Clarke Inc.

September 30, 2022 and 2021

Clarke Inc.

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unaudited (in thousands of Canadian dollars)

	September 30, 2022 $	December 31, 2021 $
ASSETS		
Current		
Cash and cash equivalents	**1,491**	18,423
Marketable securities *(note 9)*	**2,965**	2,773
Receivables	**6,469**	9,533
Real estate inventory under development *(note 13)*	**65,948**	—
Other assets *(note 3)*	**3,225**	2,135
Total current assets	**80,098**	32,864
Accrued pension benefit asset *(note 4)*	**35,482**	54,306
Property and equipment *(note 5)*	**189,529**	178,797
Real estate inventory under development	—	53,704
Investment properties *(note 6)*	**71,467**	48,849
Deferred income tax assets *(note 8)*	**11,925**	13,452
Other assets *(note 3)*	**1,064**	2,657
Total assets	**389,565**	384,629
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Short-term indebtedness	**8,218**	—
Accounts payable and other liabilities	**24,537**	12,906
Income taxes payable	**1,824**	3,408
Current portion of long-term debt *(note 7)*	**62,901**	37,751
Total current liabilities	**97,480**	54,065
Convertible debentures	**49,454**	49,268
Long-term debt *(note 7)*	**31,493**	48,765
Construction accounts payable and accrued liabilities	**6,095**	8,390
Lease obligations	**601**	730
Deferred income tax liabilities *(note 8)*	**9,614**	14,792
Total liabilities	**194,737**	176,010
Shareholders' equity		
Share capital *(note 10)*	**83,316**	85,218
Contributed surplus	**7,302**	7,302
Retained earnings	**40,366**	40,100
Accumulated other comprehensive income	**63,844**	75,999
Total shareholders' equity	**194,828**	208,619
Total liabilities and shareholders' equity	**389,565**	384,629

See accompanying notes to the interim condensed consolidated financial statements

On behalf of the Board:

/s/ George Armoyan
Director

/s/ Blair Cook
Director

Clarke Inc.

INTERIM CONSOLIDATED STATEMENTS OF EARNINGS

Unaudited (in thousands of Canadian dollars, except per share amounts)

	Three months ended September 30, 2022	Three months ended September 30, 2021	**Nine months ended September 30, 2022**	Nine months ended September 30, 2021
	$	$	**$**	$
Revenue and other income				
Hotel revenue	**17,231**	11,004	**39,435**	22,714
Provision of services	**4,467**	4,290	**6,718**	5,892
Investment and other income *(note 9)*	**535**	2,664	**1,361**	16,919
	22,233	17,958	**47,514**	45,525
Expenses				
Operating expenses	**10,001**	6,312	**25,224**	14,904
Cost of services provided	**1,593**	1,083	**3,308**	2,624
General and administrative expenses	**810**	283	**2,162**	1,697
Property taxes and insurance	**988**	465	**2,037**	1,198
Depreciation and amortization	**2,415**	2,569	**7,220**	7,573
Interest and accretion	**1,648**	1,515	**4,694**	4,592
	17,455	12,227	**44,645**	32,588
Income before income taxes	**4,778**	5,731	**2,869**	12,937
Provision for income taxes *(note 8)*	**909**	2,268	**979**	2,359
Net income	**3,869**	3,463	**1,890**	10,578
Basic earnings per share:				
(in dollars) (note 10)	**0.27**	0.24	**0.13**	0.72
Diluted earnings per share:				
(in dollars) (note 10)	**0.25**	0.16	**0.13**	0.61

See accompanying notes to the interim condensed consolidated financial statements

Clarke Inc.

