Report to Shareholders

Q1 2020 Sienna Senior Living Inc.

Sienna SENIOR LIVING

LETTER TO SHAREHOLDERS

Dear Fellow Shareholders,

We are facing the greatest public health threat in most of our living memories. The world as we have known it has changed for almost everyone and, in Canada, nowhere has the impact of COVID-19 been felt more than in seniors' living residences, which have also been at the epicentre of the crisis in most countries where the pandemic is having a severe impact on residents, families and team members.

Our team's demonstration of resilience, compassion, teamwork and commitment to provide residents with the care and services they need at this very difficult time is nothing short of heroic. We are grateful for the outpouring of support and appreciation from our residents, their families, the communities we serve and our many stakeholders. This is what is helping to fuel everyone at Sienna as we deal with the magnitude of this extraordinary situation.

Managing COVID-19

The management of COVID-19 and the health and safety of residents and team members is currently our singular focus. Throughout the quarter, we have been proactive and diligent in addressing extensive infection prevention and other precautionary measures aimed at limiting the spread of the virus.

We are encouraged that, to date, there are no confirmed COVID-19 cases in any of our residences in British Columbia, and an increasing number of positive cases of our residents and team members in Ontario have resolved. Despite the many precautions and safeguards, we currently have 13 Ontario LTC homes and 4 Retirement residences out of Sienna's 70 owned residences, and 1 managed home out of Sienna's 13 managed residences, that have active cases of COVID-19.

Since the onset of the pandemic, we have been collaborating with sector associations, provincial governments, health authorities and health system partners to identify sector needs and help shape important policies and protocols to manage this situation. We are thankful for the leadership of the provincial governments and the funding support announced to date for the extraordinary costs incurred in meeting the challenges of COVID-19 and to support our front-line workers. Never has it been clearer that we are all united in this common cause to fight COVID-19 and in our shared experience of what is needed to navigate it.

The management of COVID-19 is operationally intensive. Staffing challenges experienced by the seniors' living sector prior to the pandemic have been exacerbated by COVID-19, particularly when a residence has a positive COVID-19 case. We have gone to extensive means to recruit and deploy staff and to expedite the hiring process, while supporting single work sites. The temporary pandemic pay for front-line workers by the governments of British Columbia and Ontario is helpful and recognizes the essential and heroic work of those providing residents with the care and services they need at this very difficult time. We are also thankful for the support of hospitals, the Canadian Armed Forces, local health networks and associations who are working alongside our team members to provide additional staffing resources and expertise to our COVID-positive residences.

Inspired by the dedication and extraordinary efforts of staff in the seniors' living sector, we participated in the launch of the Senior Living CaRES Fund ("CaRES"), an initiative mobilized together with three of our sector peers. CaRES provides emergency financial assistance to sector employees who are facing extraordinary circumstances amid the crisis, and to invest in future education for sector employees and their families.

A chief global concern during the pandemic has been the availability of sufficient personal protective equipment ("PPE"). Every Sienna residence has had an adequate supply of the required PPE to date for use in accordance with provincial directives. In addition to increased efforts to maintain the integrity of our existing supply chain, Sienna has joined other seniors' living operators as a founding member of the national PPE initiative known as CAPES (the Canadian Alliance to Protect and Equip Seniors Living). The initiative is designed to more reliably access a network of global suppliers to procure PPE for the entire sector, leveraging on the efforts and purchasing power of participating operators to ensure adequate PPE for all. Through CAPES, we commit to overfund our PPE requirement by 35% to allow for a reserve of supplies to be made available at cost to smaller and not-for-profit Canadian operators. To date, this collaboration of more than 25 sector operators has procured over 20 million pieces of PPE. We are pleased with the early success of CAPES and are grateful for the support of our peers, government and local health partners in accessing PPE for residences.

A priority throughout the crisis has been to communicate through a number of channels to residents, families and team members and other stakeholders to help ensure they are aware of the facts and have questions and concerns answered. This can be difficult, given rapidly changing circumstances and information, as well as the intensity of the current reality which requires our team members, especially those in long-term care, to focus on providing essential care and services.

Strong foundation and fundamentals

Providing high-quality care and services to our residents has always been our primary focus. In support of this goal, every three years our long-term care residences undergo accreditation by the Commission on Accreditation of Rehabilitation Facilities (CARF). Accreditation helps us to improve the quality of our services and remain accountable in meeting the highest recognized standards. We are extremely proud of the renewal recently received by our long-term care communities. We have been able to illustrate our innovative operating platform and exemplary quality performance, achieving a score of 99.5% conformance to CARF standards. This highest level of accreditation is a testament to the incredible work our team is doing each and every day and recognizes Sienna's culture, best practices and resident satisfaction.

With respect to our financial position, we have further strengthened our balance sheet, lowered our leverage and improved our overall liquidity during the first quarter of 2020. On March 19, 2020, we entered into a credit agreement for a $200 million unsecured revolving credit facility which increased the Company's liquidity to over $222 million as at the end of the quarter, comprised of cash and cash equivalents and available credit. In addition, we increased our pool of unencumbered assets to an estimated fair value of $540 million, which will further contribute to Sienna's financial strength and liquidity.

