	—	(1,197)
Amortizing of financing costs, mark to market adjustments, and accretion of equity components as applicable	234	554	4,619	221	5,628
Changes in foreign currency rates	—	(1,313)	1	—	(1,312)
Balance, June 30, 2024	\$ 263,744	\$ 212,113	\$ 40,231	\$ 58,569	\$ 574,657

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

15. Discontinued operations:

A strategic decision was made to exit the medical office building segment in 2022. The sale of the remaining two buildings in the United States is expected to be completed in the next twelve months. 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. On April 7, 2023, the Company sold a medical office Building in Orlando, Florida.

The medical office building segment has been classified as discontinued operations for a period greater than one year from the date of classification, however the Company remains committed in its plan to exit the segment and sell the remaining properties at a reasonable fair market value, which is reflected in change in fair value of investment properties.

The assets and liabilities of the discontinued operations as at June 30, 2024 are as follows:

	June 30, 2024	December 31, 2023
Investment properties	\$ 5,521	\$ 5,521
Other assets	722	854
Total assets of discontinued operations classified as held for sale	\$ 6,243	\$ 6,375
Other liabilities	\$ 565	457
Total liabilities related to assets held for sale	\$ 565	457

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Rental revenue	\$ 350	\$ 565	\$ 649	\$ 1,315
Other revenue	11	16	16	17
Direct property operating expense	290	294	650	764
Net finance costs from operations	217	215	434	501
Real estate tax expense	—	—	403	535
General and administrative expense	50	109	66	127
Transaction costs	—	172	—	172
Change in fair value of investment properties - IFRIC 21	101	109	(202)	(292)
Change in fair value of investment properties	387	(1,065)	400	2,817
Foreign exchange loss reclassified from other comprehensive income	3	(24)	10	(29)
Current income tax expense	—	441	—	992
Net loss from discontinued operations	\$ (687)	\$ 330	\$ (1,096)	\$ (4,255)

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

	Six months ended June 30,	
	2024	2023
Net cash provided by (used in) operating activities	\$ 537	\$ (1,970)
Net cash provided by (used in) financing activities	—	(4,830)
Net cash provided by (used in) investing activities	(400)	6,069

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

16. Share capital:

(a) Common shares:

The following number and value of common shares were issued and outstanding as at June 30, 2024:

	Common shares	Carrying value
Balance, December 31, 2023	56,206,294	\$ 518,370
Issued on settlement of Deferred Share Incentive Plan	18,876	5
Issued on settlement of equity settled Deferred Shares	—	—
Shares acquired under NCIB	—	—
Reversal of obligation for purchase of units under automatic share purchase plan	—	—
Shares forfeited by shareholders	—	—
Equity component of convertible debentures	—	—
Balance, June 30, 2024	56,225,170	\$ 518,375

(b) Preferred shares:

The following number and value of preferred shares were issued and outstanding as at June 30, 2024:

	Preferred shares	Carrying value
Balance, December 31, 2023 and June 30, 2024	9,098,598	\$ 85,389

As at June 30, 2024, the preferred shares are convertible into 13,464,457 (December 31, 2023 - 13,010,732) common shares of the Company.

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 June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Net loss from continuing operations for basic and diluted net loss per share	\$ (15,128)	\$ (46,256)	\$ (20,962)	\$ (57,269)
Net loss for basic and diluted net loss per share	\$ (15,815)	\$ (45,926)	\$ (22,058)	\$ (61,524)

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

Denominator for basic and diluted net loss per share:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Weighted average number of shares, including fully vested deferred shares: Basic and diluted	56,678,639	56,736,310	56,668,537	56,741,343

Net loss per share:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Net loss per share from continuing operations:				
Basic and diluted	\$ (0.27)	\$ (0.82)	\$ (0.37)	\$ (1.01)
Net loss per share:				
Basic and diluted	\$ (0.28)	\$ (0.81)	\$ (0.39)	\$ (1.08)

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

18. Revenue:

(a) Rental Revenue:

Rental revenue consists of the following:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Contractual rental revenue	\$ 4,617	\$ 8,700	\$ 10,617	\$ 19,187
Straight-line rent adjustments	389	971	840	1,586
Amortization of tenant inducements	(60)	(61)	(121)	(122)
Amortization of leasing commission	(5)	(5)	(10)	(10)
Property tax recoveries	1,548	3,417	3,270	6,399
	\$ 6,489	\$ 13,022	\$ 14,596	\$ 27,040

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.