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Unaudited (in thousands of Canadian dollars)

	Three months ended September 30, 2022 $	Three months ended September 30, 2021 $	**Nine months ended September 30, 2022 $**	Nine months ended September 30, 2021 $
Net income	**3,869**	3,463	**1,890**	10,578
Other comprehensive income (loss)				
Items that will not be reclassified to income or loss				
Remeasurement gains (losses) and effect of changes to asset ceiling on defined benefit pension plans, net of income tax *(note 4)*	**(18)**	1,485	**(12,986)**	17,476
Revaluation gain on property and equipment, net of income tax	**—**	—	**—**	10,049
Items that may be reclassified subsequently to income or loss				
Unrealized gains (losses) on translation of net investment in foreign operations, net of income tax	**643**	420	**831**	(6)
Other comprehensive income (loss)	**625**	1,905	**(12,155)**	27,519
Comprehensive income (loss)	**4,494**	5,368	**(10,265)**	38,097

See accompanying notes to the interim condensed consolidated financial statements

Clarke Inc.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited (in thousands of Canadian dollars)

	Nine months ended September 30, 2022 $	Nine months ended September 30, 2021 $
OPERATING ACTIVITIES		
Net income	**1,890**	10,578
Adjustments for items not involving cash *(note 11)*	**7,286**	(9,759)
	9,176	819
Additions to real estate inventory under development	**(11,109)**	(8,050)
Net change in non-cash working capital balances *(note 11)*	**5,488**	3,334
Net cash provided by (used in) operating activities	**3,555**	(3,897)
INVESTING ACTIVITIES		
Proceeds on disposition of marketable securities	**—**	35,655
Contribution to joint operation, net of cash acquired	**—**	(21,083)
Proceeds on disposition of asset held-for-sale	**—**	210
Acquisition of hotel property *(note 2)*	**(11,600)**	—
Additions to property and equipment	**(6,049)**	(4,182)
Additions to investment properties	**(15,399)**	(4,612)
Additions to other assets	**—**	(89)
Purchase of marketable securities	**—**	(2,445)
Collections of loans receivable	**250**	1,725
Distribution of pension plan surplus, net of tax *(note 4)*	**1,064**	914
Net cash (used in) provided by investing activities	**(31,734)**	6,093
FINANCING ACTIVITIES		
Repurchase of shares for cancellation *(note 10)*	**(3,526)**	(5,290)
Net proceeds (repayment) of short-term indebtedness	**8,218**	(1,867)
Proceeds of long-term debt, net of financing fees *(note 7)*	**9,619**	8,864
Settlement of stock-option liability	**(72)**	—
Repayment of long-term debt	**(2,878)**	(4,954)
Principal payments of lease obligations	**(114)**	(103)
Net cash provided by (used in) financing activities	**11,247**	(3,350)
Net change in cash during the period	**(16,932)**	(1,154)
Cash and cash equivalents, beginning of period	**18,423**	2,730
Cash and cash equivalents, end of period	**1,491**	1,576

See accompanying notes to the interim condensed consolidated financial statements

Clarke Inc.

INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Unaudited (in thousands of Canadian dollars)

	Nine months ended September 30, 2022 $	Nine months ended September 30, 2021 $
Share capital		
Balance at beginning of period	**85,218**	89,097
Common shares repurchased for cancellation *(note 10)*	**(1,902)**	(3,770)
Balance at end of period	**83,316**	85,327
Contributed surplus		
Balance at beginning of period	**7,302**	7,512
Purchase price in excess of the book value of common shares repurchased for cancellation *(note 10)*	**—**	(210)
Balance at end of period	**7,302**	7,302
Retained earnings		
Balance at beginning of period	**40,100**	25,093
Net income	**1,890**	10,578
Purchase price in excess of the book value of common shares repurchased for cancellation *(note 10)*	**(1,624)**	(1,310)
Balance at end of period	**40,366**	34,361
Accumulated other comprehensive income		
Balance at beginning of period	**75,999**	46,902
Other comprehensive (loss) income	**(12,155)**	27,519
Balance at end of period	**63,844**	74,421
Total shareholders' equity	**194,828**	201,411

See accompanying notes to the interim condensed consolidated financial statements

Unaudited (in thousands of Canadian dollars, except per share amounts)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

Clarke Inc. (the "Company") was incorporated on December 9, 1997 pursuant to the Canada Business Corporations Act. The head office of the Company is located at 145 Hobsons Lake Drive, Halifax, Nova Scotia. The Company is an investment holding company with investments in a diversified group of businesses, operating primarily in Canada. The Company continuously evaluates the acquisition, retention and disposition of its investments. Changes in the mix of investments should be expected. The Company has a diverse and significant portfolio of direct real estate holdings across the hospitality, commercial, industrial and residential sectors. These interim condensed consolidated financial statements were approved by the Board of Directors on November 8, 2022.

