INVESQUE INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2026

August 12, 2026

Basis of presentation

Financial data in this Management's Discussion and Analysis of Results of Operations and Financial Condition (this "MD&A") is for the three and six months ended June 30, 2026. This MD&A is intended to provide readers with an assessment of the performance of Invesque Inc. (the "Company") for the three and six months ended June 30, 2026. This MD&A should be read in conjunction with the audited consolidated financial statements and accompanying notes of the Company for the years ended December 31, 2025 and 2024 and the condensed consolidated interim financial statements and accompanying notes of the Company for the three and six month periods ended June 30, 2026 and 2025, both prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

In this document we use a number of performance measures that are not defined by IFRS which follow the disclosure requirements established by National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosures, to measure, compare and explain the operating results and financial performance of the Company (collectively, the "non-IFRS Financial Measures").

Certain non-IFRS Financial Measures such as Funds From Operations ("FFO"), Adjusted Funds From Operations ("AFFO"), revenue per resident and related per share amounts are used by the Company to measure, compare and explain the operating results and financial performance of the Company. Such performance measures do not have standardized meanings under IFRS and therefore may not be comparable to similar measures presented by other issuers. Such performance measures should not be construed as alternatives to income (loss) and comprehensive income (loss) or cash flows from operating activities calculated in accordance with IFRS. Further, the supplemental measures used by management may not be comparable to similar measures presented by other real estate enterprises. Management believes that these terms are relevant measures in comparing the Company's performance to industry data and assessing its ability to meet its ongoing obligations. Refer to the "Financial Measures" section of this MD&A for a more detailed description of FFO and AFFO and a reconciliation to IFRS measures.

Additional information relating to the Company, including the Company's annual information form for the year ended December 31, 2025 (the "2025 AIF"), can be found on SEDAR at www.sedarplus.com.

All financial information is in thousands of U.S. dollars, except share and per share amounts, unless otherwise noted.

Forward-looking disclaimer

This MD&A contains certain forward-looking information and/or statements ("forward-looking statements"), that reflect and are provided for the purpose of presenting information about management's current expectations and plans relating to the future, including, without limitation, statements regarding the expected seniors housing and care industry and demographic trends, acquisitions, dispositions, development activities, future maintenance and leasing expenditures, financing, the availability of financing sources and income taxes. Forward-looking information is typically identified by terms such as "anticipate," "believe," "continue," "estimate," "expect," "expectations," "intend," "may," "plan," "project," "should," "will," and other similar expressions that do not relate solely to historical matters and suggest future outcomes or events. Readers should not place undue reliance on forward-looking statements and are cautioned that forward-looking statements may not be appropriate for other purposes. Forward-looking statements in this MD&A are based on current beliefs, expectations, and certain assumptions of the Company's management, including without limitation that any conditions relating to the sale of the Company's medical office buildings will be satisfied or waived and any such transactions will be completed when currently expected, that the Company will not be able to refinance or extend the maturity on its existing debt or be permitted to do so, and other factors that are beyond the Company's ability to predict or control and may cause actual results or events to differ materially from those expressed or implied by such statements and, accordingly, should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not such results will be achieved. The Company's actual results may differ as a result of various factors, including without limitation, the status of capital markets, including, without limitation, availability and cost of capital; issues facing the healthcare industry, including, without limitation, compliance with, and changes to, regulations and payment policies, responding to government investigations and settlements and operators'/tenants' ability to cost effectively obtain and maintain adequate liability and other insurance; the risk that the Company's operators/tenants and borrowers may become subject to bankruptcy or insolvency proceedings; changes in financing terms; competition throughout the healthcare and seniors housing industries; the operating results or financial condition of operators/tenants, including, without limitation, their ability to pay rent and repay loans, the Company's ability to transition, buy, or sell properties with profitable results as and when anticipated, and occupancy levels; the effect of other factors affecting the Company's business outside of the Company's or operators'/tenants' control, including without limitation, natural disasters, other health crises or pandemics, governmental action, particularly in the healthcare industry, protests, strikes, and

shortages in supply chains; and those factors set forth under the heading "Risks and Uncertainties" in this MD&A and the 2025 AIF, as well as the risks described in the Company's current annual information form and other documents, available on SEDAR at www.sedarplus.com, which risks may be dependent on market factors and not entirely within the Company's control. Although management believes that it has a reasonable basis for the expectations reflected in these forward-looking statements, actual results may differ from those suggested by the forward-looking statements for various reasons.

These forward-looking statements reflect current expectations of the Company and are made as of August 12, 2026, being the date of this MD&A. The Company does not undertake any obligation to publicly update or revise any forward-looking statements except as may be required by applicable law.

Business Overview

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

The Company was founded as a North American healthcare real estate company with an investment thesis focused on the premise that an aging demographic in North America will continue to utilize healthcare services in growing proportion to the overall economy. It is currently undertaking a disposition strategy to maximize value for all shareholders (see Go-Forward Disposition Strategy). The Company's portfolio includes investments in seven independent living, assisted living and memory care properties, four of which are operated under joint venture arrangements with industry leading operating partners. The Company's portfolio includes three investments in owner occupied seniors housing properties in which it owns the real estate and contracts with leading third-party operators under management contracts.