Sienna is fortunate to have a strong foundation with an experienced team, operating platform and solid financial position, which will help us navigate the current situation and see us through this difficult time. Having operated for 48 years, Sienna supports and serves operations in 83 residences in Ontario and British Columbia. Since the onset of COVID-19, we further enhanced our use of technology with our entire support services team now supporting our operations remotely and have put in place a robust incident management structure through which all directives associated with COVID-19 are implemented and overseen.

The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and scope of the outbreak. With current priorities focused on managing the crisis, we have put our short-term growth plans on hold. However, we remain optimistic about Sienna's future as a high-quality provider of essential services to a rapidly growing demographic.

Looking ahead

Managing COVID-19 is extremely challenging and operationally intensive, and will likely remain at the centre of media attention and national debate for some time. However, there will be opportunities that will emerge as result of innovation, enhanced relationships with our stakeholders and our ability to adapt to new ways of working. We expect these changes will last long past this crisis.

We are building on the success of the third-party accreditation from CARF, ensuring our operating platform will continue to serve the teams across the country who are doing heroic work. We will closely manage the current situation with the support of our partners and will be prepared for a potential resurgence of COVID-19, as many anticipate.

I am incredibly grateful for our team who continues to demonstrate commitment, compassion and resilience. I also want to acknowledge the many partners who are supporting us in the fight against COVID-19 and their swift leadership, including the Registered Nurses Association of Ontario, all public health units and regional Ontario health teams, the Canadian Military, Local Health Integration Networks and the many hospitals.

Through the extraordinary efforts of our team and the support of our partners, Sienna will play a leadership role in positioning the sector for success with the right policies and tools and will emerge from this as a stronger company – of that I am confident.

On behalf of our management team and our Board of Directors, I want to thank the 12,000 Sienna team members for their commitment to making a difference in the lives of our residents and to each other at this very difficult time.

I want to thank you my fellow shareholders for your steadfast support.

If you have any questions, please contact me at 905-477-4006 or at investors@siennaliving.ca.

Yours truly,

Lois Cormack
President and Chief Executive Officer

Management's Discussion and Analysis

(in thousands of Canadian Dollars)

Q1 2020 Report to Shareholders

Sienna SENIOR LIVING

MANAGEMENT'S DISCUSSION AND ANALYSIS

Basis of Presentation

The following Management's Discussion and Analysis ("**MD&A**") for Sienna Senior Living Inc. (the "**Company**" or "**Sienna**") provides a summary of the financial results for the three months ended March 31, 2020. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements ("**interim consolidated financial statements**") for the three months ended March 31, 2020. This material is available on the Company's website at www.siennaliving.ca. Additional information about the Company, including its Annual Information Form ("**AIF**") for the year ended December 31, 2019, can be found on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com.

All references to "**we**", "**our**", "**us**", "**Sienna**", or the "**Company**", unless otherwise indicated or the context otherwise requires, refer to Sienna Senior Living Inc. and its direct and indirect subsidiaries. For ease of reference, the "Company" is used in reference to the ownership and operation of seniors' living residences and its third party management business. Subsidiaries of the Company are the direct owners and operators of such residences.

Financial information has been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). In this document, "**Q1**" refers to the three-month period ended March 31; "**Q2**" refers to the three-month period ended June 30; "**Q3**" refers to the three-month period ended September 30; and "**Q4**" refers to the three-month period ended December 31.

Unless otherwise stated, all dollar amounts referred to in this MD&A, including tabular amounts, are expressed in thousands of Canadian dollars.

This MD&A contains forward-looking information based on management's expectations, estimates and projections about the future results, performance, achievements, prospects or opportunities for Sienna and the seniors' living industry as of the date of this MD&A. Please refer to the "Forward-looking Statements" section and the "Risk Factors" section of this MD&A for more information.

Additional Information

Additional information relating to the Company can be found on the Company's website at www.siennaliving.ca, by accessing the Company's public filings on SEDAR, or by contacting Nitin Jain, the Company's Chief Financial Officer and Chief Investment Officer, at 905-489-0787 or nitin.jain@siennaliving.ca.

Review and Approval by the Board of Directors

This MD&A is dated as of May 13, 2020, the date this report was approved by the Board of Directors of the Company, and is based on information available to management of the Company as of that date.

Company Profile

The Company and its predecessors have been operating since 1972. The Company is a seniors' living provider serving the continuum of independent living ("**IL**"), independent supportive living ("**ISL**"), assisted living ("**AL**"), memory care ("**MC**") and long-term care ("**LTC**" or "**Long-term Care**") through the ownership and operation of seniors' living residences in the Provinces of British Columbia and Ontario. The Company owns and operates a total of 70 seniors' living residences: 27 retirement residences ("**RRs**" or "**Retirement Residences**"); 35 LTC residences; and eight seniors' living residences providing both private-pay IL/AL and funded LTC (including the Company's joint ownership in two residences in British Columbia). The Company also provides management services to an additional 13 seniors' living residences in the Provinces of British Columbia and Ontario.

