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

INVESQUE INC.

Three Month Periods ended March 31, 2024 and 2023
(Unaudited)

INVESQUE INC.

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

	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 13,525	$ 10,745
Tenant and other receivables (note 2)	7,423	7,860
Property tax receivables	5,503	6,382
Derivative instruments (note 10)	114	1,023
Loans receivable (note 3)	1,443	965
Assets held for sale (notes 5, 6 and 15)	44,741	10,337
Other (note 4)	10,100	9,588
	82,849	46,900
Non-current assets:		
Loans receivable (note 3)	7,123	11,887
Derivative instruments (note 10)	2,841	3,004
Investment in joint ventures (note 7)	44,366	45,023
Investment properties (note 5)	263,575	369,932
Property, plant and equipment, net (note 6)	345,835	349,323
Other non-current assets (note 4)	2,754	2,214
	666,494	781,383
Total assets	$ 749,343	$ 828,283
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 17,428	$ 17,296
Accrued real estate taxes	6,278	7,086
Credit facilities (note 8)	297,955	216,015
Mortgages payable (note 9)	63,222	63,830
Derivative instruments (note 10)	8	—
Convertible debentures (note 11)	21,022	—
Other current liabilities (note 13)	3,388	3,712
Liabilities related to assets held for sale (note 15)	175	457
	409,476	308,396
Non-current liabilities:		
Credit facilities (note 8)	—	120,000
Mortgages payable (note 9)	122,318	152,789
Derivative instruments (note 10)	44	927
Convertible debentures (note 11)	16,782	35,611
Commonwealth preferred unit liability (note 12)	58,459	58,348
Deferred tax liability (note 24)	716	1,605
Other non-current liabilities (note 13)	3,201	3,504
Non-controlling interest liability	200	517
	201,720	373,301
Total liabilities	611,196	681,697
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	(475,561)	(469,317)
Accumulated other comprehensive loss	(1,149)	(131)
Total shareholders' equity	138,147	146,586
Total liabilities and shareholders' equity	$ 749,343	$ 828,283

See accompanying notes to these condensed consolidated interim financial statements.

INVESQUE INC.

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

	Three months ended March 31, 2024	Three months ended March 31, 2023
Revenue:		
Tenant rental revenue (note 18)	$ 8,107	$ 14,018
Resident rental and related revenue (note 18)	33,409	33,701
Lease revenue from joint ventures (note 7)	909	876
Other revenue	1,217	946
	43,642	49,541
Other income	1,500	1,745
Interest income from loans receivable	214	529
Expenses (income) and fair value adjustments:		
Direct property operating expenses (note 19)	24,650	25,716
Depreciation and amortization expense (note 6)	3,468	3,735
Net finance costs from operations (note 20)	13,049	11,472
Real estate property tax expense	6,173	12,040
General and administrative expenses (note 21)	5,216	5,966
Transaction costs, net	276	—
Allowance for expected credit losses (note 20)	260	1,047
Change in non-controlling interest liability	124	67
Change in fair value of investment properties - IFRIC 21	(4,451)	(9,058)
Change in fair value of investment properties (note 5)	359	8,894
Impairment of property, plant and equipment (note 6)	1,376	—
Change in fair value of financial instruments (note 20)	381	2,937
Gain (loss) on sale of property, plant and equipment	(8)	(12)
	50,873	62,804
Share of loss from joint ventures (note 7)	(1,206)	(24)
Loss before income taxes	(6,723)	(11,013)
Income tax recovery:		
Deferred income tax recovery (note 24)	889	—
Net loss from continuing operations	$ (5,834)	$ (11,013)
Net loss from discontinued operations, net of tax (note 15)	(410)	(4,585)
Net loss	(6,244)	(15,598)
Other comprehensive income (loss):		
Items to be reclassified to net income (loss) in subsequent periods		
Unrealized gain (loss) on translation of foreign operations	(1,018)	120
	(1,018)	120
Total comprehensive loss	$ (7,262)	$ (15,478)
Loss from continuing operations per share (note 17):		
Basic and diluted	$ (0.10)	$ (0.19)
Loss per share (note 17):		
Basic and diluted	$ (0.11)	$ (0.27)

See accompanying notes to these condensed consolidated interim financial statements.

INVESQUE INC.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Unaudited)
(Expressed in thousands of U.S. dollars)
Three months ended March 31, 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	—	—	—	—	—	—	(6,244)	—	(6,244)
Other comprehensive income	—	—	—	—	—	—	—	(1,018)	(1,018)
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, March 31, 2024	$ 518,375	$ —	$ 85,389	$ 400	$ 9,826	$ 867	$ (475,561)	$ (1,149)	$ 138,147

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

See accompanying notes to these condensed consolidated interim financial statements.

INVESQUE INC.

Condensed Consolidated Interim Statements of Cash Flows (Unaudited)
(Expressed in thousands of U.S. dollars)
Three Months ended March 31, 2024 and 2023