Basis of presentation and statement of compliance

These interim condensed consolidated financial statements for the nine months ended September 30, 2022, were prepared in accordance with IAS 34, *Interim Financial Reporting,* and should be read together with the annual consolidated financial statements for the year ended December 31, 2021. The same accounting policies and methods of computation were followed in the preparation of these interim condensed consolidated financial statements as were followed in the preparation of the annual consolidated financial statements for the year ended December 31, 2021.

Principles of consolidation

Subsidiaries
The interim condensed consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions have been eliminated on consolidation. All subsidiaries have the same reporting year end as the Company, and all follow the same accounting policies.

Joint operation
The Company became involved in a joint operation during the year ended December 31, 2021. The Company's share of the assets, liabilities, revenues and expenses of this joint operation have been recognized in the relevant categories of these interim condensed consolidated financial statements.

2. HOTEL ACQUISITION

On June 13, 2022, the Company acquired the Stanford Inn & Suites in Grande Prairie, AB, for a gross purchase price of $11,600, which was paid in cash and by drawing on the Company's revolving credit facilities. The following table summarizes the fair value of the assets acquired:

	$
Land	**3,700**
Buildings and components	**6,400**
Furniture, fixtures and equipment	**1,462**
Inventory	**38**
Assets acquired, at fair value	**11,600**

Included in the interim consolidated statement of earnings for the three and nine months ended September 30, 2022 are acquisition costs of nil and $41, respectively, revenue of $1,436 and $1,773, respectively, and income before taxes of $517 and $632, respectively.

Unaudited (in thousands of Canadian dollars, except per share amounts)

3. OTHER ASSETS

	September 30, 2022 $	December 31, 2021 $
Other current assets		
Inventories	**117**	78
Prepaid expenses and deposits	**1,603**	1,807
Current portion of loans receivable	**1,505**	250
	3,225	2,135
Other non-current assets		
Loans receivable	**754**	2,202
Intangible and other assets	**310**	455
	1,064	2,657

4. EMPLOYEE FUTURE BENEFITS

Reconciliations of the funded status of the benefit plans to the amounts recorded on the interim consolidated statements of financial position are as follows:

	September 30, 2022 $	December 31, 2021 $
Fair value of plan assets	**112,927**	104,362
Accrued benefit obligation	**(39,333)**	(50,056)
Funded status of plans – surplus	**73,594**	54,306
Cumulative impact of asset ceiling	**(38,112)**	—
Accrued pension benefit asset	**35,482**	54,306

The defined benefit pension recovery recognized in the interim consolidated statements of earnings for the three and nine months ended September 30, 2022 was $174 and $522, respectively (2021 – expense of $19 and $53). Elements of the defined benefit remeasurement recognized in other comprehensive income (loss) are as follows:

	Three months ended September 30, 2022 $	Three months ended September 30, 2021 $	**Nine months ended September 30, 2022 $**	Nine months ended September 30, 2021 $
Remeasurement gains and return on plan assets in excess of discount rate	**1,905**	2,036	**20,213**	23,947
Impact of asset ceiling	**(1,929)**	—	**(38,112)**	—
Deferred income tax recovery (expense)	**6**	(551)	**4,913**	(6,471)
Net gains (losses)	**(18)**	1,485	**(12,986)**	17,476

The most significant assumption impacting the valuation of the accrued benefit obligation is the discount rate, which was 4.95% as at September 30, 2022 (December 31, 2021 – 2.90%). The discount rate also impacts the calculation of the asset ceiling. An increase in the discount rate reduces the present value of the future economic benefits available to the Company from surplus assets.