The table below represents the number of suites or beds owned and operated by the Company, by business segment.

		Retirement (Suites)	Long-term Care (Beds)		Total[1]
Business Segment	**Residences**	**Private**	**Private**	**Funded**	**Beds / Suites**
Retirement	27	3,283	—	—	3,283
Long-term Care[2]	43	—	180	6,688	6,868
Total	**70**	**3,283**	**180**	**6,688**	**10,151**

Notes:
1. 82.7% and 17.3% of total beds/suites are located in Ontario and British Columbia, respectively.
2. 5.4% of total LTC beds and suites are partially owned, of which the Company owns 40% of Nicola Lodge and 77% of Glenmore Lodge as at March 31, 2020.

The Company was incorporated under the Business Corporations Act (Ontario) on February 10, 2010 and was subsequently continued under the Business Corporations Act (British Columbia) on March 18, 2010. The Company closed the initial public offering of its common shares on March 23, 2010 and is traded on the Toronto Stock Exchange ("**TSX**") under the symbol "SIA".

The Company's business is carried on through a number of wholly owned limited partnerships and joint ventures formed under the laws of the Province of Ontario.

As at May 13, 2020, the Company had 67,039,123 common shares outstanding.

Non-IFRS Performance Measures

In this MD&A, the Company uses certain supplemental measures of key performance that are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. These performance measures are net operating income ("**NOI**"), funds from operations ("**FFO**"), operating funds from operations ("**OFFO**"), adjusted funds from operations ("**AFFO**"), earnings before interest, taxes, depreciation and amortization ("**EBITDA**") and maintenance capital expenditures ("**maintenance capital expenditures**", and collectively with NOI, FFO, OFFO, AFFO and EBITDA, the "**Non-IFRS Measures**").

"**NOI**" is defined as property revenue net of property operating expenses.

"**FFO**" is defined as NOI less certain adjustments including finance charges and current income taxes. FFO is a recognized earnings measure that is widely used by public real estate entities, particularly by those entities that own and/or operate income-producing properties. The Company presents FFO in accordance with the Real Property Association of Canada White Paper on Funds From Operations for IFRS. The use of FFO, combined with the required IFRS presentations, has been included for the purpose of improving the understanding of the Company's operating results. The IFRS measure most directly comparable to FFO is "net income". Please refer to the "Business Performance" section of this MD&A for a reconciliation of net income to FFO.

"**OFFO**" is FFO adjusted for non-recurring items, and presents finance charges on a cash interest basis. Management of the Company is of the view that OFFO is a relevant measure of the operating performance of the Company.

"**AFFO**" is defined as OFFO plus the principal portion of construction funding received and amounts received for revenue guarantees, less actual maintenance capital expenditures. Management of the Company believes AFFO is a cash flow measure, which is relevant in understanding the Company's ability to earn cash and pay dividends to shareholders. The IFRS measure most directly comparable to AFFO is "cash flow from operating activities." Please refer to the "Business Performance" section of this MD&A for a reconciliation of cash flow from operating activities to AFFO.

"**EBITDA**" is defined as net income excluding interest, taxes, depreciation and amortization. EBITDA is relevant in understanding the Company's ability to service its debt, finance capital expenditures and pay dividends to shareholders.

"**Adjusted EBITDA**" is defined as EBITDA, adjusted for construction funding proceeds and non-recurring items.

"**Maintenance capital expenditures**" are defined as capital investments made to sustain or maintain the Company's residences to meet residents' needs and enhance residents' experience. These expenditures include building improvements, mechanical and electrical spend, suite renovations, common area upgrades, communications and information systems, furniture, fixtures and equipment. Please refer to the "Maintenance Capital Expenditures" section of this MD&A for additional financial information.

NOI, FFO, OFFO, AFFO, EBITDA and Adjusted EBITDA should not be construed as alternatives to net income or cash flow from operating activities determined in accordance with IFRS as indicators of the Company's performance. The Company's method of calculating these measures may differ from other issuers' methods and accordingly, these measures may not be comparable to measures presented by other publicly traded entities.

Key Performance Indicators

Management of the Company uses the following key performance indicators (the "**Key Performance Indicators**") to assess the overall performance of the Company's operations:

- **Occupancy**: Occupancy is a key driver of the Company's revenues.
- **NOI**: This value represents the underlying performance of the operating business segments. Please refer to the "Non-IFRS Performance Measures" section of this MD&A.
- **OFFO and OFFO per Share**: Management of the Company uses OFFO as an operating performance measure. Please refer to the "Non-IFRS Performance Measures" section of this MD&A.
- **AFFO and AFFO per Share**: Management of the Company uses AFFO as a cash flow measure to assess the Company's ability to earn cash and pay dividends. Please refer to the "Non-IFRS Performance Measures" section of this MD&A.
- **Payout Ratio**: Management of the Company monitors the payout ratio, which is calculated using dividends per share divided by basic AFFO per share, to ensure the Company adheres to its dividend policy, in line with the Company's objectives.
- **Debt to Enterprise Value Ratio:** This ratio measures the Company's total debt net of the principal reserve on the Series B Secured Debentures (defined later in this document) against its enterprise value, which is calculated as the Company's market capitalization and total debt net of the Company's cash and cash equivalents.
- **Debt to Gross Book Value**: In conjunction with the debt service coverage ratio, management of the Company monitors this ratio to ensure compliance with certain financial covenants.
- **Weighted Average Cost of Debt**: This is a point in time calculation which is useful in comparing interest rates, either period over period, or to market rates.
- **Debt to Adjusted EBITDA Ratio**: This ratio measures the number of years required for current cash flows to repay all indebtedness.
- **Interest Coverage Ratio**: Interest coverage ratio is a common measure used to assess an entity's ability to service its debt obligations.
- **Debt Service Coverage Ratio**: This ratio is useful for management of the Company to ensure it is in compliance with its financial covenants.
- **Weighted Average Term to Maturity**: This indicator is used by management of the Company to monitor its debt maturities.
- **Same Property**: Measures with "same property" are similar to "same-store" measures used in the retail business and are intended to measure the period over period performance of the same asset base. The same property portfolio excludes acquired properties owned for less than one year and assets undergoing new development, redevelopment or demolition. Properties undergoing new development or redevelopment are considered "same property" once they are operating at stabilized occupancy levels.
- **Development**: The development portfolio includes properties undergoing new development or redevelopment until they are operating at stabilized occupancy levels.

The above Key Performance Indicators used by management of the Company to assess the overall financial performance of the Company's operations should not be construed as alternatives to net income or cash flow from operating activities determined in accordance with IFRS as indicators of the Company's performance. The Company's use of these measures and its method of calculation may differ from other issuers' use and methods and accordingly, may not be comparable to the key performance indicators of other publicly traded entities.

The following table represents the Key Performance Indicators for the periods ended March 31:

	Three Months Ended		
Thousands of Canadian dollars, except occupancy, share and ratio data	**2020**	2019	Change
OCCUPANCY			
Retirement - Average same property occupancy(1)(2)	**85.1%**	90.4%	(5.3%)
Retirement - As at same property occupancy(1)(2)	**84.5%**	89.4%	(4.9%)
Retirement - As at total occupancy(1)(2)	**83.6%**	89.4%	(5.8%)
LTC - Average total occupancy	**97.9%**	98.2%	(0.3%)
LTC - Average private occupancy	**97.3%**	98.4%	(1.1%)
FINANCIAL			
Revenue	**166,437**	163,669	2,768
Operating expenses	**129,926**	124,757	5,169
Same property NOI(3)	**36,436**	38,912	(2,476)
Total NOI(3)	**36,511**	38,912	(2,401)
EBITDA(4)	**33,737**	31,999	1,738
Net (loss) income	**(2,496)**	442	(2,938)
OFFO(5)	**24,418**	21,322	3,096
AFFO(5)	**25,584**	23,383	2,201
Total assets(6)	**1,718,716**	1,738,577	(19,861)
PER SHARE INFORMATION			
OFFO per share(5)(7)	**0.365**	0.322	0.043
AFFO per share(5)(7)	**0.382**	0.353	0.029
Dividends per share	**0.234**	0.230	0.004
Payout ratio	**61.3%**	65.2%	(3.9%)
FINANCIAL RATIOS			
Debt to enterprise value	**55.6%**	44.0%	11.6%
Debt to gross book value as at period end	**46.9%**	47.8%	(0.9%)
Weighted average cost of debt as at period end	**3.6%**	3.8%	(0.2%)
Debt to Adjusted EBITDA as at period end	**6.8**	7.1	(0.3)
Interest coverage ratio	**4.2**	3.8	0.4
Debt service coverage ratio	**2.1**	1.9	(0.2)
Weighted average term to maturity as at period end	**4.4**	4.4	—
CHANGE IN SAME PROPERTY NOI(3)			
Retirement			(11.4%)
LTC			(2.0%)
Total			(6.4%)

Notes:

1. Retirement same property occupancy excludes the results from the expansion at Island Park Retirement Residence, which is in a lease-up period since it opened in July 2019. Retirement total average occupancy is 84.2% for the three months ended March 31, 2020 (2019 - 90.4%).
2. The year-over-year decline in Retirement occupancy is primarily related to a slowdown in tours and new residents moving in due to access restrictions during the COVID-19 pandemic, the continuing oversupply in the Ottawa market and new supply in the Kingston and South Surrey markets.
3. NOI for Q1 2020 includes $104 net expense related to COVID-19 (as discussed in the "Impact of COVID-19 on the Company" section of this MD&A).
4. EBITDA for Q1 2020 increased by $1,738 to $33,737 compared to Q1 2019 primarily due to a decrease in share-based compensation expense from mark-to-market adjustments, partially offset by a decrease in NOI.
5. OFFO and AFFO for the three months ended March 31, 2020 include a $2,541 after-tax recovery in respect of mark-to-market adjustments on share-based compensation (2019 - after-tax expense of $1,029).
6. Property and equipment and intangible assets included in total assets are measured at cost less accumulated depreciation and amortization.
7. OFFO and AFFO per share for the three months ended March 31, 2020 excluding the after-tax impact of the COVID-19 net expense and the mark-to-market adjustments on share-based compensation would have decreased by $0.037 to $0.328 and $0.345, respectively (2019 - increased by $0.016 to $0.338 and $0.369, respectively).