	Three months ended March 31, 2024	Three months ended March 31, 2023
Cash flows from (used in) operating activities:		
Net loss	$ (6,244)	$ (15,598)
Items not involving cash:		
Fair value adjustment of investment properties (notes 5 and 15)	372	12,775
Fair value adjustment of financial instruments (note10)	381	2,937
Impairment of property, plant and equipment (note 6)	1,376	—
Transaction costs arising from dispositions	276	—
Depreciation and amortization expense (note 6)	3,468	3,735
Allowance for expected credit losses (note 20)	260	1,047
Straight-line rent	(451)	(607)
Amortization of tenant inducements	64	67
Net finance costs from operations (notes 15 and 20)	13,266	11,758
Gain on loan exchange and amendment	717	—
Interest income on loans receivable	(214)	(529)
Change in non-controlling interest liability	124	67
Gain on sale of property, plant and equipment	(8)	(12)
Share of loss (income) from joint ventures (note 7)	1,206	24
Deferred income tax recovery (note 24)	(889)	—
Interest paid	(9,414)	(11,102)
Interest income received	170	144
Debt extinguishment costs paid	(306)	9
Change in non-cash operating working capital:		
Tenant and other receivables	(1,133)	(6,591)
Accounts payable and accrued liabilities	(1,158)	(173)
Deferred revenue	(493)	689
Other assets	1,393	651
Other liabilities	(1,426)	277
Accrued real estate taxes	(697)	(4,050)
Cash provided by (used in) operating activities	$ 640	$ (4,482)
Cash flows provided by (used in) financing activities:		
Proceeds from credit facilities	$ —	$ 2,660
Payments on credit facilities (note 14)	(38,162)	(592)
Proceeds from mortgages (note 14)	466	1,897
Payments of mortgages (note 14)	(31,105)	(836)
Repayment of lease liabilities	(145)	(107)
Payment for settlement of interest rate swap contract	(185)	—
Payment for repurchase of common shares (note 16)	—	(56)
Payment for repurchase of convertible debentures (note 14)	—	(63)
Cash provided by (used in) financing activities	$ (69,131)	$ 2,903
Cash flows from (used in) investing activities:		
Additions to investment properties	$ (481)	$ (1,985)
Proceeds from dispositions of investment properties	66,391	—
Additions to property, plant and equipment	(1,364)	(1,871)
Proceeds from dispositions of property, plant and equipment	—	16
Proceeds from dispositions of assets held for sale	3,600	—
Distributions from joint ventures (note 7)	18	—
Contributions to joint ventures (note 7)	(586)	(71)
Distributions to non-controlling interest partners	(491)	(160)
Contributions from non-controlling interest partners	51	28
Issuance of loans receivable	(300)	—
Receipts from loans receivable	4,433	289
Cash provided by (used in) investing activities	$ 71,271	$ (3,754)
Increase (decrease) in cash and cash equivalents	2,780	(5,333)
Cash and cash equivalents, beginning of period	10,745	27,579
Cash and cash equivalents, end of period	$ 13,525	$ 22,246

See accompanying notes to these condensed consolidated interim financial statements.

Invesque Inc. (the "Company") was incorporated on May 31, 2007 under the Business Corporations Act (Ontario). The Company's registered office is 2500 - 700 W Georgia Street, Vancouver, British Columbia V7Y 1B3.

The Company currently owns a portfolio of North American income generating properties across the health care spectrum. The Company's investment property portfolio includes investments in independent living, assisted living, memory care, skilled nursing 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 March 31, 2024, the Company owned interests in a portfolio of 63 health care and senior living properties of the type noted above comprised of 22 consolidated investment properties, 28 consolidated owner-occupied properties, partial interests in 8 properties held through joint arrangements, 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, 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, once it completes the strategic sales of assets and refinances both maturing credit facilities, 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 March 31, 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 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 two credit facilities 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

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

Corporate Credit Facility Requirements

On November 8, 2023, the Company executed an amended credit agreement replacing the existing credit facility and revolver with the same lending syndicate, which resulted in the maturity date being extended to March 31, 2025. Material terms of the amended credit agreement are as follows:

i. The interest rate on the amended credit facility is initially Secured Overnight Financing Rate Date ("SOFR") + SOFR index adjustment of 10 basis points + 250 basis points and will increase to SOFR + SOFR index adjustment of 10 basis points + 280 basis points during the term.

ii. The Company is prohibited from repaying subordinated debt or making common distributions.

iii. The Company is permitted to make all required interest payments on both senior and subordinated debt.

iv. The amended credit agreement has a declining maximum commitment balance. In addition to a $15,000 revolving commitment over the term of the agreement, the term commitment must be reduced over the term of the loan. However, missing a first required curtailment amount at the below-noted dates does not result in an event of default and instead a fee is added to the principal amounts of the credit facility. The occurrence of two or more required curtailment amounts during the term of the agreement will result in an event of default. Maximum term commitment amounts are as follows:

    1. $125,000 by March 31, 2024
    2. $115,000 by June 30, 2024
    3. $110,000 by September 30, 2024
    4. $105,000 by December 31, 2024, and
    5. $20,000 by March 31, 2025 (maturity date of the facility).

v. The amended credit agreement requires the Company to maintain a consolidated fixed charge coverage ratio of 1.45x, which can be reduced to 1.35x upon achieving specific targets.

vi. The amended credit agreement requires the Company to maintain a consolidated leverage ratio not to exceed 62.5% through March 31, 2024, which will be reduced to 60.0% for the quarter ending June 30, 2024, and as of each quarter end thereafter.

While uncertainty exists surrounding the Company's ability to achieve the above noted curtailments associated with the maximum term commitment amounts, the Company believes it will be able to satisfy all conditions over its term to maturity, which is contingent on executing the following:

i. Selling certain properties at fair market value and using the net sale proceeds to meet the loan pay down requirements. In the first quarter of 2024, the Company successfully completed sales of five 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.

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 utilizing residual assets as collateral.

On March 5, 2024, the Company executed a consent and first amendment to the amended credit agreement ("first amendment") referenced above, 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 are 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.

Failure to meet these consent conditions by August 1, 2024, shall not constitute a default or event of default but shall result in adjusted covenants consistent with those covenants in place prior to the first amendment described above. A failure to meet the adjusted covenants shall result in an event of default subject to the terms of the credit agreement.

The Company believes it will be able to satisfy all conditions per the amendments noted above, specifically with respect to the asset sales and property-level debt refinancings, which will result in additional margin on key financial covenants for the remaining term of the credit facility.

Commonwealth Credit Facility Requirements

The Company is negotiating a refinancing arrangement related to the renewal of the Commonwealth Facility. The Company also has the option to extend the maturity of the Commonwealth Facility by 1-year to August 1, 2025 (the "First Extended Maturity Date"), subject to meeting certain conditions including a minimum Project Yield of 10.00% and a minimum Debt Service Coverage Ratio of 1.40x. As of period end, management believes the Company has met these conditions, and all other relevant conditions, and has begun the process with the lender of amending the credit agreement to execute this extension.