Future minimum rental revenues, excluding renewals and exercise of extension options, to be received subsequent to June 30, 2024 are as follows:

	As of June 30, 2024
Less than 1 year	\$ 18,147
Between 1 and 5 years	76,853
More than 5 years	114,338
	\$ 209,338

(b) Resident rental and related revenue:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Resident revenue	\$ 27,865	\$ 29,367	\$ 55,098	\$ 57,365
Service revenue ⁽¹⁾	6,580	6,003	12,756	11,706
	\$ 34,445	\$ 35,370	\$ 67,854	\$ 69,071

(1) Represents property services, which are recognized as services are performed in accordance with IFRS 15.

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

19. Direct property operating expenses:

Direct property operating expenses consist of the following:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Repairs and maintenance	\$ 702	\$ 756	\$ 1,390	\$ 1,442
Utilities	829	906	1,918	2,069
Compensation and benefits	16,404	17,602	32,853	34,451
Other services and supplies	2,191	2,104	4,303	4,026
Administrative and marketing	2,526	2,499	5,067	4,964
Real estate taxes	505	564	1,022	1,158
Insurance	688	748	1,383	1,469
Other	720	1,207	1,279	2,523
	\$ 24,565	\$ 26,386	\$ 49,215	\$ 52,102

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

20. Net finance costs:

Net finance costs consist of the following:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Interest expense on credit facilities	\$ 5,540	\$ 8,824	\$ 11,847	\$ 17,474
Interest expense on mortgages payable	2,939	2,434	6,036	4,599
Interest expense on convertible debentures	1,385	1,158	2,770	2,302
Dividends on Commonwealth preferred units	1,072	944	2,094	1,873
Amortization and accretion expense	1,089	1,050	2,462	2,058
Net loss on interest rate swaps	(1,113)	(3,405)	(2,305)	(6,234)
Debt extinguishment costs	—	366	(412)	357
Amortization of mark-to-market debt adjustments	1,635	1,193	3,104	1,607
Net finance costs from operations	\$ 12,547	\$ 12,564	\$ 25,596	\$ 24,036
Allowance for credit losses on loans and interest receivable (note 3)	195	3,301	514	3,515
Allowance for credit losses on property taxes receivable	—	9,822	(59)	10,655
Change in fair value of loans receivable classified as FVTPL	—	(1,390)	—	(1,390)
Change in fair value of financial instruments (note 10)	777	(8,086)	1,158	(5,148)
Accretion of fair value adjustment on convertible debentures (note 11)	1,637	—	3,109	—
Change in non-controlling interest liability related to finance costs from operations	(15)	(55)	(28)	(107)
Total finance costs	\$ 15,141	\$ 16,156	\$ 30,290	\$ 31,561

21. General and administrative:

General and administrative expenses consist of the following:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Compensation and benefits	\$ 6,119	\$ 3,211	\$ 9,182	\$ 6,897
Professional fees	814	609	1,873	1,560
Deferred share compensation expense	(73)	(6)	(59)	334
Insurance	164	154	345	285
Rent	122	107	231	214
Other	713	878	1,503	1,629
	\$ 7,859	\$ 4,953	\$ 13,075	\$ 10,919

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

For the three and six months ended June 30, 2024, \$2,609 and 5,019, respectively (three and six months ended June 30, 2023 - \$2,573 and \$4,664, respectively) of general and administrative expenses noted above were incurred at the Commonwealth Senior Living's management company, which represents the owner-occupied reportable segment.

(a) Executive severance:

Scott White, Chairman and Chief Executive Officer, resigned from his role as Chief Executive Officer of the Company effective May 10, 2024. Mr. White continues to serve as Chairman of the Board of Directors and will remain with the Company in an advisory capacity. On April 26, 2024, the Company and Mr. White executed a separation agreement which called for a total severance package of \$3,060 to be paid in the form of fixed monthly payments and five percent of net proceeds of specific asset sales. The Company recognized all of the severance expense in the current year period due to the uncertainty regarding execution of potential asset sales. The severance expense is included in the compensation and benefits line of general and administrative expenses in the above table and the remaining liability of \$2,652 is included in other liabilities (note 13).