Impact of COVID-19 on the Company

The COVID-19 global pandemic has evolved quickly worldwide since early 2020. The impact of the pandemic on long-term care has been particularly serious and according to public reports, the majority of COVID-19 related fatalities in Canada have been residents of seniors' living residences across the country. Sienna has always prioritized the health and safety of our residents, team members, families and other community stakeholders, and we have been proactive and diligent in implementing extensive infection prevention and other precautionary measures aimed at limiting the spread of COVID-19. In addition, we have devoted considerable resources in collaborating with sector associations, provincial governments, health authorities and health system partners to identify sector needs and help shape important policies and protocols to manage this situation.

As we are unable to predict with certainty the duration and scope of the COVID-19 pandemic, it is not possible to reliably estimate the length and severity of COVID-19-related impacts on the financial results and operations of the Company. We have already taken and will continue to take actions to mitigate the effects of COVID-19, keeping in mind the needs of our residents, team members and our many stakeholders. The Company's response to the COVID-19 pandemic is guided by public health authorities, and we continue to act according to direction provided by the provincial governments and regulatory authorities to control the spread of COVID-19. We continue to closely monitor business operations and may take further or other actions in response to directives of government and public health authorities. These changes and any additional changes in operations in response to COVID-19 could materially impact the financial results of the Company. Please refer to the "Risk Factors" section of this MD&A for more information.

Below is a list of initiatives surrounding the management of COVID-19 and the impact on our operations, team members and residents.

Management of COVID-19 During and Subsequent to Q1 2020

The management of COVID-19 is currently the foremost priority of the Company and is operationally intensive. Every residence has extensive infection prevention and control measures and protocols in place to protect residents and team members against COVID-19 and to minimize the spread when a positive case is confirmed.

We have an internal expert Incident Management Team which is directing the prompt and comprehensive implementation of all preventive measures and provincially mandated directives across the Company. Some of the many precautions implemented include limiting access to non-essential visitors, testing of residents and team members, active screening of team members and essential visitors, enhanced cleaning protocols, universal masking, temperature checks for all team members and residents and physical distancing where possible within residences.

There are currently no COVID-19 cases in any of Sienna's residences in British Columbia, and in 3 of our residences in Ontario, all identified cases have now been resolved. Despite the many precautions and safeguards, we currently have 4 Retirement residences and 13 Long-term Care residences out of Sienna's 70 owned residences, and 1 managed residence out of Sienna's 13 managed residences, with active cases of COVID-19.

Each of the residences with one or more positive COVID-19 cases requires extensive management in collaboration with the applicable public health authority. We continue to implement increased testing of residents and staff members to the fullest extent possible, including advocating for universal testing wherever such testing is not yet available. We anticipate that increased testing will demonstrate increased numbers of confirmed COVID-19 cases in our residences.

Staffing Update

The staffing challenges experienced by the seniors' living sector prior to the pandemic have been exacerbated by the COVID-19 pandemic, including limiting the movement of team members in all LTC and retirement residences between multiple work sites as a result of government directives. Staffing shortages also result when team members are unable to work because they have tested, or are suspected, COVID-19 positive, decline shifts, self-isolate due to underlying health conditions or while awaiting testing results, or self-isolate due to having had contact with someone who has tested COVID-19 positive.

Staffing becomes particularly challenging once a residence has a positive COVID-19 case. We anticipate that increased testing at our residences will demonstrate increased numbers of confirmed COVID-19 cases, and will continue to require extensive focus on staffing resources to meet residents' needs. To date, the Company has gone to extensive means to recruit and deploy adequate staffing, including centralized talent acquisition, the creation and implementation of new support roles, and expediting the hiring and onboarding process. Sienna is also working extensively with sector associations, peers, government agencies, hospitals and local health authorities in seeking solutions to meet resident care needs and to address staffing shortages, particularly in COVID-19 positive residences.

On April 25, 2020, the Government of Ontario announced a temporary pandemic pay for front-line workers fighting COVID-19, which includes individuals working in long-term care and retirement residences in Ontario. This additional compensation of $4/hour and a lump-sum payment of $250/month for four months for eligible workers recognizes the extraordinary work being done to care for and safeguard residents, whose dedication is nothing less than heroic.

Personal Protective Equipment ("PPE") Procurement and CAPES

A chief concern for Sienna during this pandemic is the health and safety of our team members and we recognize the critical importance of providing and continuing to provide PPE to our residents and team members for use in accordance with provincial directives. Every Sienna residence has had an adequate supply of the required PPE for use to date in accordance with provincial directives. Since the onset of the pandemic, Sienna has sourced nearly 3.7 million pieces of PPE for use at our residences. Sienna also recognizes the importance of having PPE available throughout the sector and has been working with sector peers to procure PPE.