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 March 31, 2024, current liabilities totaled $409,476, and current assets totaled $82,849, resulting in a working capital deficit of $326,627 (December 31, 2023 - $308,396, $46,900 and $261,496, 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 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 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 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 May 9, 2024.

(c) Accounting standards effective in the year:

The Company adopted *Classification of Liabilities as Current or Non-currnet 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 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 March 31, 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 deals 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.

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

2. Tenant and other receivables:

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

	March 31, 2024	December 31, 2023
Tenant and other receivables, gross	$ 11,701	$ 12,012
Allowance for uncollectible receivables	(4,278)	(4,152)
Tenant and other receivables, net	$ 7,423	$ 7,860

The movement in the allowance in respect of tenant and other receivables during the three months ended March 31, 2024 was as follows:

Balance, December 31, 2023	$ 4,152
Allowance	139
Collections — recoveries	(13)
Balance March 31, 2024	$ 4,278

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 three months ended March 31, 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.

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

3. Loans receivable:

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

Debtor	Loan Type	March 31, 2024	December 31, 2023	Issued Date	Maturity Date	Current Annual Interest Rate	Payment -in-kind Annual Interest Rate
Autumnwood Lifestyles Inc.	Revolving credit facility	$ 433	$ 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	601	601	February 21, 2020	March 1, 2025 (2)	5.9 %	— %
PSL Care GP, LLC	Loan receivable	147	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	3,910	3,016	March 31, 2023	July 31, 2025	10.0 %	— %
4 Pack Master Tenant, LLC	Loan receivable	1,035	715	June 1, 2023	May 31, 2038	— %	10.0 %
Constant Care Management Company, LLC	Loan receivable	300	—	January 31, 2024	June 30, 2026	10.0 %	— %
Chapters Little Rock, LLC, Chapters San Antonio, LLC, and Chapters New Braunfels, LLC	Loan receivable	150	—	March 15, 2024	June 30, 2024	10.0 %	— %
Accrued current and non-current interest		279	425				
Allowance for expected credit losses on loans receivable		(4,451)	(12,199)				
Carrying value of loans recorded at amortized cost		$ 6,052	$ 10,368				
Javelina Ventures, LLC	Loan receivable - FVTPL	2,514	2,484	December 31, 2018	(4)	5.0 %	— %
Carrying value of loans receivable		$ 8,566	$ 12,852				
Less current portion		1,443	965				
Non-current portion		$ 7,123	$ 11,887				

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

(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 for loan receivable. 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.

$1,485 of the loans outstanding and $12 of the accrued current and non-current interest as at March 31, 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, $15 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 March 31, 2024 are as follows:

	Stage 1	Stage 2	Stage 3	Total
Loans receivable, net of loan fees	$ 2,690	$ 4,165	$ 3,648	$ 10,503
Allowance for losses on loans receivable	(25)	(778)	(3,648)	(4,451)
Loans receivable, net of allowances	$ 2,665	$ 3,387	$ —	$ 6,052

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

The changes in the gross loans receivable balance during the three months ended March 31, 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	815	971	—	1,786
Repayments	(4,925)	—	—	(4,925)
PIK interest	20	—	—	20
Currency translation	(60)	—	—	(60)
Amortization of mark-to-market adjustment	395	—	—	395
Non-cash settlement	(1,228)	—	—	(1,228)
Write off of loans receivable	(97)	—	(7,955)	(8,052)
Total loans receivable as at March 31, 2024	$ 2,690	$ 4,165	$ 3,648	$ 10,503

The changes in the allowance for credit losses during the three months ended March 31, 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	4	179	136	319
Transfer to/(from)				
Stage 1	—	—	—	—
Stage 2	—	(3,512)	—	(3,512)
Stage 3	—	—	3,512	3,512
	$ 137	$ 778	$ 11,603	$ 12,518
Write off of loans receivable and allowances	(101)	—	(7,955)	(8,056)
Non-cash settlement	(11)	—	—	(11)
Total allowance for credit losses as at March 31, 2024	$ 25	$ 778	$ 3,648	$ 4,451

For the three months ended March 31, 2024, a loss of $319 (three months ended March 31, 2023 - $258 loss) was recorded as part of the remeasurement in the allowance for credit losses on loans and interest receivable in the consolidated statements of loss and comprehensive loss.

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

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 skilled nursing 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 three months ended March 31, 2024.

4. Other assets:

	March 31, 2024	December 31, 2023
Prepaid expenses	$ 2,359	$ 2,667
Security deposits and costs related to pending transactions	170	52
Escrow deposits held by lenders	6,311	5,709
Right-of-use assets	1,622	1,710
Bond assets	431	504
Profit participation investment	700	—
Other	1,261	1,160
	$ 12,854	$ 11,802
Current	$ 10,100	$ 9,588
Non-current	2,754	2,214
	$ 12,854	$ 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.

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

5. Investment properties:

(a) Investment properties:

	Number of Properties		Amount
Balance, December 31, 2023	30	$	369,932
Capital expenditures			468
Increase attributable to straight-line rents			452
Fair value adjustment			(359)
Amortization of tenant inducements			(61)
Sale of income properties	(5)		(66,935)
Transferred to assets held for sale	(3)		(38,100)
Foreign currency translation			(1,822)
Balance, March 31, 2024	22	$	263,575
Property tax liability under IFRIC 21			(4,451)
Fair value adjustment to investment properties - IFRIC 21			4,451
		$	263,575

At March 31, 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 year ended March 31, 2024) at two buildings in Canada that are jointly owned, and therefore proportionately consolidated.

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 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 March 31, 2024.