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

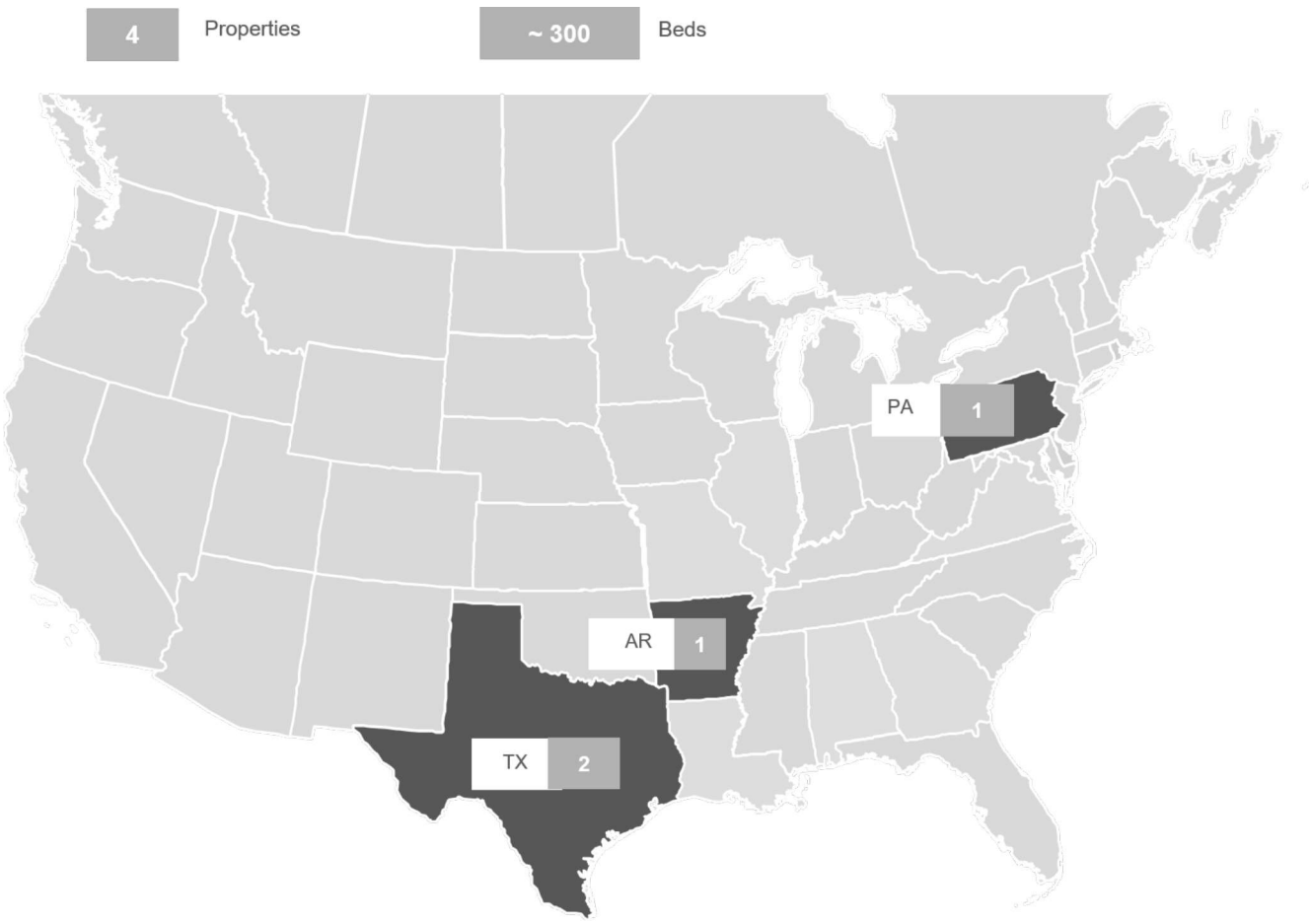
- **Independent Living ("IL") Communities:** IL communities are the least medically-intensive type of seniors housing and care properties. Unlike AL (defined below) communities and higher acuity skilled-nursing communities, IL communities generally do not offer nursing, rehabilitative care or therapy services and typically do not provide assistance with daily living activities. Rather, IL communities are designed as a seniors housing and care option for those who are able to perform their own basic activities of daily living and need little or no medical assistance. IL communities come in many forms ranging from age-restricted apartment communities to villa homes which are on a retirement village campus or part of a continuing care retirement community. IL communities in North America are generally unregulated and unlicensed, with some exceptions for IL communities providing more extensive care services. Most IL communities receive revenue through private pay sources, such as residents paying directly out of pocket and private insurance, rather than government sources.

- **Assisted Living ("AL") and Memory Care ("MC") Communities**: AL and MC communities play a key role in the continuum of seniors housing and care, as they bridge the gap between IL communities and higher acuity skilled-nursing communities. AL communities provide relatively independent elderly persons with typical amenities associated with less medically-intensive seniors housing and care as well as assistance with activities of daily living and some healthcare services. Services provided at AL communities typically include 24-hour care for resident protection, an emergency response system, supervision for persons with disabilities, housekeeping, maintenance and transportation. MC communities are substantially similar to AL communities because they also focus on elderly persons who need assistance with activities of daily living and healthcare services but differ from AL communities because MC residents need to be cared for in a secured environment to prevent seniors from leaving the community in a confused state. AL and MC communities in the United States are typically licensed and regulated by state and local governments rather than the federal government. In Canada, AL communities are licensed or certified and regulated in most jurisdictions. Licensure for MC communities is generally identical to AL licensure except for specific building requirements including locked exterior doors secured by keys or an access code. AL and MC communities receive most of their revenues through private pay sources and may also receive revenue from third-party pay sources, including federal, state and provincial governments.

For the Company's IL and AL properties, it either has an interest in both the property and operations in joint ventures and joint arrangements with the operating partner at the facility or wholly owns and operates the property. For the Company's MC properties, it wholly owns the real estate and contracts with third-party management companies to run day-to-day operations at the community while assuming all of the operating risk within the buildings.

As of August 12, 2026, the Company owns or has a majority interest in a portfolio of four assisted living, memory care and independent living facilities in the United States. Management views and manages the business as a single operating segment on a go-forward basis.

The Company's geographic footprint as of August 12, 2026:



Management believes that certain characteristics of the North American seniors housing and care industry, including favorable demographic trends, increasing demand with stagnant supply of new facilities and the shift from high cost hospitals for post-acute care to lower cost settings such as assisted living, memory care and skilled nursing facilities, provide for a unique investment opportunity. Management also believes that, as a result of the high quality of the Company's properties, the Company is well-positioned to succeed in the industry by capitalizing on these market opportunities.

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 on hand and debt capacity, and to ensure the Company will meet its financial covenants related to mortgages affiliated with wholly-owned assets and mortgages held within investments in joint ventures accounted for under the equity method. Such forecasting involves judgment which takes into consideration current and projected macroeconomic conditions, the Company's cash collection efforts, debt financing and refinancing plans, where applicable, and covenant compliance required under the terms of various mortgage 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 that it will have sufficient available cash on hand 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, 2026, which may include waivers, cures or other paths for resolution, if necessary. In making and supporting this judgment, the Company has prepared a cash flow forecast and mortgage covenant projections with the most significant assumptions in the preparation of such forecast being the ability of properties' underlying operations to generate sufficient cash flows and continued availability of financing. Management has also identified all near-term debt maturities and ensured adequate measures are underway to address their repayment, replacement or extension.

Go-Forward Disposition Strategy

During the life of the Company, a large portion of the Company's portfolio was able to reach operating stabilization, leading management to execute on strategic dispositions of assets that were expected to achieve market-best valuations. On June 18, 2025, at the annual general and special meeting of the Shareholders, Shareholders approved a resolution to sell or lease all or substantially all of the assets of the Company in one or more transactions. The resolution permits the Company to sell all or substantially all assets at the discretion of the board or directors. Management determined the sale of assets through a flexible and controlled sale process allows the Company to maximize value to the Shareholders and other stakeholders, in lieu of a liquidation process that would likely risk the ability to receive fair value for the remaining assets.

Over the past three years, the Company divested 66 properties. The net cash proceeds from completed dispositions were largely used for the repayment of mortgages associated with the properties that were sold, the full repayment and extinguishment of the KeyBank corporate facility, and the full repayment of the debentures.

Recent Activities

On January 23, 2026, the Company completed the redemption of its outstanding 9.75% unsecured subordinated debentures due December 30, 2027. The debentures totaling $27,300 were redeemed in full in accordance with the terms of the indenture and have been delisted from the Toronto Stock Exchange.

On July 31, 2026, the Company entered into a contract and sold a joint venture property operated by Health Dimensions Group ("HDG") for a sale price of $52,000. Sale proceeds in excess of closing costs were used to settle mortgages ($20,198) affiliated with the property and retained by the joint venture for distribution to be determined at a later time. Loans receivable issued to Parker EREP HDG, LLC were repaid to the Company subsequent to the closing of the transaction (see note 3).

On August 10, 2026, the Company sold two properties associated with joint ventures operated by Heritage Senior Living ("Heritage") for a net sale price of $39,840. Sale proceeds in excess of closing costs were used to settle mortgages ($29,296) affiliated with the properties and retained by the joint ventures until final expenses are paid and distributions are made according to ownership percentages.