22. Deferred share incentive plan:

At June 30, 2024, the number of deferred shares granted and outstanding and vested are as follows:

	Granted/ Outstanding	Fully Vested
As at December 31, 2023	485,595	452,028
Discretionary Deferred Shares	—	18,876
Company Contributed Deferred Shares	—	3,942
Shares issued upon vesting of deferred shares	(9,438)	—
Shares forfeited	(18,876)	(18,876)
As at June 30, 2024	457,281	455,970

For the three and six months ended June 30, 2024, the Company recognized \$(73) and \$59, respectively, of expense related to deferred shares in the consolidated statements of loss and comprehensive loss (three and six months ended June 30, 2023 - \$(6) and \$334, respectively). A deferred share liability of \$55 is included in other non-current liabilities in the consolidated statements of financial position as at June 30, 2024 (December 31, 2023 - \$118).

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 six months ended June 30, 2024, the Company granted 0 deferred shares with a grant-date fair value of \$0 (December 31, 2023 - 207,640 units with a grant-date fair value of \$187).

23. Related party transactions:

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

On March 29, 2024, the Company announced that IVQ Stock Holding Company, LLC ("ISHC"), a company controlled by Adlai Chester ("Mr. Chester"), the Company's Chief Executive Officer and a member of its board of directors, entered into a share purchase agreement to acquire 16,982,283 common shares of the Company from certain subsidiaries of Tiptree Inc. (collectively, "Tiptree") at a price of \$0.0368 per common share and an aggregate purchase price of \$625,000. Following the acquisition, which closed in the second quarter of 2024, Tiptree no longer owns or controls any shares in the Company. ISHC now owns or controls, directly or indirectly, 16,982,283 common shares, representing approximately 30.21% of the outstanding common shares of the Company. Together with the 212,907 common shares currently owned or controlled by

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

Mr. Chester, ISHC and Mr. Chester collectively own 17,195,190 common shares, representing approximately 30.59% of the outstanding common shares of the Company as of June 30, 2024.

On April 30, 2024, the Heritage Glassboro joint venture refinanced a \$6,700 property-secured mortgage with a fund at Magnetar, a significant shareholder of the Company, at 8.00% interest with a 12-month maturity.

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% (2023 - 26.5%). The differences for the three and six months ended June 30, 2024 and 2023 are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Net loss from continuing operations before income taxes	\$ (15,844)	\$ (47,215)	\$ (22,567)	\$ (58,228)
Income tax recovery at Canadian tax rate	(4,199)	(12,512)	(5,980)	(15,430)
Non-deductible expenses	(19)	—	(14)	91
Difference in tax rate in foreign jurisdiction	(150)	(651)	(191)	(758)
Unrecognized tax benefit	3,652	12,204	4,580	15,138
Income tax recovery	\$ (716)	\$ (959)	\$ (1,605)	\$ (959)

For the three and six months ended June 30, 2024, U.S. subsidiaries recognized income tax expense of \$nil and \$nil, respectively (three and six months ended June 30, 2023 - \$442 and \$933, respectively). The income tax expense for the prior year periods are included in net 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 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 consolidated 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. To date, the Company has paid \$2,744 of Commonwealth preferred units and \$2,508 of cash on hand. As at June 30, 2024, the Company has recorded a liability of \$nil (December 31, 2023 - \$nil) in the consolidated financial statements associated with this commitment

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

based on the weighted average probability of earnout payments owed using estimated future results at the properties, and has not recognized any adjustment related to the change in fair value of contingent consideration (December 31, 2023 - \$nil) related to this liability in the consolidated statements of loss and comprehensive loss.

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, applicable throughout the life of the mortgage. 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 as of June 30, 2024.

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:

	June 30, 2024			December 31, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivative instruments - asset	\$ —	\$ 3,010	\$ —	\$ —	\$ 4,027	\$ —
Investment properties	—	—	252,338	—	—	369,932
Loans receivable	—	—	2,544	—	—	2,484
Derivative instruments - liability	—	33	—	—	927	—
Deferred share liability	—	55	—	—	118	—

For the assets and liabilities measured at fair value as at June 30, 2024, there were no transfers between 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 represent 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, 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, and escrows collected from tenant, as the carrying amounts of these assets and liabilities are a reasonable approximation of fair value due to their short-term nature.

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

	June 30, 2024		December 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets:				
Loans receivable	\$ 8,611	\$ 8,589	\$ 12,852	\$ 12,688
Derivative instruments	3,010	3,010	4,027	4,027
Bond assets	436	436	504	504
Financial liabilities:				
Mortgages payable	212,113	199,322	216,619	200,662
Credit facilities	263,744	263,744	336,015	335,047
Derivative instruments	33	33	927	927
Convertible debentures	40,231	33,387	35,611	28,608
Commonwealth preferred unit liability	58,569	58,569	58,348	58,348

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.