Sienna is a founding member of the Canadian Alliance to Protect and Equip Seniors Living ("CAPES") initiative, designed to procure sufficient PPE for the entire sector at times when local supplies of PPE are inadequate or inaccessible. CAPES is comprised of a group of senior housing operators who agreed to combine funds to act as a joint purchasing group to access a network of credible global suppliers and logistics channels. All CAPES members committed to overfund their PPE requirement by 35% to allow for a reserve of supplies to be made available at cost to small and not-for-profit Canadian operators. We are proud to have founded and be participating in this important program, which has procured more than 20 million pieces of PPE to date, and is supplying PPE through an online supply hub to nearly 200 smaller retirement and long-term care home operators across Canada.

CaRES Fund

Inspired by the dedication and extraordinary efforts of staff members in the seniors' living sector, earlier this week, the Company participated in the launch of the CaRES Fund, an initiative founded by the Company together with Chartwell Retirement Residences, Revera Inc. and Extendicare.

The CaRES Fund aims to provide one-time financial grants of up to $10 thousand to eligible employees of LTC and retirement operators in Canada facing extraordinary circumstances amid the COVID-19 crisis. The founding members of the CaRES Fund have collectively committed an initial amount of $2 million to this initiative. The CaRES Fund intends to continue its legacy post-COVID-19 through continued emergency funding as well as support to employees or their family members to pursue higher education. The CaRES Fund is open to all operators, sector partners and the community to join in expanding the legacy and resources that will continue to recognize the dedication of employees in the sector for years to come.

In appreciation of the commitment of sector workers to the extraordinary fight against COVID-19, in addition to Sienna's $0.5 million contribution, the Company's Board of Directors has contributed approximately 20% of their annual cash compensation for the remainder of the year.

Government Funding

To date, the Government of Ontario has announced $243 million in additional funding for the LTC sector and $20 million in funding for the retirement sector to fund incremental COVID-19 costs. The Government of British Columbia has also committed funding for LTC and assisted living to support costs in connection with mandating single site work locations. For LTC residences in both Ontario and British Columbia, the Company will receive full funding for vacancies caused by temporary closure of admissions due to an outbreak, including COVID-19. The Company's LTC portfolio generated over 56% of total Company NOI in Q1 2020.

Outlook

Given the uncertainty surrounding the impact and duration of the COVID-19 pandemic, the Company has withdrawn its guidance for the 2020 fiscal year that was provided in its MD&A for the year ended December 31, 2019.

With current priorities focused on managing the crisis, the Company is not considering new expansion projects or acquisitions at this time. We may also limit capital expenditures to essential maintenance requirements and restrict access to contractors at our residences, while continuing to dedicate our resources to the health and safety of residents and team members.

While the COVID-19 pandemic is impacting short-term growth plans, we remain optimistic about Sienna's future and potential for growth as a high-quality provider of essential services to a rapidly growing demographic, once a new normal is established. With a balanced portfolio, solid balance sheet and ample liquidity, we are confident in the Company's ability to weather the current situation. Most importantly, our strong foundation with an experienced team and operating platform will help us navigate the current situation and see us through this difficult time.

Although there are many challenges ahead, we also have many reasons to be hopeful. Through this crisis, existing relationships are strengthening and new ones are being created, which we anticipate will last long beyond the pandemic and enable new ways of working with the common purpose of caring for and providing services to seniors.

First Quarter 2020 Summary

Sienna has taken extensive precautions to be prepared for COVID-19. However, as COVID-19 continues to spread throughout areas in which we operate, the extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and scope of the outbreak and impacts on our employees and suppliers, all of which are uncertain and cannot be accurately predicted. Although it is impossible to ascertain the ultimate impacts of COVID-19 at this time, we are confident that with our financial profile and balanced portfolio, we are well positioned to weather this storm.

Occupancy - Average occupancy in the LTC portfolio remained high at 97.9% in Q1 2020. Long-term care residences represent of 56.3% of Sienna's portfolio, based on Q1 2020 net operating income, which are fully funded for vacancies caused by temporary closure of admissions due to an outbreak, including COVID-19.

Average same property occupancy in the Retirement portfolio was 85.1% in Q1 2020. Contributing factors to the occupancy softness in the Retirement portfolio are related to a slowdown in tours and new residents moving in due to access restrictions during the COVID-19 pandemic, the continuing oversupply in the Ottawa market and new supply in the Kingston and South Surrey markets. This was partially offset by fewer move-outs than usual and some conversions from temporary to permanent stays towards the end of the quarter.

Revenue increased by 1.7% in Q1 2020, or $2,768, to $166,437, compared to Q1 2019. The increase was mainly a result of same property results driven by inflationary increases in flow-through funding in the LTC segment, funding revenues to support COVID-19 related costs and in-place annual rental rate increases in the Retirement segment, partially offset by occupancy softness in the Retirement segment. Based on the April 2020 rent collection from residents, resident payments since COVID-19 have remained similar to past experience.