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

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 March 31, 2024 and December 31, 2023 are set out in the following table:

Three months ended March 31, 2024					
Approach	**Fair Value**	**Input**	**Min**	**Max**	**Weighted Average**
Direct capitalization income	$ 95,333	OCR	7.75 %	8.00 %	7.96 %
Discounted cash flow		TCR	6.50 %	10.00 %	7.92 %
	168,242	IRR	8.00 %	11.50 %	9.44 %
Anticipated sale price	—	N/A	N/A	N/A	N/A
Total	$ 263,575				

Year ended December 31, 2023					
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	$ 369,932				

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 stabilized future cash flows would result in the following changes in the fair value of the Company's investment properties as of March 31, 2024, valued using this approach:

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

		Change in stabilized future cash flows		
		(1.00)%	— %	1.00 %
Change in overall capitalization rate ("OCR")	(0.25)%	$ 2,139	$ 3,124	$ 4,108
	— %	$ 953	$ —	$ (953)
	0.25 %	$ (3,856)	$ (2,932)	$ (2,008)

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 March 31, 2024, valued using this approach:

		Change in discount rate ("IRR")		
		(0.25)%	— %	0.25 %
Change in terminal capitalization rate ("TCR")	(0.25)%	$ 5,820	$ 3,545	$ 1,313
	— %	$ 2,223	$ —	$ (2,184)
	0.25 %	$ (1,134)	$ (3,309)	$ (5,442)

b) Asset dispositions - three months ended March 31, 2024

	Pennsylvania	Texas (2) & Missouri (1)
Properties sold:	2	3
Net assets disposed:		
Investment properties	$ 11,435	$ 55,500
	$ 11,435	$ 55,500
Consideration received/funded:		
Cash	$ 11,380	$ 24,341
Mortgage settlement	—	30,470
Mortgage prepayment fees	—	305
Closing costs	55	182
Working capital	—	202
	$ 11,435	$ 55,500

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 pay down the mortgage affiliated with two of the properties and to pay down a portion of the corporate credit facility.

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

c) Assets held for sale

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

		March 31, 2024		December 31, 2023
Assets:				
Investment properties [(1)]	$	43,621	$	5,521
	$	43,621	$	5,521

(1) As of March 31, 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.

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

6. Property, plant and equipment, net:

(a) Property, plant and equipment, net:

Property, plant and equipment consists of the following as at March 31, 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		—		876		480		—		1,356
Balance, March 31, 2024	$	23,029	$	420,995	$	16,011	$	421	$	460,456
Accumulated depreciation										
Balance, December 31, 2023	$	—	$	104,652	$	5,125	$	—	$	109,777
Depreciation		—		2,837		631		—		3,468
Impairment loss		—		1,376		—		—		1,376
Balance, March 31, 2024	$	—	$	108,865	$	5,756	$	—	$	114,621
Property, plant and equipment, net balance, December 31, 2023	$	23,029	$	315,467	$	10,406	$	421	$	349,323
Property, plant and equipment, net balance, March 31, 2024	$	23,029	$	312,130	$	10,255	$	421	$	345,835

(b) Dispositions of assets held for sale - three months ended March 31, 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.

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

(c) Assets held for sale

The following table summarizes the property, plant and equipment held for sale on March 31, 2024 (one parcel of land in Georgia) and December 31, 2023 (one property in South Carolina and one parcel of land in Georgia):

	March 31, 2024	December 31, 2023
Assets:		
Property, plant and equipment, net	$ 265	$ 3,962
	$ 265	$ 3,962

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

7. Joint arrangements:

As at March 31, 2024, the following are the Company's joint arrangements:

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 operators lease the properties from the joint operation landlord, being Invesque-Autumwood Landlord.

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

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

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

The Company and Autumnwood each own a 50% direct beneficial interest in the investment properties of the Invesque-Autumnwood Landlord entities ("landlords") and are jointly obligated for the related mortgages for a portfolio of four properties, which are classified as joint controlled operations and are accounted for under the proportionate consolidation method. The Company's 50% interest in the operations of these 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 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 $909 for the three months ended March 31, 2024 (three months ended March 31, 2023 - $876), were reported as lease revenue from joint ventures in the statements of income (loss) and comprehensive income (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 income (loss) is included in income (loss) from joint ventures in the consolidated statements of loss and comprehensive loss.

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

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

	Three months ended March 31, 2024	Three months ended March 31, 2023
Cash contributions to joint ventures	$ 586	$ 71
Distributions received from joint ventures	$ 18	$ —

	March 31, 2024 Net assets	March 31, 2024 Company share of net assets	December 31, 2023 Net assets	December 31, 2023 Company share of net assets
Cash and cash equivalents	$ 1,063	$ 837	$ 1,181	$ 881
Tenant and other receivables	2,204	1,662	2,676	2,087
Other	5,428	4,447	5,518	4,541
Current assets	8,695	6,946	9,375	7,509
Investment properties	191,776	151,706	190,353	150,592
Property, plant and equipment, net	1,389	695	1,417	708
Derivative instruments	448	370	1,085	896
Other non-current assets	9	8	11	10
Total assets	$ 202,317	$ 159,725	$ 202,241	$ 159,715
Accounts payable and accrued liabilities	$ 10,681	$ 8,671	$ 10,916	$ 8,898
Deferred revenue	713	600	645	530
Mortgages payable - current	51,433	42,869	9,146	7,345
Current liabilities	62,827	52,140	20,707	16,773
Mortgages payable - non-current	74,940	61,853	91,079	76,344
Construction loans	—	—	25,207	20,227
Other non-current liabilities	1,910	1,366	1,889	1,348
Total liabilities	$ 139,677	$ 115,359	$ 138,882	$ 114,692
Net assets	$ 62,640	$ 44,366	$ 63,359	$ 45,023

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

	Three months ended March 31, 2024		Three months ended March 31, 2023	
	Net loss at 100%	Company share of net loss	Net income at 100%	Company share of net loss
Revenue	$ 17,193	$ 10,305	$ 14,634	$ 8,936
Other income	—	—	234	196
Property operating expense	15,274	8,693	12,976	7,404
Net finance costs	1,836	1,518	1,113	935
General and administrative expenses	7	4	1	1
Change in fair value of financial instruments	637	526	660	541
Change in fair value of investment properties	854	770	60	275
Net income (loss) prior to distributions to owners	$ (1,415)	$ (1,206)	$ 58	$ (24)

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 about the 100% balance of mortgages payable accounted for by the Company's joint ventures:

	March 31, 2024	December 31, 2023
Mortgages at fixed rates:		
Mortgages (principal)	$ 12,004	$ 6,352
Interest rates (inclusive of swap impact)	4.25% to 8.00%	4.25 %
Weighted average interest rate	6.03 %	4.25 %
Mortgages at variable rates:		
Mortgages (principal) (1)	$ 115,509	$ 95,035
Interest rates	2.035% plus SOFR fixed at 1.95% to SOFR plus 4.00%	2.035% plus SOFR fixed at 1.95% to SOFR plus 4.00%
Weighted average interest rate	5.76 %	5.00 %
Blended weighted average rate	5.79 %	4.95 %

(1) Includes $75,750 of variable rate mortgages that are fixed with interest rate swaps (December 31, 2023 - $76,221). The interest rate swap of 3.99% (7.38% stated rate) on the $75,750 mortgage matures on May 31, 2024 while the underlying mortgage matures on May 31, 2026.

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

8. Credit facilities:

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

	March 31, 2024	Borrowing rate at March 31, 2024	December 31, 2023	Borrowing rate at December 31, 2023
Credit Facility (1)	$ 121,487	7.93 %	$ 159,000	7.67 %
Credit Facility (1)	—	— %	24	7.95 %
Commonwealth Facility	176,638	7.59 %	177,262	5.76 %
Finance costs, net	(170)	—	(271)	—
Carrying value	$ 297,955	7.73 %	$ 336,015	6.66 %
Less current portion	297,955		216,015	
Non-current portion	$ —		$ 120,000	

(1) The separate term and revolver credit facilities were refinanced into one credit facility with the same lender on November 8, 2023. $15,000 of the Credit Facility is a revolver instrument with identical terms.

Future principal repayments of the credit facilities are as follows:

	Aggregate principal payments
2024	$ 178,125
2025	120,000
2026 and thereafter	—
Total	$ 298,125

The Company is negotiating a refinancing arrangement related to the renewal of the Commonwealth Facility.

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

9. Mortgages payable:

Mortgages payable consist of the following as at:

	March 31, 2024	December 31, 2023
Mortgages payable	$ 182,482	$ 214,017
Mark-to-market adjustment, net	4,820	4,823
Finance costs, net	(1,762)	(2,221)
Carrying value	$ 185,540	$ 216,619
Less current portion	63,222	63,830
Non-current portion	$ 122,318	$ 152,789

Mortgages payable are first charge mortgages secured and collateralized by investment properties and property, plant and equipment with a carrying value of $259,605 at March 31, 2024. Maturity dates on mortgages payable range from 2024 to 2054, and the weighted average years to maturity is 5.68 years at March 31, 2024.

Future principal payments on the mortgages payable as at March 31, 2024 are as follows:

	Regular principal payments	Principal due on maturity	Total principal payments	% of total principal payments
2024	$ 1,282	$ 45,144	$ 46,426	26 %
2025	1,398	16,524	17,922	10 %
2026	1,398	57,500	58,898	32 %
2027	1,005	17,161	18,166	10 %
2028	1,016	2,857	3,873	2 %
Thereafter	24,913	12,284	37,197	20 %
	$ 31,012	$ 151,470	$ 182,482	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. The Company complied with all financials covenants as at March 31, 2024. 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 while complying with covenants within twelve months after the reporting period.

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

	March 31, 2024	December 31, 2023
Mortgages at fixed interest rates:		
Mortgages (principal)	$ 60,535	$ 61,317
Interest rates (inclusive of interest rate swap impact)	2.55% to 6.15%	2.55% to 6.15%
Weighted average interest rate	4.06 %	4.06 %
Mortgages at variable rates(1):		
Mortgages (principal)	$ 121,947	$ 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	6.58 %	6.97 %
Weighted average interest rate	5.74 %	6.14 %

(1) Weighted average interest rates include debt of $74,029 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 March 31, 2024	Stated interest rate	Swapped rate / cap maturity	Debt maturity
$3,000 fixed swap at 8.1%	8.9 %	August 5, 2026	August 5, 2026
$3,465 fixed swap at 5.9%	6.8 %	July 31, 2024	July 31, 2024
$10,063 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

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

10. Derivative financial instruments:

(a) Derivative swaps and interest rate caps:

Derivative swaps and interest rate caps as at March 31, 2024, and fair value adjustments during the period then ended, are detailed in the table below:

				Asset (liability) balance		Income (loss) for the year ended	
Swaps and Caps	Maturity date	Fixed rate	Notional amount	March 31, 2024	December 31, 2023	March 31, 2024	March 31, 2023
Credit Facility Term [1]	December 19, 2023	SOFR fixed at 2.05%	$ —	$ —	$ —	$ —	$ (1,236)
Credit Facility Revolver [1]	January 2, 2024	SOFR fixed at 2.50%	—	—	—	—	(129)
Credit Facility Term and Revolver [2]	May 31, 2025	SOFR fixed at 5.07%	—	—	(837)	652	—
Red Oak Mortgage Swap [3]	July 31, 2024	Canadian BA fixed at 2.17%	3,466	(8)	7	(14)	(8)
Commonwealth Credit Facility Swap [4]	August 1, 2024	SOFR fixed at 1.62%	—	—	—	—	(1,465)
Commonwealth Credit Facility Swap [4]	March 1, 2024	SOFR fixed at 3.50%	—	—	822	(822)	—
Charlottesville Mortgage Swap[5]	March 31, 2024	SOFR fixed at 2.96%	—	—	—	—	(179)
Christiansburg Mortgage Rate Cap[6]	July 1, 2024	SOFR capped at 2.00%	10,197	115	194	(80)	—
Merchants Bank of Indiana Mortgage Rate Cap[7]	June 10, 2025	SOFR capped at 2.00%	57,500	2,073	2,156	(83)	—
Carrollton Mortgage Swap	August 5, 2026	SOFR fixed at 5.02%	3,000	(44)	(90)	46	—
		Net carrying value and net fair value adjustments		$ 2,136	$ 2,252	$ (301)	$ (3,017)
		Less current portion		107	1,023		
		Non-current portion		$ 2,029	$ 1,229		
		Derivative instruments Asset		$ 2,188	$ 3,179		
		Derivative instruments Liability		(52)	(927)		
				$ 2,136	$ 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$4,692.