Selected Financial Information

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

	As at June 30, 2026	As at December 31, 2025	As at June 30, 2025
Consolidated investment properties	—	—	6
Consolidated owner-occupied properties	3	3	3
Properties held for sale	—	—	15
Total assets	$ 105,957	$ 131,034	$ 325.569
Total indebtedness	$ 6,097	$ 33,372	$ 180.498
Weighted average interest rate on debt [1]	7.1 %	9.3 %	7.3 %
Joint venture properties, equity accounted	4	4	8
Joint venture total assets [2]	$ 118,227	$ 109,374	$ 159.626
Joint venture indebtedness [2]	$ 59,488	$ 60,533	$ 106.747
Joint venture weighted average interest rate on debt	6.6 %	6.7 %	7.2 %

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Revenue [3]	$ 2,699	$ 29,548	$ 5,256	$ 66,940
Direct property operating expenses [3]	$ 2,047	$ 17,705	$ 4,700	$ 40,468
Net finance costs [3]	$ 125	$ 7,545	$ 412	$ 15,690
General and administrative expenses [3]	$ 1,355	4,814	$ 2,947	$ 8,930
Loss on financial guarantee [3]	$ 5,000	$ —	$ 5,000	$ —
Change in fair value of investment properties [3]	$ —	$ 6,432	$ —	$ 14,949
Income (loss) from joint ventures [2]	$ 5,541	$ (2,736)	$ 7,629	$ (3,919)
Net income (loss)	$ (326)	$ 15,947	$ (25)	$ 7,004
Total comprehensive income (loss)	$ (336)	$ 18,392	$ (35)	$ 9,441
Funds from operations (FFO) [4]	$ 219	$ (1,491)	$ (745)	$ 561
Adjusted funds from operations (AFFO) [4]	$ 186	$ 418	$ (811)	$ 2,633

(1) At June 30, 2026, the Company's consolidated debt included only debt with a variable rate of interest. At December 31, 2025, the only fixed rate debt included in the Company's consolidated debt was the debentures the outstanding, which had an annual interest rate of 9.75%.

(2) This total represents the Company's investment share based on percentage of equity ownership.

(3) Represents amounts from continuing operations, and excludes activity from the medical office building segment, which was classified as discontinued operations. The last remaining medical office building previously held by the Company was sold during 2025.

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

Results of Operations - Three Months Ended June 30, 2026 and 2025
(unless otherwise stated, amounts are in thousands of U.S. dollars)

Revenue from continuing operations

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Contractual rental revenue	$ —	$ 2,924	$ —	$ 6,379
Straight-line rent adjustments	—	122	—	239
Amortization of tenant inducements	—	(60)	—	(120)
Amortization of leasing commission	—	(5)	—	(10)
Property tax recoveries (expense)	—	771	—	1,610
Total rental revenue	—	3,752	—	8,098
Resident rental and related services revenue	2,496	23,519	4,821	54,057
Lease revenue from joint ventures	—	1,146	—	2,279
Other revenue	203	1,131	435	2,506
Total revenue	$ 2,699	$ 29,548	$ 5,256	$ 66,940

Contractual rentals received and straight-line rent adjustments relate to lease agreements under which the Company leases its investment properties to its third party operator tenants. Property tax recoveries represent the revenue recognized for the real estate taxes that the property tenants are obligated and responsible to pay. The decreases in contractual rental revenue for the three and six months ended June 30, 2026, as compared to the prior year periods, are due to the sale of investment properties in the prior year. As of September 16, 2025, the Company no longer owned an interest in triple-net leased investment properties.

Resident rental and related revenue relates to operating revenue at the wholly owned properties that were managed by subsidiaries Commonwealth, Chapters Living ("Chapters"), Viva Senior Living ("Viva") and Constant Care Management Company ("Constant Care"), where the Company owned or owns the real estate and is the operator of the facility. This revenue consisted of rental revenue and service revenue paid by residents in the Company's owner-occupied properties. The decrease in resident rental and related revenue over the three and six months ended June 30, 2026, as compared to the prior year periods, is primarily due to the disposition of 20 properties in the Foxhound portfolio operated by Commonwealth in June 2025. During the fourth quarter of 2025, and on a go-forward basis, the Company's portfolio of consolidated owner-occupied properties consists of one property in Arkansas and two in Texas, all of which are operated by Constant Care and are expected to see stable or increasing revenues in 2026.

Lease revenue from joint ventures represented revenue earned under lease arrangements with four Autumnwood operating entities, which were jointly owned by the Company with a third party. Lease revenue from joint ventures contractually escalated at a minimum of 3.5% each calendar year. In addition to the preferred contractual interest income, the Company also received a share of distributions from certain expansion operations held and operated by the joint ventures. The Company sold its interests in these four operating entities in December 2025 as part of the sale of a subsidiary of the Company.

In the prior year periods, other revenue included management fee income earned from communities managed by Commonwealth but that were not owned by the Company. Prior to the sale of the Company's interest in Commonwealth, the operator managed 13 properties that were not owned by the Company.

Direct property operating expenses from continuing operations

Direct property operating expenses consist of the following:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Repairs and maintenance	$ 126	$ 613	$ 262	$ 1,331
Utilities	89	701	209	1,782
Compensation and benefits	1,412	11,112	2,783	25,680
Other services and supplies	58	1,362	120	3,199
Administrative and marketing	68	1,866	136	4,019
Real estate taxes	(46)	228	395	1,097
Insurance	79	474	164	1,097
Other	261	1,349	631	2,263
	$ 2,047	$ 17,705	$ 4,700	$ 40,468

The direct property operating expenses relate to expenses at the Company's owner-occupied properties. As of June 30, 2026, the owner-occupied properties include three properties operated by Constant Care. The decrease in direct property operating expenses for the three and six months ended June 30, 2026, as compared to the prior year periods, is primarily due to the disposition of 20 properties in the Foxhound portfolio operated by Commonwealth in June 2025.

Depreciation expense from continuing operations

For the three and six months ended June 30, 2026, depreciation expense was $373 and $745, respectively (three and six months ended June 30, 2025 - $398 and $802, respectively), which relates to the straight-line depreciation over the useful life of the Company's office furniture, fixtures and equipment and property, plant and equipment relating to the owner-occupied properties. The decrease in depreciation expense for the three and six months ended June 30, 2026, as compared to the prior year periods, is primarily due to the disposition of a significant portion of the Company's office furniture, fixtures and equipment in January 2026, subsequent to an office move.

Net finance costs from continuing operations

Net finance costs from operations consist of the following:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Interest expense on credit facilities	$ —	$ 2,641	$ —	$ 6,257
Interest expense on mortgages payable	112	2,390	224	4,976
Interest expense on debentures	—	673	163	1,338
Interest expense on interest rate caps and swaps [(1)]	—	70	—	528
Dividends on Commonwealth preferred units	—	915	—	2,190
Amortization and accretion expense	13	780	25	1,154
Net interest rate swap receipts	—	(219)	—	(675)
Debt extinguishment recoveries	—	298	—	(72)
Amortization of mark-to-market debt adjustments	—	(3)	—	(6)
	$ 125	$ 7,545	$ 412	$ 15,690

(1) For the three and six months ended June 30, 2025, the Company included initial premiums paid for interest rate swaps and caps and a foreign currency exchange rate option, as well as the amortization of premiums paid for such contracts, as interest expense.