Operating Expenses increased by 4.1% in Q1 2020, or $5,169, to $129,926, compared to Q1 2019. The increase was mainly a result of inflationary increases associated with flow-through funding in the LTC segment, additional expenses related to COVID-19 and higher labour and other costs from annual inflationary increases in the Retirement segment.

NOI decreased by 6.2% in Q1 2020, or $2,401, to $36,511, compared to Q1 2019, mainly related to softness in Retirement occupancy. During Q1 2020, the Company recorded $914 of expenses related to managing COVID-19 and $810 of pandemic related government funding revenues, resulting in a net expense of $104 mainly due to timing. Funding revenue related to COVID-19 is recognized only to the extent that eligible COVID-19 expenses have been incurred and funding allocations are determined.

Net loss was $2,496 for Q1 2020, representing a decrease of $2,938 over the comparable prior year period. The decrease was primarily related to fair value adjustments on interest rate swap contracts in Q1 2020 and lower NOI, partially offset by mark-to-market adjustments on share based compensation and lower income taxes.

OFFO increased by 14.5% in Q1 2020, or $3,096, to $24,418 over the comparable prior year period. OFFO per share increased by 13.4% in Q1 2020, or $0.043, to $0.365 over the comparable prior year period. The increase was primarily due to mark-to-market adjustments on share based compensation, lower current income taxes and lower net interest expense, partially offset by lower NOI.

AFFO increased by 9.4% in Q1 2020, or $2,201, to $25,584 over the comparable prior year period. AFFO per share increased by 8.2% in Q1 2020, or $0.029, to $0.382 over the comparable prior year period. The increase was primarily related to the increase in OFFO noted above, partially offset by the timing of maintenance capital expenditures.

Debt - The Company further lowered its debt to gross book value ratio to 46.9%, a 90 bps reduction year-over-year from 47.8%, decreased its debt to Adjusted EBITDA ratio to 6.8 years from 7.1 years in Q1 2019, increased its interest coverage ratio to 4.2 times from 3.8 times in Q1 2019, increased its debt service coverage ratio to 2.1 times from 1.9 times in Q1 2019 and lowered its weighted average cost of debt to 3.6% in Q1 2020 from 3.8% in Q1 2019.

The Company has debt repayments and a maturity totaling $20,954 for the remainder of 2020 and its Series B Secured Debentures in the amount of $287,000 maturing in Q1 2021. We believe that we will continue to have access to multiple sources of financing and we have a pool of unencumbered assets with an estimated fair value of $540 million, contributing to our financial flexibility and liquidity. Our debt is well distributed between unsecured and secured debentures, credit facilities, conventional mortgages and CMHC insured mortgages.

Equity - With respect to the Company’s equity, we have temporarily suspended our dividend reinvestment plan (see the “Significant Events” section of this MD&A for further details) in order to prevent dilution at the current share price given increased stock market volatility.

Significant Events

Completion of a $200 Million Unsecured Revolving Credit Facility

On March 19, 2020, the Company entered into a credit agreement for a $200 million senior unsecured revolving credit facility (the "**Unsecured Revolving Credit Facility**"). The Unsecured Revolving Credit Facility matures on March 19, 2025 and may be extended for additional one-year terms, subject to certain conditions. The capacity of the Unsecured Revolving Credit Facility may be increased by up to $50 million during the term of the facility, subject to certain conditions. Borrowings under the Unsecured Revolving Credit Facility can take place by way of banker's acceptances ("**BAs**") at 145 basis points ("**bps**") per annum over the floating BA or at the Canadian prime rate plus 45 bps per annum.

Suspension of Dividend Reinvestment Plan

On March 18, 2020, the Company temporarily suspended the Dividend Reinvestment Plan ("**DRIP**") until further notice. Shareholders enrolled in the DRIP received dividend payments in cash, instead of common shares, starting with the dividend payable to shareholders of record as at March 31, 2020. The DRIP is subject to reinstatement at the discretion of the Board of Directors of the Company.

Normal Course Issuer Bid

On March 9, 2020, the Company received approval from the TSX for its notice of intention to make a normal course issuer bid ("**NCIB**") for a portion of the Company's common shares. Pursuant to the notice, the Company has the authority to acquire up to a maximum of 3,348,341 of its common shares for cancellation over the next 12 months. Purchases under the NCIB will be made through the facilities of the TSX or through a Canadian alternative trading system and in accordance with applicable regulatory requirements at a price per common share equal to the market price at the time of acquisition. The number of common shares that can be purchased pursuant to the NCIB is subject to a current daily maximum of 45,032 common shares, subject to the Company's ability to make one block purchase of common shares per calendar week that exceeds such limits. All common shares purchased by the Company under the NCIB will be cancelled upon their purchase. The Company intends to fund the purchases out of its available resources. The NCIB will terminate on March 10, 2021, or such earlier time as the Company completes its purchases pursuant to the NCIB or provides notice of intention. As at May 13, 2020, the Company had not purchased any of its common shares under the NCIB.