(4) The original swap was terminated on June 29, 2023 and re-contracted, with new terms, with an effective date of September 1, 2023.

(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%.

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

(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 March 31, 2024, the prepayment embedded derivative assets have a fair value of $768 (December 31, 2023 - $848). For the three months ended March 31, 2024, a fair value loss of $80 (three months ended March 31, 2023 - $79 gain), 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:

		March 31, 2024		December 31, 2023
Issued	$	24,850	$	24,850
Issue costs, net of amortization and accretion of equity component		2,624		2,202
Fair value adjustment, net		(2,198)		(2,768)
Equity component, excluding issue costs and taxes		(4,254)		(4,254)
2016 Convertible Debentures	$	21,022	$	20,030
Current	$	21,022	$	—
Non-current		—		20,030
2016 Convertible Debentures	$	21,022	$	20,030

Interest costs of $435 related to the 2016 Convertible Debentures are recorded in financing costs for the three months ended March 31, 2024 (December 31, 2023- $1,740) using the effective interest rate method (note 20).

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

(b) 2018 Convertible Debentures

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

		March 31, 2024		December 31, 2023
Issued	$	50,000	$	50,000
Redemptions		(4,828)		(4,828)
NCIB purchases		(1,757)		(1,757)
Issue costs, net of amortization and accretion of equity component		577		278
Fair value adjustment, net		(19,974)		(20,876)
Equity component, excluding issue costs and taxes		(7,236)		(7,236)
2018 Convertible Debentures	$	16,782	$	15,581
Current	$	—	$	—
Non-current portion		16,782		15,581
2018 Convertible Debentures	$	16,782	$	15,581

Interest costs of $950 related to the 2018 Convertible Debentures are recorded in financing costs for the three months ended March 31, 2024 (December 31, 2023- $3,110) 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:

		March 31, 2024		December 31, 2023
Issued	$	68,424	$	68,424
Cumulative redemptions		(9,818)		(9,818)
Equity component, net of accretion		(147)		(258)
Commonwealth preferred unit liability	$	58,459	$	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 right to defer the settlement of this liability for at least twelve months after the reporting period.

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

13. Other liabilities:

Other liabilities are as follows:

	March 31, 2024	December 31, 2023
Deferred shares liability (note 22)	$ 128	$ 118
Security deposits received from tenants	461	730
Escrows collected from tenant	941	699
Deferred revenue	1,961	2,454
Lease liability	2,060	2,183
Other	1,038	1,032
	$ 6,589	$ 7,216
Current	$ 3,388	$ 3,712
Non-current	3,201	3,504
	$ 6,589	$ 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	—	466	—	—	466
Repayments and refinancings	(37,538)	(30,470)	—	—	(68,008)
Scheduled principal payments	(624)	(635)	—	—	(1,259)
Amortizing of financing costs, mark to market adjustments, and accretion of equity components as applicable	102	457	2,192	111	2,862
Changes in foreign currency rates	—	(897)	1	—	(896)
Balance, March 31, 2024	$ 297,955	$ 185,540	$ 37,804	$ 58,459	$ 579,758

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

15. Discontinued operations:

A strategic decision has been made to exit the medical office building segment, and the sale of the remaining two buildings 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. As of March 31, 2024, the Company owns two remaining medical office buildings in the United States.

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 beyond the Company's control, such as the inability to obtain financings and the economic environment within the medical office building industry, no deals have closed on the remaining two buildings to date. The Company remains steadfast in its commitment to sell the assets 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 March 31, 2024 are as follows:

		March 31, 2024		December 31, 2023
Investment properties	$	5,521	$	5,521
Other assets		855		854
Total assets of discontinued operations classified as held for sale	$	6,376	$	6,375
Other liabilities	$	175	$	457
Total liabilities related to assets held for sale	$	175	$	457

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

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

	Three months ended March 31, 2024	Three months ended March 31, 2023
Rental revenue	$ 298	$ 750
Other revenue	5	1
Direct property operating expense	360	470
Net finance costs from operations	217	286
Real estate tax expense	403	535
General and administrative expense	16	18
Change in fair value of investment properties - IFRIC 21	(303)	(401)
Change in fair value of investment properties	13	3,882
Foreign exchange loss reclassified from other comprehensive income	7	(5)
Current income tax expense	—	551
Net loss from discontinued operations	$ (410)	$ (4,585)

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

	Three months ended March 31, 2024	Three months ended March 31, 2023
Net cash provided by (used in) operating activities	$ (26)	$ (286)
Net cash provided by (used in) financing activities	—	—
Net cash provided by (used in) investing activities	(13)	(88)

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

16. Share capital:

(a) Common shares:

The following number and value of common shares were issued and outstanding as at March 31, 2024:

	Common shares		Carrying value
Balance, December 31, 2023	56,206,294	$	518,370
Issued on settlement of Deferred Share Incentive Plan	—		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, March 31, 2024	56,206,294	$	518,375

(i) Effective December 20, 2022, the Company renewed its normal course issuer bid ("NCIB"). Pursuant to the notices filed with the TSX, The Company was authorized to acquire up to a maximum of 2,806,947 of its Shares, or approximately 5% of The Company's 56,138,948 outstanding Shares as of December 9, 2022, and up to a maximum of $4,867 aggregate principal amount of Debentures, or approximately 10% of the public float of $48,672 aggregate principal amount of Debentures outstanding as of December 9, 2022, in each case for cancellation over a twelve- month period. The number of Shares that could be purchased pursuant to the NCIB was subject to a current daily maximum of 3,944 Shares (which is equal to 25% of 15,779 Shares, being the average daily trading volume during the six months ended November 30, 2022), and the aggregate principal amount of Debentures that could be purchased pursuant to the NCIB was subject to a daily maximum of $8,187 aggregate principal amount of Debentures (which is equal to 25% of $32,750 aggregate principal amount of Debentures, being the average daily trading volume during the six months ended November 30, 2022), in each case subject to the Company's ability to make one block purchase of the Shares or 2023 Convertible Debentures, as applicable, per calendar week that exceeds such limits. The NCIB expired in December 2023 and the Company elected not to renew the program.