Unaudited (in thousands of Canadian dollars, except per share amounts)

4. EMPLOYEE FUTURE BENEFITS (CONT'D)

During the nine months ended September 30, 2022, the Company received a distribution from one of its pension plans in the amount of $1,447 (2021 – $1,244) in accordance with the surplus withdrawal rules of the Quebec Supplemental Pension Plans Act.

The following table summarizes the changes in the accrued pension benefit asset for the nine months ended September 30, 2022:

	Nine months ended September 30, 2022 $
Accrued pension benefit asset – beginning balance	**54,306**
Remeasurement gains and return on plan assets in excess of discount rate	**20,213**
Pension recovery	**522**
Surplus withdrawal	**(1,447)**
Impact of asset ceiling	**(38,112)**
Accrued pension benefit asset – ending balance	**35,482**

5. PROPERTY AND EQUIPMENT

Nine months ended September 30, 2022	**Land $**	**Buildings and components $**	**Ferry and vessel dry dock costs $**	**Furniture, fixtures and equipment $**	**Right-of-use assets $**	**Renovations in progress $**	**Total $**
Beginning balance	40,572	126,123	—	7,000	507	4,595	178,797
Additions (*notes 2 & 13*)	3,700	6,921	733	2,716	—	3,838	17,908
Disposals	—	—	—	(3)	—	—	(3)
Transfers	—	4,069	—	2,426	—	(6,495)	—
Depreciation	—	(4,807)	(140)	(2,168)	(58)	—	(7,173)
Ending balance	**44,272**	**132,306**	**593**	**9,971**	**449**	**1,938**	**189,529**

Valuation	44,272	138,963	—	—	—	—	183,235
Cost	—	—	5,390	21,954	738	1,938	30,020
Accumulated depreciation	—	(6,657)	(4,797)	(11,983)	(289)	—	(23,726)
Net book value	**44,272**	**132,306**	**593**	**9,971**	**449**	**1,938**	**189,529**

Unaudited (in thousands of Canadian dollars, except per share amounts)

6. INVESTMENT PROPERTIES

Nine months ended September 30, 2022	Buildings $	Vacant land $	Investment property under construction $	Total $
Beginning balance	17,010	167	31,672	48,849
Additions	79	—	20,881	20,960
Capitalized interest	—	—	273	273
Foreign exchange impact	1,385	—	—	1,385
Ending balance	**18,474**	**167**	**52,826**	**71,467**

7. LONG-TERM DEBT

The following table summarizes significant changes in long-term debt for the nine months ended September 30, 2022:

	Nine months ended September 30, 2022 $
Total long-term debt – beginning balance	**86,516**
Proceeds from long-term debt	**9,740**
Repayment of long-term debt	**(2,878)**
Capitalized interest on construction financing	**1,109**
Deferred financing fees capitalized	**(121)**
Accretion	**123**
Amortization of fair value increment from acquisitions	**(95)**
Total long-term debt – ending balance	**94,394**
Less: current portion (*note 13*)	**(62,901)**
Long-term portion	**31,493**

On April 8, 2022, the Company renewed a mortgage payable of $14,649 with a fixed interest rate of 4.55%, which was due to mature in November 2022. The renewed mortgage has a fixed interest rate of 3.91%, an amortization period of fifteen years, a five-year term and matures in April 2027. The mortgage is secured by two hotels.

At September 30, 2022, the Company had available unused revolving credit facilities totalling $46,782 (December 31, 2021 – $55,000).

On October 13, 2022, the Company extended a loan facility comprised of a $20,157 term loan and a $15,000 revolving line of credit, which matured on September 1, 2022. The loan facility was extended for approximately one year and matures on October 1, 2023. The term loan has a fixed interest rate of 6.55% and a 12-year amortization period. The revolving line of credit bears interest at prime plus 1.40%. The loan facility is secured by five hotels.