Net finance costs are primarily related to interest and amortization of loan costs on the Company's mortgages payable and debentures. Interest expense on credit facilities decreased in the three and six months ended June 30, 2026, as compared to the prior year periods, due to the full repayment of principal of the Company's corporate credit facility made in August 2025. Interest expense on mortgages payable decreased in the three and six months ended June 30, 2026, as compared to the prior year periods, due to the settlement of mortgages in conjunction with the disposition of 20 properties in the Foxhound portfolio in June 2025 and the disposition of various other investment properties in 2025. The interest expense on interest rate caps and swaps was a result of short-term interest rate swap and cap premiums paid in the prior year period and the amortization of prior period premiums. The Commonwealth preferred units were issued by the Company as partial consideration for the Commonwealth acquisitions in a prior period, earned an initial dividend rate of 8.00% per annum, and were subsequently extinguished upon closing of the Foxhound portfolio sale with a third party.

Amortization and accretion expense decreased in the three and six months ended June 30, 2026, as compared to the prior year periods, due to the settlement of mortgages in conjunction with the disposition of 20 properties in the Foxhound portfolio in June 2025 and the disposition of various other investment properties in 2025. Debt extinguishment recoveries in the prior period resulted from a loan paydown related to one of the four Autumnwood operating entities. The Company sold its interests in these four operating entities in December 2025 as part of the sale of a subsidiary of the Company.

Interest income from loans receivable from continuing operations

For the three and six months ended June 30, 2026, interest income from loans receivable was $351 and $695, respectively (three and six months ended June 30, 2025 - $296 and $550, respectively). Interest income is related to the issuance of loans to operating partners and third party entities for purposes of financing operating capital expenditures or other costs or for seller financing as a part of several portfolio disposition transactions. The increase in interest income for the three and six months ended June 30, 2026, as compared to the prior year periods, is due to additional loans issued ($5,715 in principal) since the prior year period, partially offset by the impairment of the Memory Care America LLC ("MCA") loan (100%), the Morrell Hulse loan (100%), and the Javelina Ventures, LLC loan (100%) in December 2025, for which the Company continues to pursue collection efforts.

Real estate tax expense & change in fair value of investment properties - IFRIC 21 from continuing operations

For the three and six months ended June 30, 2026, real estate tax expense (recovery) was $nil and $nil, respectively (three months ended June 30, 2025 - $(382) and $3,078, respectively), and real estate tax expense (recovery) - IFRIC 21 was $110 and $(217), respectively (three and six months ended June 30, 2025 - $123 and $(246), respectively), both of which represent property tax expensed or recovered for the period for properties owned on the tax assessment date (generally January 1), in accordance with the provisions of *IFRIC 21, Levies*. Real estate taxes are recovered from the Company's tenants under the provisions of their triple-net leases and are reflected as part of revenue on a gross basis. The change in real estate tax expense (recovery) as compared to the prior year period is primarily due to the disposition of investment properties. Real estate tax expense (recovery) at the Company's owner-occupied properties operated by Commonwealth were included in direct property operating expenses in the condensed consolidated interim statements of income (loss) and comprehensive income (loss).

The following table presents real estate tax expense (recovery), real estate tax expense - IFRIC 21, and change in fair value of investment properties - IFRIC 21 together with property tax recoveries to show the net effect of real estate taxes on the Company's condensed consolidated interim statements of income (loss) and comprehensive income (loss) for the periods presented. The expense in excess of property tax revenue is due to properties within the owner-occupied segment.

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Revenue - property tax recoveries	$ —	$ (771)	$ —	$ (1,610)
Real estate tax expense (recovery)	—	(382)	—	3,078
Real estate tax expense (recovery) - IFRIC 21	110	123	(217)	(246)
Change in fair value of investment properties - IFRIC 21	—	1,153	—	(1,468)
	$ 110	$ 123	$ (217)	$ (246)

General and administrative expenses from continuing operations

General and administrative expenses consist of the following:

	Three months ended June 30, 2026			Three months ended June 30, 2025		
	Corporate	CSL[1]	Total	Corporate	CSL[1]	Total
Compensation and benefits	$ 366	$ —	$ 366	$ 1,846	$ 1,566	$ 3,412
Professional fees	236	—	236	490	6	496
Insurance	132	—	132	149	—	149
Rent	8	—	8	94	—	94
Other	613	—	613	114	549	663
	$ 1,355	$ —	$ 1,355	$ 2,693	$ 2,121	$ 4,814

(1) Defined below.

	Six months ended June 30, 2026			Six months ended June 30, 2025		
	Corporate	CSL[1]	Total	Corporate	CSL[1]	Total
Compensation and benefits	$ 1,035	$ —	$ 1,035	$ 2,679	$ 3,718	$ 6,397
Professional fees	791	—	791	1,148	6	1,154
Deferred share compensation	—	—	—	2	—	2
Insurance	266	—	266	300	—	300
Rent	25	—	25	215	—	215
Other	830	—	830	26	836	862
	$ 2,947	$ —	$ 2,947	$ 4,370	$ 4,560	$ 8,930

Compensation and benefits expense includes the cost of salaries, bonuses, and benefits during the period. The decrease in compensation and benefits for the three and six months ended June 30, 2026, as compared to the prior year periods, is primarily due to the disposition of 20 properties in the Foxhound portfolio operated by Commonwealth in June 2025 and workforce reductions at a corporate level.

Professional fees are comprised of costs incurred for external legal counsel, external audit and accounting fees, and other professional services. Professional fees decreased for the three and six months ended June 30, 2026, as compared to the prior year periods, due to reduced legal fees in the current year period.

The decrease in rent expense for the three and six months ended June 30, 2026, as compared to the prior year periods, is primarily due to the expiration of a corporate office lease in May 2025.

Other general and administrative expenses primarily include the cost of insurance, fees for directors of the Company, travel and entertainment expense, franchise and licensure taxes, investor relations, marketing, and administrative expenses at Commonwealth management company ("CSL"). Other general and administrative expenses decreased year over year as a result of a corporate initiative to reduce such costs.

Allowance for expected credit losses from continuing operations

Allowance for credit losses on loans and interest receivable for the three and six months ended June 30, 2026 was $nil and $2, respectively (three and six months ended June 30, 2025 - $1,574 and $1,907, respectively). The decrease in credit losses in the current year periods as compared to the prior year periods was due to allowances for expected credit losses on loans receivable originated and recorded in the prior year periods related to the MCA loan and the Morrell Hulse loan. The Company applies a three-stage approach to measure its allowance for credit losses. Loss allowance is measured at an amount equal to 12 months of expected losses for performing loans (Stage 1) and at an amount equal to lifetime expected credit losses on performing loans that have seen a significant increase in credit risk since origination (Stage 2) and at an amount equal to lifetime expected credit losses for loans considered to be credit impaired (Stage 3). Certain borrowers have experienced negative impacts to operations due in part to economic challenges, and the Company has accordingly ascribed a higher risk rating to these outstanding loans.