27. Segments:

The Company's current portfolio includes investments in assisted living, independent living, memory care, long-term care, and medical office properties. The Company's senior housing and care investments in assisted living, independent living, memory 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 two medical office buildings ("Medical office buildings") that are classified as part of discontinued operations. This multi-tenant medical office portfolio has different characteristics that are evaluated by management and is considered to be a separate operating segment. Through the acquisition of Commonwealth, a consolidated subsidiary, and the transition of certain other assets, the Company has investments in 29 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 and six months ended June 30, 2024 and 2023:

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

	Three months ended June 30, 2024					
	Seniors housing and care investment properties	Owner occupied properties	Corporate/ other	Total continuing operations	Medical office buildings (discontinued operations)	Total
Tenant rental revenue	\$ 6,489	\$ —	\$ —	\$ 6,489	\$ 350	\$ 6,839
Resident rental and related revenue	—	34,445	—	34,445	—	34,445
Lease revenue from joint ventures	896	—	—	896	—	896
Other revenue	5	1,136	128	1,269	11	1,280
Interest income from loans receivable	4	—	185	189	—	189
Direct property operating expenses	—	24,565	—	24,565	290	24,855
Depreciation and amortization expense	—	3,505	46	3,551	—	3,551
Net finance cost from operations	3,075	5,657	3,815	12,547	217	12,764
Real estate tax expense	(61)	—	—	(61)	—	(61)
General and administrative expenses	32	2,609	5,218	7,859	50	7,909
Transaction costs, net	18	(38)	62	42	—	42
Allowance for expected credit losses	—	—	195	195	—	195
Changes in non-controlling interest liability	33	155	—	188	—	188
Change in fair value of investment properties - IFRIC 21	1,609	—	—	1,609	101	1,710
Change in fair value of investment properties	5,976	—	—	5,976	387	6,363
Impairment of property, plant and equipment	—	454	—	454	—	454
Change in fair value of financial instruments	(23)	800	—	777	—	777
Gain (loss) on sale of property, plant and equipment	—	(18)	—	(18)	—	(18)
Foreign exchange loss reclassified from other comprehensive income	—	—	—	—	3	3
Share of income (loss) from joint ventures	(1,448)	—	—	(1,448)	—	(1,448)
Income tax recovery	—	—	716	716	—	716
Net income (loss)	\$ (4,713)	\$ (2,108)	\$ (8,307)	\$ (15,128)	\$ (687)	\$ (15,815)
Expenditures for non-current assets:						
Capital additions	\$ —	\$ 930	\$ —	\$ 930	\$ 398	\$ 1,328

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

	Six months ended June 30, 2024						Total
	Seniors housing and care investment properties	Owner occupied properties	Corporate/ other	Total continuing operations	Medical office buildings (discontinued operations)		
Tenant rental revenue	\$ 14,596	\$ —	\$ —	\$ 14,596	\$ 649	\$	15,245
Resident rental and related revenue	—	67,854	—	67,854	—		67,854
Lease revenue from joint ventures	1,805	—	—	1,805	—		1,805
Other revenue	10	2,129	347	2,486	16		2,502
Other income	1,500	—	—	1,500	—		1,500
Interest income from loans receivable	5	—	398	403	—		403
Direct property operating expenses	—	49,215	—	49,215	650		49,865
Depreciation and amortization expense	—	6,927	92	7,019	—		7,019
Net finance costs from operations	7,683	11,213	6,700	25,596	434		26,030
Real estate property tax expense	6,112	—	—	6,112	403		6,515
General and administrative expenses	68	5,018	7,989	13,075	66		13,141
Transaction costs, net	408	(38)	(52)	318	—		318
Allowance for expected credit losses	(57)	—	512	455	—		455
Changes in non-controlling interest liability	40	272	—	312	—		312
Change in fair value of investment properties - IFRIC 21	(2,842)	—	—	(2,842)	(202)		(3,044)
Change in fair value of investment properties	6,335	—	—	6,335	400		6,735
Impairment of property, plant and equipment	—	1,830	—	1,830	—		1,830
Change in fair value of financial instruments	(54)	1,864	(652)	1,158	—		1,158
Gain (loss) on sale of property, plant and equipment	—	(26)	—	(26)	—		(26)
Foreign exchange loss reclassified from other comprehensive income	—	—	—	—	10		10
Share of income (loss) from joint ventures	(2,654)	—	—	(2,654)	—		(2,654)
Income tax recovery	—	—	1,605	1,605	—		1,605
Net income (loss)	\$ (2,431)	\$ (6,292)	\$ (12,239)	\$ (20,962)	\$ (1,096)	\$	(22,058)
Expenditures for non-current assets:							
Capital additions	\$ 468	\$ 2,286	\$ —	\$ 2,754	\$ 411		3,165