(b) Preferred shares:

The following number and value of preferred shares were issued and outstanding as at March 31, 2024:

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

As at March 31, 2024, the preferred shares are convertible into 13,235,382 (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.

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

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

Net loss:

		Three months ended March 31, 2024		Three months ended March 31, 2023
Net loss from continuing operations for basic and diluted net loss per share	$	(5,834)	$	(11,013)
Net loss for basic and diluted net loss per share	$	(6,244)	$	(15,598)

Denominator for basic and diluted net loss per share:

	Three months ended March 31, 2024	Three months ended March 31, 2023
Weighted average number of shares, including fully vested deferred shares: Basic and diluted	56,658,322	56,746,431

Net loss per share:

		Three months ended March 31, 2024		Three months ended March 31, 2023
Net loss per share from continuing operations:				
Basic	$	(0.10)	$	(0.19)
Diluted	$	(0.10)	$	(0.19)
Net loss per share:				
Basic	$	(0.11)	$	(0.27)
Diluted	$	(0.11)	$	(0.27)

18. Revenue:

(a) Rental Revenue:

Rental revenue consists of the following:

		Three months ended March 31, 2024		Three months ended March 31, 2023
Contractual rental revenue	$	6,000	$	10,487
Straight-line rent adjustments		451		615
Amortization of tenant inducements		(61)		(61)
Amortization of leasing commission		(5)		(5)
Property tax recoveries		1,722		2,982
	$	8,107	$	14,018

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

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 March 31, 2024 are as follows:

		As of March 31, 2024
Less than 1 year	$	18,703
Between 1 and 5 years		79,785
More than 5 years		120,814
	$	219,302

(b) Resident rental and related revenue:

		Three months ended March 31, 2024		Three months ended March 31, 2023
Resident revenue	$	27,233	$	27,998
Service revenue (1)		6,176		5,703
	$	33,409	$	33,701

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

19. Direct property operating expenses:

Direct property operating expenses consist of the following:

		Three months ended March 31, 2024		Three months ended March 31, 2023
Repairs and maintenance	$	688	$	686
Utilities		1,089		1,163
Compensation and benefits		16,449		16,849
Other services and supplies		2,112		1,922
Administrative and marketing		2,541		2,465
Real estate taxes		517		594
Insurance		695		721
Other		559		1,316
	$	24,650	$	25,716

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

20. Net finance costs:

Net finance costs consist of the following:

		Three months ended March 31, 2024		Three months ended March 31, 2023
Interest expense on credit facilities	$	6,307	$	8,650
Interest expense on mortgages payable		3,097		2,165
Interest expense on convertible debentures		1,385		1,144
Dividends on Commonwealth preferred units		1,022		929
Amortization and accretion expense		1,373		1,008
Net (loss) gain on interest rate swaps		(1,192)		(2,829)
Debt extinguishment costs		(412)		(9)
Amortization of mark-to-market debt adjustments		1,469		414
Net finance costs from operations	$	13,049	$	11,472
Allowance for credit losses on loans and interest receivable (note 3)		319		258
Allowance for credit losses on property taxes receivable		(59)		789
Change in fair value of financial instruments (note 10)		381		2,937
Accretion of fair value adjustment on convertible debentures (note 11)		1,472		—
Change in non-controlling interest liability related to finance costs from operations		(13)		(201)
Total finance costs	$	15,149	$	15,255

21. General and administrative:

General and administrative expenses consist of the following:

		Three months ended March 31, 2024		Three months ended March 31, 2023
Compensation and benefits	$	3,063	$	3,686
Professional fees		1,059		951
Deferred share compensation expense		14		340
Insurance		181		131
Rent		109		107
Other		790		751
	$	5,216	$	5,966

For the three months ended March 31, 2024, $2,410, (three months ended March 31, 2023 - $2,091) of general and administrative expenses noted above were incurred at the Commonwealth Senior Living's management company, which represents the owner-occupied reportable segment.

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

22. Deferred share incentive plan:

At March 31, 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
Equity Settled Deferred Shares	—	—
Individual Contributed Deferred Shares (vested immediately)	—	—
Company Contributed Deferred Shares	—	2,064
Shares issued upon vesting of deferred shares	(9,438)	—
Shares forfeited	(18,876)	(18,876)
As at March 31, 2024	457,281	454,092

For the three months ended March 31, 2024, the Company recognized $14 of expense related to deferred shares in the consolidated statements of loss and comprehensive loss (three months ended March 31, 2023 - $340 loss). A deferred share liability of $128 is included in other non-current liabilities in the consolidated statements of financial position as at March 31, 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 year ended March 31, 2024, the Company granted 207,640 deferred shares with a grant-date fair value of $187 (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 Financial 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, Tiptree will no longer own or control any shares in the Company. The acquisition is expected to close in the second quarter of 2024 and remains subject to customary closing conditions. After giving effect to the acquisition, ISHC would own or control, 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 Mr. Chester, ISHC and Mr. Chester will collectively own 17,195,190 common shares, representing approximately 30.59% of the outstanding common shares of the Company. as of March 31, 2024.

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

24. Income taxes:

The income tax recovery in the consolidated statements of loss and comprehensive loss differs from that expected by applying the combined federal, provincial and state income tax rates of 26.5% (2023 - 26.5%). The differences for the three months ended March 31, 2024 and 2023 are as follows:

		Three months ended March 31, 2024		Three months ended March 31, 2023
Net loss from continuing operations before income taxes	$	(6,723)	$	(11,013)
Income tax recovery at Canadian tax rate		(1,781)		(2,918)
Non-deductible expenses		5		91
Difference in tax rate in foreign jurisdiction		(41)		(107)
Unrecognized tax losses		928		2,934
Income tax recovery	$	(889)	$	—

For the three months ended March 31, 2024, U.S. subsidiaries recognized income tax expense of $nil (three months ended March 31, 2023 - $551 included in net loss from discontinued operations).