Loss on financial guarantee from continuing operations

Loss on financial guarantee for the three and six months ended June 30, 2026 arose from the Company entering into an agreement on December 21, 2018, to guarantee a total of $5,000 of the mortgages on the properties operated by Javelina Ventures, LLC. On March 10, 2026, the senior lender holding the mortgages in place on the underlying communities collected $1,250 of Company funds held in escrow with the lender to offset against the loan balance outstanding. On June 17, 2026, the Company was notified by the senior lender that a trustee sale of the assets was scheduled for September 17, 2026. While Javelina Ventures, LLC continues to pursue options to refinance or sell the related real estate, the Company has recorded a financial guarantee liability of $5,000, less the $1,250 already collected by the senior lender, along with a corresponding loss on financial guarantee.

Change in fair value of investment properties from continuing operations

The change in estimated fair value of investment properties for the three and six months ended June 30, 2026 was $nil and $nil, respectively (three and six months ended June 30, 2025 - decreases of $6,432 and $14,949, respectively). The adjustments for the three and six months ended June 30, 2025 were primarily driven by downward adjustments to ten memory care assets, one seniors housing asset, and four assets within the Autumnwood portfolio that were all sold in 2025.

Change in fair value of financial instruments from continuing operations

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

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Change in fair value of interest rate swaps and caps	$ —	$ 402	$ —	$ 820
Change in fair value of prepayment embedded derivatives	—	105	—	111
Total loss from change in fair value of financial instruments	$ —	$ 507	$ —	$ 931

The change in fair value of financial instruments for the prior year periods as compared to the current year periods is due to the settling of all outstanding interest rate swaps and caps, pursuant to property sales, during 2025. The Company has no outstanding interest rate swaps or caps as of June 30, 2026.

Share of net income (loss) from joint ventures

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Revenue:				
Revenue	$ 6,501	$ 10,957	$ 12,673	$ 21,855
	6,501	10,957	12,673	21,855
Expenses (income) and fair value adjustments:				
Property operating expense	4,652	9,165	$ 9,439	$ 18,539
Finance costs	1,038	2,611	2,080	4,542
General and administrative expenses	1	2	1	(2)
Transaction costs	2	—	20	299
(Income) loss from change in fair value of investment properties	(4,655)	1,915	(6,420)	2,396
Gain on sale of joint venture	(78)	—	(76)	—
	$ 960	$ 13,693	$ 5,044	$ 25,774
Share of net income (loss) from joint ventures	$ 5,541	$ (2,736)	$ 7,629	$ (3,919)

Income (loss) from joint ventures represents the Company's share of net income (loss) from entities in which the Company has an equity or jointly controlled interest accounted for under the equity method. The change in net income (loss) from joint ventures during the three and six months ended June 30, 2026, as compared to the prior year periods, is primarily due to the change in the estimated fair value of investment properties at a leasing-up senior living facility in Parker, Colorado. In addition, revenue, property operating expense, and finance costs decreased in the current year periods as compared to the prior year periods due to five joint venture property sales in 2025.

Income tax expense (recovery) from continuing operations

For the Canadian and U.S. corporate subsidiaries of the Company, income tax expense/recovery is comprised of current and deferred tax. Certain subsidiaries of the Company are limited partnerships and, accordingly, are not subject to income tax. Taxable income or loss of the partnerships is allocated to their partners, which include the Company. Current income tax expense was $nil for the current year periods, due to the application of carryover losses.

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

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

Cash Flow Analysis

	Six months ended June 30,	
	2026	2025
Cash used in operating activities	$ (2,565)	$ (9,766)
Cash used in financing activities	(27,325)	(246,366)
Cash provided by investing activities	762	248,621
Decrease in cash and cash equivalents	$ (29,128)	$ (7,511)

Cash Used in Operating Activities

Cash from operating activities decreased during the six months ended June 30, 2026 as compared to the prior year period. The decrease is primarily a result of decreased cash flows resulting from property dispositions and operating activities and volume associated with remaining properties. The Company still expects to satisfy its obligations as they become due moving forward based on cash flows from remaining operations and cash on hand.

Cash Used in Financing Activities

Cash used in financing activities for the six months ended June 30, 2026 was $27,325 as compared to cash used in financing activities of $246,366 in the prior year period. Cash used in financing activities in the current year period was primarily driven by the extinguishment of the Company's outstanding debentures due December 30, 2027. Cash used in financing activities in the prior year period was driven by principal payments and settlements within mortgages payable and credit facilities, totaling $251,800.

Cash Provided by Investing Activities

Cash provided by investing activities for the six months ended June 30, 2026 was $762 as compared to cash provided by investing activities of $248,621 in the prior year period. Cash provided by investing activities in the current year period was generated by distributions received subsequent to the disposition of joint venture properties in December 2025, partially offset by contributions to the Company's joint venture investments. Cash provided by investing activities in the prior year period was produced by proceeds from the disposition of assets, net of contributions to the Company's joint venture investments.

Financial Position

Total assets of $105,957 are comprised primarily of $24,802 of property, plant and equipment, net of $3,937 of accumulated depreciation as at June 30, 2026. Cash on hand at June 30, 2026 was $10,206, net loans receivable were $16,779, investments in joint ventures were $50,508 and other assets were $1,984. Total gross loans receivable of $26,586 was partially offset by an allowance for losses on loans receivable of $9,807. Gross loans receivable included $2,856 of gross loans made to Symcare, $3,893 of gross loans made to Memory Care America, and $1,988 of gross loans made to Morrell Hulse, all of which are 100% fully reserved. Other assets mainly consisted of $154 of escrows held by lenders, $480 of prepaid expense, $33 of right-of-use asset, $151 of bond assets and $739 of other costs. In addition, current assets included tenant and other receivables of $1,678. The loans receivable balance related mainly to the issuance of loans to operating partners and third party entities for purposes of financing operating capital expenditures or other costs or for seller financing as a part of several portfolio disposition transactions.

Total liabilities of $11,711 included current liabilities of $11,711 (see "Liquidity and Capital Resources" for additional information) and non-current liabilities of $nil. Accounts payable and accrued liabilities represented $1,197 of the balance in current liabilities. The current liabilities also included $311 of real estate taxes payable, $6,097 of mortgages payable, and $4,106 of other current liabilities. $3,750 of the other current liabilities is related to a financial guarantee liability.

Summary of Quarterly Results

The following table summarizes the Company's quarterly unaudited financial information from July 1, 2024 through June 30, 2026:

	Three months ended June 30, 2026	Three months ended March 31, 2026	Three months ended December 31, 2025	Three months ended September 30, 2025	Three months ended June 30, 2025	Three months ended March 31, 2025	Three months ended December 31, 2024 [3]	Three months ended September 30, 2024
Revenue [1]	$ 2,699	$ 2,557	$ 3,288	$ 6,588	$ 29,548	$ 37,392	$ 38,747	$ 42,381
Direct property operating expenses [1]	2,047	2,653	1,977	3,254	17,705	22,763	23,444	26,504
Depreciation expense [1]	373	372	385	384	398	404	403	2,916
Net finance costs from operations [1]	125	287	1,331	3,506	7,545	8,145	11,220	12,878
Interest income from loans receivable [1]	351	344	413	327	296	254	473	200
Real estate property tax expense (recovery) [1]	—	—	—	(1,155)	(382)	3,460	23	(2,074)
General and administrative expenses [1]	1,355	1,592	1,699	1,271	4,814	4,116	4,871	3,824
Transaction costs	6	11	974	1,396	1,635	135	1,403	20
Allowance for expected credit losses, net of recoveries [1]	—	2	(1,707)	2,333	1,574	333	3,127	429
Loss on financial guarantee [1]	5,000	—	—	—	—	—	—	—
Changes in non-controlling interest liability [1]	—	—	—	24	(52)	24	279	214
Change in fair value of investment properties - IFRIC 21 [1]	—	—	128	1,586	1,276	(2,990)	843	1,999
Change in fair value of investment properties [1]	—	—	910	19,935	6,432	8,517	(2,449)	261
Impairment of property, plant and equipment [1]	—	—	1,164	44	11	10	985	280
Change in fair value of financial instruments [1]	(97)	—	3,094	(113)	507	424	(4,185)	2,228
Loss (gain) on disposition [1]	(2)	98	(1,076)	682	(30,323)	—	875	(209)
Income (loss) from joint ventures	5,541	2,088	2,125	(6,558)	(2,736)	(1,183)	(2,935)	(605)
Deferred income tax expense (recovery) [1]	—	—	—	—	—	—	—	—
Net income (loss) from continuing operations	(326)	301	(4,826)	(32,820)	15,968	(8,878)	(4,554)	(7,294)
Net income (loss) from discontinued operations	—	—	(504)	(344)	(21)	(65)	917	(229)
Net income (loss) for the period	(326)	301	(5,330)	(33,164)	15,947	(8,943)	(3,637)	(7,523)
Funds from operations [2]	219	(964)	(2,138)	(3,046)	(1,491)	2,052	(216)	1,081
Adjusted funds from operations [2]	186	(2,613)	(1,212)	31	418	2,215	1,554	1,003

(1) Represents amounts presented from continuing operations, and excludes activity from the medical office building segment, which had been reported as discontinued operations.

(2) Funds from operations and adjusted funds from operations are supplemental financial measures which are not defined by IFRS. See "*Financial Measures not Defined Under IFRS*".

(3) As adjusted. See audited consolidated financial statements and accompanying notes of the Company for the years ended December 31, 2025 and 2024.

The Company's results for the past eight quarters have primarily been affected by the timing of property dispositions, as well as changes in the fair value of investment properties and financial instruments, finance costs subject to the interest rate environment, and movement in the allowance for credit losses on loans receivable and interest receivable in certain periods. Refer to the "Summary of Quarterly Results" and "Recent Activities" sections of this MD&A for details of the results.

Liquidity and Capital Resources

The Company's objectives when managing capital are to ensure sufficient liquidity to maintain a flexible capital structure that optimizes the cost of capital at acceptable levels of risk while preserving the ability to meet financial obligations.

The capital of the Company consists of mortgages payable and shareholders' equity.

The Company expects to meet its working capital requirements with respect to accounts payable and accrued liabilities through cash on hand and operating cash flows moving forward. As at June 30, 2026, current liabilities totaled $11,711, and current assets totaled $13,887, resulting in a working capital surplus of $2,176 (December 31, 2025 - $3,310, $43,578 and $40,268 surplus, respectively).

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 (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 potentially raise additional liquidity through issuance of common shares, subject to market conditions, and alternative financing sources. With respect to near-term debt maturities, related exclusively to mortgages, the Company believes it will be successful in either refinancing or settling the debt through sales of the underlying assets that secure such debts. However, any refinancing transaction involves inherent risk of the current market interest rate environment.

In addition, liquidity risk is managed in part through cash forecasting. The Company monitors forecasts of liquidity requirements to ensure it has the ability to meet operational needs by maintaining sufficient availability of the combination of cash and debt capacity, and to ensure the Company will meet its financial covenants related to mortgage agreements. Such forecasting involves a significant degree of judgment which takes into consideration current and projected macroeconomic conditions, the Company's cash collection efforts, debt financing and refinancing plans, and covenant compliance required under the terms of various mortgage 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, while considering externally imposed capital requirements, sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. In managing its capital structure, the Company monitors performance throughout the year to ensure working capital requirements are funded from operations, available cash on deposit, and available financing. The Company may make changes to its capital structure to support the broader corporate strategy or in response to economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue equity or new debt, issue new debt with different characteristics to replace existing debt or strategically use cash available from sale transactions to reduce the amount of existing debt or settle higher interest-bearing debt to reduce risk of the Company's debt profile.

Debt Strategy and Indebtedness

Debt Strategy

The Company utilizes conventional property-specific or portfolio-specific secured mortgages. Management's objectives are to access the lowest cost debt with flexible terms and to diversify the Company's lender base. Management monitors the Company's debt by reviewing the debt to total assets ratio, interest coverage ratio, debt maturity schedule, and ratio of fixed versus variable rate debt.

To manage interest rate risk, the Company may enter into derivative instruments. Management's objectives are to source the lowest cost fixed rate debt within its targeted levels while laddering its fixed rate maturity schedule to effectively manage repricing risk. The Company does not designate its interest rate swaps as hedges for financial reporting purposes. These instruments are measured at fair value each reporting period through the change in fair value of financial instruments in the condensed consolidated interim statements of income (loss) and other comprehensive income (loss), when relevant.

Indebtedness

		Principal Amount	Weighted Average Interest Rate	Years to Maturity [1]
Variable Rate Indebtedness				
Mortgages payable	$	6,133	7.1 %	0.8
		6,133	7.1 %	0.8
Total indebtedness	$	6,133	7.1 %	0.8
Loan fees and issue costs, net of amortization and accretion		(36)		
Carrying amount	$	6,097		

(1) Years to maturity does not include the exercise of extension options available to the Company under certain mortgages, where available, and which are generally exercisable at the Company's discretion, subject to certain contractual conditions.

Joint Venture Indebtedness

		Principal Amount	Weighted Average Interest Rate	Years to Maturity [2]
Fixed rate mortgages payable	$	20,228	7.0 %	1.4
Variable rate mortgages payable		51,187	6.4 %	1.7
Total Indebtedness	$	71,415	6.6 %	1.6
Less loan fees, net of amortization		(665)		
Carrying amount	$	70,750		
Company's share of carrying amount	$	59,488		

2024 Debentures

The 2024 Debentures incurred interest of 9.75% per annum and were set to mature on December 30, 2027. On January 23, 2026, the Company redeemed the debentures in full.

Debt Covenant Compliance

The Company's mortgage debt includes various financial covenants which include, but are not limited to, debt service coverage ratios, fixed charge ratios and debt yields. At June 30, 2026, the Company was in compliance with all debt covenants. The Company expects to satisfy the mortgage covenant requirements in 2026 as stipulated, which may include waivers, consideration of certain cure periods or further paydowns of principal amounts.

As of August 12, 2026, the Company anticipates being compliant with all covenants in the next 12 months.

Repayment Summary

Management attempts to stagger the maturity of the Company's mortgage debt to achieve a distribution of maturities over a time horizon. This strategy reduces the Company's exposure to interest rate fluctuations on its variable rate debt in any one period and reduces liquidity risk.