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

	Three months ended June 30, 2023						Total
	Seniors housing and care investment properties	Owner occupied properties	Corporate/ other	Total continuing operations	Medical office buildings (discontinued operations)		
Tenant rental revenue	\$ 13,022	\$ —	\$ —	\$ 13,022	\$ 565	\$	13,587
Resident rental and related revenue	—	35,370	—	35,370	—		35,370
Lease revenue from joint ventures	882	—	—	882	—		882
Other revenue	6	847	130	983	16		999
Interest income from loans receivable	59	—	472	531	—		531
Direct property operating expenses	—	26,386	—	26,386	294		26,680
Depreciation and amortization expense	—	3,696	47	3,743	—		3,743
Finance cost from operations	4,518	5,085	2,961	12,564	215		12,779
Real estate tax expense	(1,954)	—	—	(1,954)	—		(1,954)
General and administrative expenses	26	2,573	2,354	4,953	109		5,062
Transaction costs, net	655	—	—	655	172		827
Allowance for expected credit losses	9,772	—	3,351	13,123	—		13,123
Changes in non-controlling interest liability	—	69	—	69	—		69
Change in fair value of investment properties - IFRIC 21	5,371	—	—	5,371	109		5,480
Change in fair value of investment properties	44,440	—	—	44,440	(1,065)		43,375
Change in fair value of financial instruments	(1,419)	(271)	(7,785)	(9,475)	—		(9,475)
Foreign exchange loss reclassified from other comprehensive income	—	—	—	—	(24)		(24)
Share of (income) loss from joint ventures	1,872	—	—	1,872	—		1,872
Income tax expense (recovery)	—	—	(959)	(959)	441		(518)
Net income (loss)	\$ (45,568)	\$ (1,321)	\$ 633	\$ (46,256)	\$ 330	\$	(45,926)
Expenditures for non-current assets:							
Acquisition of properties	\$ 621	\$ —	\$ —	621	\$ —		621
Capital additions	1,817	1,582	(7,785)	(4,386)	—		(4,386)

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

	Six months ended June 30, 2023						
	Seniors housing and care investment properties	Owner occupied properties	Corporate/ other	Total continuing operations	Medical office buildings (discontinued operations)		Total
Tenant rental revenue	\$ 27,040	\$ —	\$ —	\$ 27,040	\$ 1,315	\$	28,355
Resident rental and related revenue	—	69,071	—	69,071	—		69,071
Lease revenue from joint ventures	1,758	—	—	1,758	—		1,758
Other revenue	11	1,662	256	1,929	17		1,946
Other income	1,711	34	—	1,745	—		1,745
Interest income from loans receivable	176	—	884	1,060	—		1,060
Direct property operating expenses	—	52,102	—	52,102	764		52,866
Depreciation and amortization expense	—	7,385	93	7,478	—		7,478
Net finance costs from operations	9,421	9,592	5,023	24,036	501		24,537
Real estate property tax expense	10,086	—	—	10,086	535		10,621
General and administrative expenses	33	4,664	6,222	10,919	127		11,046
Transaction costs, net	655	—	—	655	172		827
Allowance for expected credit losses	10,605	—	3,565	14,170	—		14,170
Changes in non-controlling interest liability	—	136	—	136	—		136
Change in fair value of investment properties - IFRIC 21	(3,687)	—	—	(3,687)	(292)		(3,979)
Change in fair value of investment properties	53,334	—	—	53,334	2,817		56,151
Change in fair value of financial instruments	(1,411)	1,293	(6,420)	(6,538)	—		(6,538)
Gain (loss) on sale of property, plant and equipment	—	(12)	—	(12)	—		(12)
Foreign exchange loss reclassified from other comprehensive income	—	—	—	—	(29)		(29)
Impairment of property, plant and equipment	—	—	—	—	—		—
Share of income (loss) from joint ventures	1,848	—	—	1,848	—		1,848
Income tax expense (recovery)	—	—	(959)	(959)	992		33
Net income (loss)	\$ (46,492)	\$ (4,393)	\$ (6,384)	\$ (57,269)	\$ (4,255)	\$	(61,524)
Expenditures for non-current assets:							
Acquisition of properties	\$ 621	\$ —	\$ —	621	\$ —		621
Capital additions	3,714	3,454	3,454	10,622	88		10,710