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. During the year ended December 31, 2020, given the performance of one of the six communities, the Company recorded an expense related to the increase in the fair value of contingent consideration in the amount of $3,256, which was paid through the issuance of $1,701 of Commonwealth preferred units and $1,555 of cash on hand. During the year ended December 31, 2022, the Company satisfied the $1,996 liability recorded as of December 31, 2021, through the issuance of $1,043 of Commonwealth preferred units and $953 of cash on hand. As at March 31, 2024, the Company has recorded a liability of $nil (December 31, 2023 - $nil) in the consolidated financial statements associated with this commitment relating to the remaining communities based on the weighted average probability of earnout payments owed using estimated future results at the properties. For the three months ended March 31, 2024, the Company 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.

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

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 March 31, 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:

	March 31, 2024			December 31, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivative instruments - asset	$ —	$ 2,955	$ —	$ —	$ 4,027	$ —
Investment properties	—	—	263,575	—	—	369,932
Loans receivable	—	—	2,514	—	—	2,484
Derivative instruments - liability	—	52	—	—	927	—
Deferred share liability	—	128	—	—	118	—

For the assets and liabilities measured at fair value as at March 31, 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.

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

	March 31, 2024		December 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets:				
Loans receivable	$ 8,566	$ 8,537	$ 12,852	$ 12,688
Derivative instruments	2,955	2,955	4,027	4,027
Bond assets	431	431	504	504
Financial liabilities:				
Mortgages payable	185,540	171,231	216,619	200,662
Credit facilities	297,955	297,955	336,015	335,047
Derivative instruments	52	52	927	927
Convertible debentures	37,804	35,435	35,611	28,608
Commonwealth preferred unit liability	58,459	58,459	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 2 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 reportable 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 months ended March 31, 2024 and 2023:

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

	Three months ended March 31, 2024					
	Seniors housing and care investment properties	Owner occupied properties	Corporate/ other	Total continuing operations	Medical office buildings (discontinued operations)	Total
Tenant rental revenue	$ 8,107	$ —	$ —	$ 8,107	$ 298	$ 8,405
Resident rental and related revenue	—	33,409	—	33,409	—	33,409
Lease revenue from joint ventures	909	—	—	909	—	909
Other revenue	5	993	219	1,217	5	1,222
Other income	1,500	—	—	1,500	—	1,500
Interest income from loans receivable	1	—	213	214	—	214
Direct property operating expenses	—	24,650	—	24,650	360	25,010
Depreciation and amortization expense	—	3,422	46	3,468	—	3,468
Net finance costs from operations	4,608	5,556	2,885	13,049	217	13,266
Real estate property tax expense	6,173	—	—	6,173	403	6,576
General and administrative expenses	36	2,409	2,771	5,216	16	5,232
Transaction costs, net	390	—	(114)	276	—	276
Allowance for expected credit losses	(57)	—	317	260	—	260
Changes in non-controlling interest liability	7	117	—	124	—	124
Change in fair value of investment properties - IFRIC 21	(4,451)	—	—	(4,451)	(303)	(4,754)
Change in fair value of investment properties	359	—	—	359	13	372
Change in fair value of financial instruments	(31)	1,064	(652)	381	—	381
Gain (loss) on sale of property, plant and equipment	—	(8)	—	(8)	—	(8)
Foreign exchange loss reclassified from other comprehensive income	—	—	—	—	7	7
Impairment of property, plant and equipment	—	1,376	—	1,376	—	1,376
Share of income (loss) from joint ventures	(1,206)	—	—	(1,206)	—	(1,206)
Income tax recovery	—	—	889	889	—	889
Net income (loss)	$ 2,282	$ (4,184)	$ (4,821)	$ (5,834)	$ (410)	$ (6,244)
Expenditures for non-current assets:						
Capital additions	$ 468	$ 1,356	$ —	$ 1,824	$ 13	1,837

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

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

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

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

	As at March 31, 2024					
	Seniors housing and care investment properties	Owner occupied properties	Corporate/ other	Total continuing operations	Medical office buildings	Total
Investment properties	$ 263,575	$ —	$ —	$ 263,575	$ —	$ 263,575
Property, plant and equipment, net	—	345,385	450	345,835	—	345,835
Investment in joint ventures	44,366	—	—	44,366	—	44,366
Loans receivable	306	—	8,260	8,566	—	8,566
Assets held for sale	38,100	265	—	38,365	6,376	44,741
Other assets	9,033	24,081	8,987	42,101	159	42,260
Total assets	$ 355,380	$ 369,731	$ 17,697	$ 742,808	$ 6,535	$ 749,343
Mortgages payable	$ 70,563	$ 106,752	$ —	$ 177,315	$ 8,225	$ 185,540
Credit facilities	121,487	176,468	—	297,955	—	297,955
Convertible debentures	—	—	37,804	37,804	—	37,804
Commonwealth preferred unit liability	—	58,459	—	58,459	—	58,459
Non-controlling interest liability	539	(339)	—	200	—	200
Other liabilities	7,920	15,720	7,423	31,063	—	31,063
Liabilities related to assets held for sale	—	—	—	—	175	175
Total liabilities	$ 200,509	$ 357,060	$ 45,227	$ 602,796	$ 8,400	$ 611,196

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

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

At March 31, 2024, $571,238 of the Company's non-current assets, excluding financial instruments, are located in the United States (December 31, 2023 - $681,312) and $84,592 are located in Canada (December 31, 2023 - $85,180). During the three months ended March 31, 2024, the Company generated $41,516 (three months ended March 31, 2023 - $47,719), of its revenues, excluding other revenue, from properties located in the United States and $909 (three months ended March 31, 2023 - $876) of its revenues from properties located in Canada.