Contractual Commitments

A summary of future contractual commitments as at June 30, 2026, including expected interest payments, is as follows:

	Total	2026	2027	2028	2029	2030	Thereafter
Mortgages payable principal	$ 6,133	$ —	$ 6,133	$ —			
Total principal	$ 6,133	$ —	$ 6,133	$ —	$ —	$ —	$ —
Percentage of total	100.0 %	— %	100.0 %	— %	— %	— %	— %
Mortgages payable interest	$ 369	$ 221	$ 148	$ —	$ —	$ —	$ —
Accounts payable and accrued liabilities	1,197	1,197	—	—	—	—	—
Accrued real estate taxes	311	311	—	—	—	—	—
Financial guarantee liability	3,750	3,750	—	—	—	—	—
Other liabilities	356	339	17	—	—	—	—
Total other commitments	$ 5,983	$ 5,818	$ 165	$ —	$ —	$ —	$ —
Total commitments	$ 12,116	$ 5,818	$ 6,298	$ —	$ —	$ —	$ —

Mortgages payable are and have been comprised of mortgages secured by individual investment properties or small portfolios of investment properties. The Company will address mortgages with short-term maturities by extending terms, refinancing or settling with proceeds from property sales.

Accounts payable consist primarily of professional fees, other general and administrative costs payable, accrued interest, and other accrued costs. The Company settles accounts payable from cash generated from operations. The Company expects to settle the financial guarantee liability, if necessary, with cash on hand and cash flows generated from operations.

Financial Instruments and Other Instruments

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

Off-Balance Sheet Items

Two of the properties sold within the Foxhound portfolio are subject to a put option whereby the Company may be obligated to purchase back both properties. The put option expired on June 30, 2026. As such, the Company does not anticipate any further need to assess the value.

Transactions Between Related Parties

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. Following the execution of the Preferred Share Exchange (see below), ISHC and Mr. Chester currently owns a negligible percentage of the outstanding common shares of the Company.

On November 26, 2024, the Company announced the approval of holders of Common Shares of the exchange of certain funds (the "Exchanging Magnetar Funds") managed by Magnetar Financial LLC (“Magnetar”) whereby Magnetar agreed to exchange class A convertible preferred shares previously issued by the Company for 716,875,000 common shares of the Company (the “Preferred Share Exchange”). The closing date of the exchange was December 30, 2024. Based on the number of Common Shares outstanding as of the date hereof, following the convertible debenture amendments and the Preferred Share Exchange, Magnetar and the Exchanging Magnetar Funds own and hold over approximately 80% of the Company's Common Shares.

Critical Accounting Estimates

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

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

Liquidity assessment:

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 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.

Change in fair value of investment properties held within joint ventures:

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, through its joint venture arrangements, 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.

As of June 30, 2026, the Company is in varying stages of the disposition process for each of its joint venture investment properties. As such, the fair values of those investment properties have been adjusted with consideration of the expected contracted values, or related range of values, for each. The Company considered the results of its discounted cash flow approach; however, the assessments were more heavily weighted to expected sale proceeds noted above for the period ended June 30, 2026.

Impairment of loans receivable and property taxes receivable:

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

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

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

Impairment of property, plant and equipment:

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

Risks and Uncertainties

See "Risk Factors" in the Company's 2025 AIF for a discussion of risks that could materially affect the Company, which risk factors are incorporated herein by reference.

Controls and Procedures

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

Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized, and reported within the time periods specified under Canadian securities laws and to include controls and procedures that are designed to ensure that information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. The Chief Executive Officer and Chief Financial Officer have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Company's disclosure controls and procedures as at December 31, 2025 and have concluded that, as of such date, the Company's disclosure controls and procedures were adequate and effective.

Internal Controls Over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer have evaluated, or caused an evaluation under their direct supervision of, the design of disclosure controls and procedures and internal controls over financial reporting (as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings) as at June 30, 2026. Based on this evaluation, we have concluded that we have a) designed disclosure controls and procedures to provide reasonable assurance that (i) material information relating to Invesque is made known to the Chief Executive Officer and the Chief Financial Officer by others, particularly during the period in which the interim filings are being prepared and (ii) information required to be disclosed by Invesque in its various reports filed or submitted under securities legislation is recorded, processed, summarized and reported within time periods specified in securities legislation; and b) designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Outstanding Shares

As of August 12, 2026, 913,518,837 common shares in the capital of the Company were issued and outstanding.

As of August 12, 2026, assuming the voluntary conversion of all of the Exchangeable Units, a total of 138,675 common shares would be issued.

Financial Measures

Funds From Operations ("FFO") and Adjusted Funds From Operations ("AFFO") are supplemental measures used by management to track the Company's performance. Management believes these terms reflect the operating performance and cash flow generating ability of the Company. The Company believes that AFFO and AFFO per share provide the most effective metric by which to evaluate the performance of the Company and to most accurately identify the cash flows available for distribution to shareholders. The Company considers RealPac's "White Paper on Funds From Operations and Adjusted Funds From Operations for IFRS" when determining and calculating these non-IFRS measures.

Funds From Operations

FFO means net income (loss) in accordance with IFRS, (i) plus or minus fair value adjustments of investment properties; (ii) plus or minus gains or losses from sales of investment properties; (iii) plus or minus certain other fair value adjustments; (iv) plus transaction costs expensed as a result of the sale or acquisition of property or modification of debt; (v) plus property taxes accounted for under IFRIC 21; (vi) plus allowance for credit losses on loans and interest receivable; (vii) plus accretion and amortization of non-cash adjustments to the 2016 Convertible Debentures and 2018 Convertible Debentures (viii) plus deferred income tax expense, current income tax expense, after adjustments for equity accounted entities calculated to reflect FFO on the same basis as consolidated properties and adjustments for non-controlling interests (ix) plus property taxes accounted for under IFRIC 21. In addition to complying with RealPac's explicit guidance on the calculation of FFO, the Company incrementally considers the following amounts in the calculation to more accurately measure the performance of its underlying operations:

i. accretion expense and amortization of non-cash adjustments to convertible debentures;
ii. debt extinguishment and refinancing costs; and
iii. executive severance.

The use of FFO, a non-IFRS measure, combined with the required IFRS presentations, has been included for the purpose of improving the understanding of the operating results of the Company. FFO presents an operating performance measure that provides a perspective on the financial performance that is not immediately apparent from net income (loss) determined in accordance with IFRS.