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

The following tables show assets and liabilities by reportable segment as at June 30, 2024 and December 31, 2022:

	As at June 30, 2024						
	Seniors housing and care investment properties	Owner occupied properties	Corporate/ other	Total continuing operations	Medical office buildings	Total	
Investment properties	\$ 252,338	\$ —	\$ —	\$ 252,338	\$ —	\$ 252,338	
Property, plant and equipment, net	—	270,661	399	271,060	—	271,060	
Investment in joint ventures	42,837	—	—	42,837	—	42,837	
Loans receivable	521	—	8,090	8,611	—	8,611	
Assets held for sale	37,800	71,700	—	109,500	6,243	115,743	
Other assets	11,760	22,821	4,846	39,427	335	39,762	
Total assets	\$ 345,256	\$ 365,182	\$ 13,335	\$ 723,773	\$ 6,578	\$ 730,351	
Mortgages payable	\$ 97,288	\$ 106,558	\$ —	\$ 203,846	\$ 8,267	\$ 212,113	
Credit facilities	88,493	175,251	—	263,744	—	263,744	
Convertible debentures	—	—	40,231	40,231	—	40,231	
Commonwealth preferred unit liability	—	58,569	—	58,569	—	58,569	
Non-controlling interest liability	573	(86)	—	487	—	487	
Other liabilities	8,985	14,868	8,912	32,765	—	32,765	
Liabilities related to assets held for sale	—	—	—	—	565	565	
Total liabilities	\$ 195,339	\$ 355,160	\$ 49,143	\$ 599,642	\$ 8,832	\$ 608,474	

INVESQUE INC.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Three and six months ended June 30, 2024 and 2023

	As at December 31, 2023						
	Seniors housing and care investment properties	Owner occupied properties	Corporate/ other	Total continuing operations	Medical office buildings	Total	
Investment properties	\$ 369,932	\$ —	\$ —	\$ 369,932	\$ —	\$ 369,932	
Property, plant and equipment, net	—	348,822	501	349,323	—	349,323	
Investment in joint ventures	45,023	—	—	45,023	—	45,023	
Loans receivable	871	—	11,981	12,852	—	12,852	
Assets held for sale	—	3,962	—	3,962	6,375	10,337	
Other assets	9,312	24,381	6,924	40,617	199	40,816	
Total assets	\$ 425,138	\$ 377,165	\$ 19,406	\$ 821,709	\$ 6,574	\$ 828,283	
Mortgages payable	\$ 101,471	\$ 106,965	\$ —	\$ 208,436	\$ 8,183	\$ 216,619	
Credit facilities	159,024	176,991	—	336,015	—	336,015	
Convertible debentures	—	—	35,611	35,611	—	35,611	
Commonwealth preferred unit liability	—	58,348	—	58,348	—	58,348	
Non-controlling interest liability	533	(16)	—	517	—	517	
Other liabilities	9,896	14,849	9,385	34,130	—	34,130	
Liabilities related to assets held for sale	—	—	—	—	457	457	
Total liabilities	\$ 270,924	\$ 357,137	\$ 44,996	\$ 673,057	\$ 8,640	\$ 681,697	

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, being the chief operating decision maker, regularly reviews performance on an individual property basis and on the basis of the Company's operating segments.

At June 30, 2024, \$483,879 of the Company's non-current assets, excluding financial instruments, are located in the United States (December 31, 2023 - \$681,312) and \$84,324 are located in Canada (December 31, 2023 - \$85,180). During the three and six months ended June 30, 2024, the Company generated \$40,934 and \$82,450, respectively, (three and six months ended June 30, 2023 - \$48,392 and \$96,111, respectively), of its revenues, excluding other revenue, from properties located in the United States and \$896 and \$1,805, respectively, (three and six months ended June 30, 2023 - \$897 and \$1,800, respectively) of its revenues from properties located in Canada.