Unaudited (in thousands of Canadian dollars, except per share amounts)

8. INCOME TAXES

The provision for income taxes consists of:

	Three months ended September 30, 2022	Three months ended September 30, 2021	**Nine months ended September 30, 2022**	Nine months ended September 30, 2021
	$	$	**$**	$
Current	**288**	2,371	**176**	3,324
Deferred	**621**	(103)	**803**	(965)
Provision for income taxes	**909**	2,268	**979**	2,359

As at September 30, 2022, the Company had non-capital losses carried forward for tax purposes of $18,015 (December 31, 2021 – $20,626) in Canada and US$14,196 (December 31, 2021 – US$11,943) in the United States. Certain deferred income tax assets have not been recognized:

	September 30, 2022	December 31, 2021
	$	$
Property and equipment	**1,420**	2,212
Non-capital and capital loss carry-forwards	**3,134**	3,113
Total	**4,554**	5,325

9. INVESTMENT AND OTHER INCOME

Investment and other income (loss) is comprised of the following:

	Three months ended September 30, 2022	Three months ended September 30, 2021	**Nine months ended September 30, 2022**	Nine months ended September 30, 2021
	$	$	**$**	$
Unrealized (losses) gains on marketable securities	**(35)**	2,441	**(35)**	6,385
Foreign exchange gains	**236**	91	**296**	32
Interest income	**160**	196	**581**	553
Pension recovery (expense) *(note 4)*	**174**	(19)	**522**	(53)
Loss on disposal of assets	**—**	(12)	**(3)**	(194)
Realized gains on marketable securities	**—**	578	**—**	10,807
Gain on modification of convertible debentures	**—**	1,445	**—**	1,445
Fair value adjustment on investment properties	**—**	(2,056)	**—**	(2,056)
	535	2,664	**1,361**	16,919

10. SHARE CAPITAL AND EARNINGS PER SHARE

	Nine months ended September 30, 2022		Nine months ended September 30, 2021	
	# of shares	**$**	# of shares	$
Common shares				
Outstanding common shares, beginning of period	**14,411,969**	**85,218**	15,057,892	89,097
Common shares repurchased for cancellation	**(321,525)**	**(1,902)**	(627,623)	(3,770)
Outstanding common shares, end of period	**14,090,444**	**83,316**	14,430,269	85,327

Earnings per share

	Three months ended September 30, 2022			Three months ended September 30, 2021		
	Earnings $	**Weighted average shares (in thousands) #**	**Per share amount $**	Earnings $	Weighted average shares (in thousands) #	Per share amount $
Basic earnings	**3,869**	**14,153**	**0.27**	3,463	14,498	0.24
Interest, net of income taxes, on assumed conversion of convertible debentures	**575**	**3,694**		575	3,694	
Gain, net of tax, on modification of convertible debentures	—	—		(1,056)	—	
Diluted earnings	**4,444**	**17,847**	**0.25**	2,982	18,192	0.16

	Nine months ended September 30, 2022			Nine months ended September 30, 2021		
	Earnings $	**Weighted average shares (in thousands) #**	**Per share amount $**	Earnings $	Weighted average shares (in thousands) #	Per share amount $
Basic earnings	**1,890**	**14,212**	**0.13**	10,578	14,759	0.72
Interest, net of income taxes, on assumed conversion of convertible debentures	—	—		1,707	3,694	
Gain, net of tax, on modification of convertible debentures	—	—		(1,056)	—	
Diluted earnings	**1,890**	**14,212**	**0.13**	11,229	18,453	0.61

All potentially dilutive securities outstanding as of September 30, 2022, relate to the Company’s convertible debentures. The convertible debentures were dilutive for the three months ended September 30, 2022, anti-dilutive for the nine months ended September 30, 2022, and dilutive for the three and nine months ended September 30, 2021.