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

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

	Six months ended June 30,	
	2026	2025
Net income (loss) from continuing operations for the period	$ (25)	$ 7,090
Add/(deduct):		
Change in fair value of investment properties	—	13,235
Property taxes accounted for under IFRIC 21	—	1,960
Depreciation and amortization expense	737	737
Amortization of tenant inducements	—	120
Change in fair value of financial instruments	—	931
Change in fair value of profit participation investment	(97)	—
Transaction costs	17	1,770
Loss (gain) on sale of property, plant and equipment	96	(30,323)
Impairment of property, plant and equipment	—	21
Executive severance	—	492
Allowance for credit losses on loans and interest receivable	2	1,907
Change in non-controlling interest liability in respect of the above	—	(3)
Loss on financial guarantee	5,000	—
FFO adjustments for equity accounted entities at share	(6,475)	2,695
FFO from continuing operations	$ (745)	$ 632
FFO from discontinued operations	—	(71)
Total FFO	$ (745)	$ 561

	Three months ended June 30, 2026	Three months ended March 31, 2026	Three months ended December 31, 2025	Three months ended September 30, 2025	Three months ended June 30, 2025	Three months ended March 31, 2025	Three months ended December 31, 2024 [1]	Three months ended September 30, 2024
Net income (loss) from continuing operations	$ (326)	$ 301	$ (4,826)	$ (32,820)	$ 15,968	$ (8,878)	$ (4,554)	$ (7,294)
Add/(deduct):								
Change in fair value of investment properties	—	—	1,038	21,521	7,708	5,527	(1,606)	2,260
Property taxes accounted for under IFRIC 21	—	—	(128)	(1,586)	(1,399)	3,359	(843)	(1,999)
Depreciation expense	369	368	193	359	369	368	346	2,860
Amortization of tenant inducements	—	—	—	—	60	60	60	61
Accretion expense and amortization of non-cash adjustments to Convertible Debentures	—	—	—	—	—	—	1,925	2,645
Change in fair value of financial instruments	—	—	2,724	(113)	507	424	(4,185)	2,228
Change in fair value of profit participation investment	(97)	—	370	—	—	—	—	—
Realized loss on translation of foreign operations	—	—	1,773	—	—	—	—	—
Transaction costs	6	11	974	1,396	1,635	135	1,403	20
Loss (gain) on disposition of property, plant and equipment	(2)	98	(1,076)	682	(30,323)	—	875	(209)
Impairment of property, plant and equipment	—	—	1,164	44	11	10	985	280
Executive severance	—	—	—	—	492	—	—	—
Allowance for expected credit losses	—	2	(1,707)	2,333	1,574	333	3,127	429
Change in non-controlling interest liability in respect of the above	—	—	—	(3)	(2)	(1)	7	(12)
Loss on financial guarantee	5,000	—	—	—	—	—	—	—
FFO Adjustments for equity accounted entities	(4,731)	(1,744)	(2,472)	6,231	1,914	781	2,391	84
FFO from continuing operations	$ 219	$ (964)	$ (1,973)	$ (1,956)	$ (1,486)	$ 2,118	$ (69)	$ 1,353
FFO from discontinued operations	—	—	(165)	(90)	(5)	(66)	(147)	(272)
Total FFO	$ 219	$ (964)	$ (2,138)	$ (2,046)	$ (1,491)	$ 2,052	$ (216)	$ 1,081
Interest, amortization and accretion expense on dilutive convertible units	—	—	—	—	—	—	—	—
Total diluted FFO from continuing operations	$ 219	$ (964)	$ (2,138)	$ (2,046)	$ (1,491)	$ 2,052	$ (216)	$ 1,081

(1) As adjusted. See audited consolidated financial statements and accompanying notes of the Company for the years ended December 31, 2025 and 2024.

Adjusted Funds From Operations

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

In addition to complying with RealPac's explicit guidance on the calculation of AFFO, the Company considers the following amounts in the calculation to more accurately measure the performance of its underlying operations:

i. transaction costs;
ii. debt extinguishment and refinancing costs;
iii. accretion expense and amortization of non-cash adjustments to convertible debentures,
iv. executive severance,
v. interest expense,
vi. bad debt at previously disposed properties; and
vii. interest savings from debenture extinguishment.

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

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

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

	Six months ended June 30,	
	2026	2025
Cash flows used in operating activities	$ (2,565)	$ (9,766)
Change in non-cash working capital	706	4,828
Less: interest expense [1]	308	(13,717)
Less: change in non-controlling interest liability	—	28
Plus: gain (loss) from joint ventures	7,629	(3,919)
Plus: interest paid	387	21,295
Less: interest received	(702)	(189)
Plus: amortization of lease asset	—	20
Plus: AFFO adjustments for equity accounted entities	(6,410)	2,575
Plus: deferred share incentive plan compensation	—	2
Less: executive severance	—	492
Plus: interest expense	—	671
Plus: bad debt at previously disposed properties	—	463
Plus: property taxes accounted for under IFRIC 21	—	246
Less: capital maintenance reserve	(164)	(396)
AFFO	$ (811)	$ 2,633
AFFO from discontinued operations	—	(71)
AFFO from continuing operations	$ (811)	$ 2,704

	Three Months Ended June 30, 2026	Three months ended March 31, 2026	Three months ended December 31, 2025	Three months ended September 30, 2025	Three months ended June 30, 2025	Three months ended March 31, 2025	Three months ended December 31, 2024	Three months ended September 30, 2024
Cash flows provided by (used in) operating activities	$ 411	$ (2,976)	$ (1,445)	$ (2,416)	$ (9,963)	$ 197	$ 3,394	$ 5,336
Change in non-cash working capital	(997)	1,703	(2,316)	2,192	2,346	2,482	(3,375)	(2,026)
Less: interest expense [1]	239	69	(760)	(1,605)	(6,187)	(7,530)	(7,928)	(9,785)
Less: change in non-controlling interest liability	—	—	—	(24)	52	(24)	(279)	(214)
Plus: gain (loss) from joint ventures	5,541	2,088	2,125	(6,558)	(2,736)	(1,183)	(2,935)	(605)
Plus: interest paid	112	275	1,829	1,803	13,853	7,442	8,601	8,613
Less: interest received	(340)	(362)	(475)	(76)	(84)	(105)	(53)	(32)
Plus: debt extinguishment costs (recoveries)	—	—	—	—	—	—	995	—
Plus: realized (gain) loss on foreign currency translation	—	—	1,724	—	—	—	(71)	(2)
Plus: amortization of lease asset	—	—	(167)	—	10	10	(11)	(10)
Plus: non-cash portion of non-controlling interest expense	—	—	—	—	—	—	7	(12)
Plus: AFFO adjustments for equity accounted entities	(4,698)	(1,712)	(1,529)	6,913	1,822	753	2,439	121
Plus: deferred share incentive plan compensation	—	—	—	—	—	2	(9)	(9)
Plus: executive severance	—	—	—	—	492	—	—	—
Plus: interest expense	—	—	—	—	671	—	—	—
Plus: bad debt at previously disposed properties	—	—	—	—	463	—	—	—
Plus: interest savings from debenture extinguishment	—	—	—	—	—	—	1,151	—
Plus: property taxes accounted for under IFRIC 21	—	—	—	—	(123)	369	—	—
Less: capital maintenance reserve [2]	(82)	(82)	(198)	(198)	(198)	(198)	(372)	(372)
AFFO	$ 186	$ (997)	$ (1,212)	$ 31	$ 418	$ 2,215	$ 1,554	$ 1,003
AFFO from discontinued operations	—	—	(165)	(90)	(5)	(66)	(126)	(230)
AFFO from continuing operations	186	(997)	(1,047)	121	423	2,281	1,680	1,233
Interest expense on dilutive convertible units	—	—	—	—	—	—	—	—
Total diluted AFFO	$ 186	$ (997)	$ (1,212)	$ 31	$ 418	$ 2,215	$ 1,554	$ 1,003

(1) Includes interest expense on the credit facilities, mortgages payable, convertible debentures, debentures, interest rate swaps and write off of deferred financing costs from refinancing.

(2) The Company deducts a capital maintenance reserve in its calculation of AFFO based on estimated quarterly expenditures related to sustaining and maintaining existing space. Expenditures that are related to new development or revenue enhancing renovations are excluded from this calculation.