During the nine months ended September 30, 2022, 33,333 vested stock options were exercised and settled for cash proceeds of $72, and 16,667 stock options were forfeited. There are no outstanding vested or unvested stock options as at September 30, 2022.

Unaudited (in thousands of Canadian dollars, except per share amounts)

10. SHARE CAPITAL AND EARNINGS PER SHARE (CONT'D)

Share repurchases

On June 29, 2022, the Company renewed a 12-month normal course issuer bid to repurchase up to 711,543 common shares. During the nine months ended September 30, 2022, the Company purchased for cancellation 321,525 (2021 – 627,623) common shares at a cost of $3,526 (2021 – $5,290). The purchase price in excess of the book value of the shares in the amount of $1,624 (2021 – $1,310) has been charged to retained earnings, nil (2021 – $210) has been charged to contributed surplus and $1,902 (2021 – $3,770) has been charged to share capital.

11. SUPPLEMENTAL CASH FLOW INFORMATION

Adjustments for items not involving cash	**Nine months ended September 30, 2021 $**	Nine months ended September 30, 2021 $
Realized/unrealized losses (gains) on marketable securities *(note 9)*	**35**	(17,192)
Depreciation and amortization	**7,220**	7,573
Deferred income tax expense (recovery) *(note 8)*	**803**	(965)
Share-based payment recovery	**(90)**	(14)
Amortization of fair value increments from acquisitions	**(95)**	(125)
Accretion	**309**	138
Unrealized foreign exchange gains	**(377)**	(32)
Pension expense (recovery) *(note 4)*	**(522)**	53
Loss on disposal of assets	**3**	194
Gain on modification of convertible debentures	**—**	(1,445)
Fair value adjustment on investment properties	**—**	2,056
	7,286	(9,759)

Net changes in non-cash working capital balances	**Nine months ended September 30, 2022 $**	Nine months ended September 30, 2021 $
Receivables	**3,064**	(2,638)
Income taxes receivable	**—**	349
Other assets	**286**	(436)
Accounts payable and other liabilities	**3,339**	2,919
Income taxes payable	**(1,201)**	3,140
	5,488	3,334

Unaudited (in thousands of Canadian dollars, except per share amounts)

12. SEGMENTED INFORMATION

The Company operates in two reportable business segments. The Investment segment represents the Company's marketable securities portfolio, its ferry business, its investment properties and its real estate inventory under development. The Hospitality segment consists of the Company's ownership and operation of hotels. The Other category is not a segment and is disclosed for reconciliation purposes. The Other category consists of the Company's treasury and executive functions, its pension plans and its convertible debentures. Revenue in the Other category pertains primarily to investment management fees.

The Company operates predominantly in Canada, with the exception of three investment properties in the United States. Hotel revenue and provision of services was substantially generated from continuing operations in Canada for the three and nine months ended September 30, 2022 and 2021.

Three months ended September 30, 2022	**Investment $**	**Hospitality $**	**Other $**	**Eliminations $**	**Total $**
Revenue and other income:					
Hotel revenue and provision of services	**4,232**	**17,231**	**247**	**(12)**	**21,698**
Investment and other income	**237**	**112**	**186**		**535**
	4,469	**17,343**	**433**	**(12)**	**22,233**
Operating expenses before the undernoted	**2,588**	**10,333**	**483**	**(12)**	**13,392**
Depreciation and amortization	**116**	**2,296**	**3**	**—**	**2,415**
Interest and accretion	**—**	**791**	**857**	**—**	**1,648**
Income (loss) before income taxes	**1,765**	**3,923**	**(910)**	**—**	**4,778**

Nine months ended September 30, 2022	**Investment $**	**Hospitality $**	**Other $**	**Eliminations $**	**Total $**
Revenue and other income:					
Hotel revenue and provision of services	**6,004**	**39,435**	**732**	**(18)**	**46,153**
Investment and other income	**500**	**247**	**614**	**—**	**1,361**
	6,504	**39,682**	**1,346**	**(18)**	**47,514**
Operating expenses before the undernoted	**6,302**	**24,841**	**1,606**	**(18)**	**32,731**
Depreciation and amortization	**268**	**6,945**	**7**	**—**	**7,220**
Interest and accretion	**—**	**2,122**	**2,572**	**—**	**4,694**
Income (loss) before income taxes	**(66)**	**5,774**	**(2,839)**	**—**	**2,869**
Assets	**140,362**	**212,270**	**36,933**	**—**	**389,565**
Liabilities	**62,166**	**60,863**	**71,708**	**—**	**194,737**
Capital expenditures (*notes 2 and 5*)	**27,241**	**16,916**	**—**	**—**	**44,157**
Assets located outside of Canada	**18,659**	**—**	**—**	**—**	**18,659**

Unaudited (in thousands of Canadian dollars, except per share amounts)

12. SEGMENTED INFORMATION (CON'T)

Three months ended September 30, 2021	Investment $	Hospitality $	Other $	Eliminations $	Total $
Revenue and other income:					
Hotel revenue and provision of services	4,060	11,004	235	(5)	15,294
Investment and other income	1,142	94	1,428	—	2,664
	5,202	11,098	1,663	(5)	17,958
Operating expenses before the undernoted	1,576	6,393	179	(5)	8,143
Depreciation and amortization	13	2,553	3	—	2,569
Interest and accretion	4	715	796	—	1,515
Income before income taxes	3,609	1,437	685	—	5,731

Nine months ended September 30, 2021	Investment $	Hospitality $	Other $	Eliminations $	Total $
Revenue and other income:					
Hotel revenue and provision of services	5,279	22,714	622	(9)	28,606
Investment and other income (loss)	15,315	375	1,229	—	16,919
	20,594	23,089	1,851	(9)	45,525
Operating expenses before the undernoted	3,939	15,153	1,340	(9)	20,423
Depreciation and amortization	94	7,443	36	—	7,573
Interest and accretion	50	2,140	2,402	—	4,592
Income (loss) before income taxes	16,511	(1,647)	(1,927)	—	12,937
Assets	127,236	198,212	56,964	—	382,412
Liabilities	41,473	68,398	71,130	—	181,001
Capital expenditures	12,662	4,182	—	—	16,844
Assets located outside of Canada	18,390	—	—	—	18,390

13. JOINT OPERATION

On April 21, 2021, the Company entered into a co-ownership agreement ("COA") with two other co-investors to acquire a one-third interest in a real estate development project under construction. The terms of the agreement included cash consideration of $21,121 and the assumption of the Company's share of the construction financing. The Company holds the right to exit the COA for consideration of the Company's investment plus a 6.0% cumulative, annual return. This right, which was to expire on April 20, 2022, was amended and extended to December 31, 2022 during the nine months ended September 30, 2022. Subsequent to September 30, 2022, the Company exercised this right which bound the Company's co-investors to purchase the Company's interest. The disposal transaction will close 60 days from December 31, 2022 with the co-investors having a one-time option to extend the closing of the transaction by 30 days. As a result of this subsequent event, the corresponding assets and liabilities associated with the COA have been presented as current at September 30, 2022.

14. GOVERNMENT FUNDING

The Company applied for various available sources of federal, provincial, and territorial government grants and recognized $281 and $3,304 in the consolidated statements of earnings during the three and nine months ended September 30, 2022, respectively, from these various programs. Additions to property and equipment are presented net of $1,100 of government funding recorded in the nine months ended September 30, 2022.

15. SUBSEQUENT EVENTS

On October 4, 2022, the Company entered into a $85,000 credit facility with a major Canadian bank for the construction of phase one of its multi-unit residential apartment complex on Carling Avenue in Ottawa, ON. The facility is available to the Company as construction costs are incurred, bears interest at the lender's prime rate and has a three-year term. The Company has not yet drawn on this facility.

On October 31, 2022, the Company redeemed $15,754 of its convertible debentures at par from the debentureholders on a pro rata basis. The cash outlay, including $493 of accrued interest, was $16,247.