Our Vision, Mission and Values

Our Vision

To awaken our communities to the positive possibilities of life's next chapters.

Our Mission

To help you live fully, every day.

Our Values

Respect

We value each other. From our clients and residents to our co-workers, we take the time to appreciate each person's story, understand their perspective, and recognize their contribution.

Passion

This job isn't for everybody. We love working with older people. We feel it's a privilege to have them in our lives, and there's nothing more important to us than their safety and well-being.

Teamwork

To honour someone's voice and advocate for their choice, it's up to every one of us to communicate, collaborate, and support one another. We're in this together - co-workers, volunteers, physicians and health care providers, suppliers, communities, families, clients and residents.

Responsibility

Holding ourselves to the highest standards of safety and quality is only the beginning. If we see a problem or an opportunity, we own it. If we say we'll do something, we do it. "Not my job" is not in our vocabulary.

Growth

We are always pushing ourselves - to learn, to develop, to find a better way and we strive to help our clients, residents and staff grow, encouraging them to stretch and do more than they might have thought possible.

The Sienna team is dedicated to helping seniors live fully, every day with an aim to constantly improve the resident experience, and develop a high-performing team and workplace culture built on shared values and a commitment to innovation and quality, while focusing on priorities that translate into long-term accretive growth for the Company's shareholders. A range of services and programs are provided at the seniors' living residences based on an individual's needs and level of independence. A general and broad description of these services is detailed below:

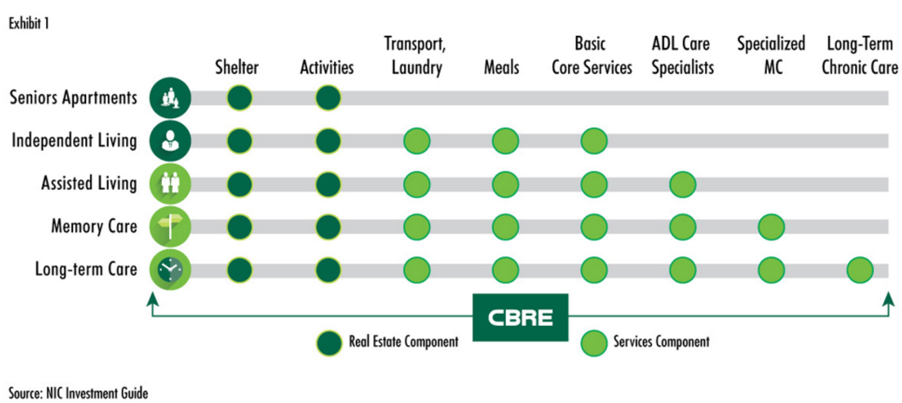
- **Independent Living ("IL")**: IL provides the privacy and freedom of home combined with the convenience and security of on-call assistance and a maintenance-free environment. Residents typically have the option of purchasing à la carte services including meal packages, housekeeping, transportation and laundry. It is typically apartment-style accommodation with a full kitchenette and is private-pay. Tenure may be rental or some form of ownership, such as condominium or life lease.

- **Independent Supportive Living ("ISL")**: ISL is designed for seniors who pay for services such as 24-hour response, housekeeping, laundry, meals, transportation and accommodation as part of a total monthly private-pay fee or rental rate. These residents require little or no assistance with daily living activities but benefit from the social setting and meal preparation. Some residences include a minimum amount of daily care but primarily this level of accommodation is for the senior who can live more independently with the option of additional care and services available on an as needed basis. Accommodation is studio, one or two bedroom units with kitchenettes.

- **Assisted Living ("AL"):** AL is intended for frail seniors who need assistance with daily living activities but do not require skilled nursing care. While most of AL is provided as private-pay, some residences deliver AL services through private-pay or government funded home care services.

- **Memory Care ("MC"):** MC serves seniors with memory impairment, Alzheimer's or other forms of dementia. Mild cases of dementia are typically suitably addressed within secure AL accommodation suites in a dedicated area within the residence, or more broadly throughout the residence. Moderate to severe cases require dedicated accommodation suites and specialized and more intensive care.

- **Long-term Care**: LTC is for those who are not able to live independently and require assistance with the activities of daily living and care, including skilled nursing care on a daily basis. Eligibility for access to a LTC home is based on a person's assessed care requirements and is determined and arranged through government agencies. The resident pays for the accommodation as set by the government and the government typically pays for care, programs and supplies. In most provinces, there is a waiting period for access to LTC accommodations. In certain provinces, there are also LTC homes providing entirely private-pay accommodations and are subject to the same regulatory oversight.



Source: CBRE Limited, Valuation & Advisory Services. (2017). Seniors Housing & Healthcare.

Company Strategy and Objectives

Sienna's strategic objectives and progress are summarized as follows:

Strong Operating Platform:

- Singularly focused on the health and safety of residents, team members, and families during the COVID-19 pandemic;
- Implementing a centralized people strategy aimed at recruiting, retaining and developing a high performing and engaged team;
- Providing a great resident experience by helping residents to live fully every day.

Progress:

- Implemented extensive infection prevention measures and protocols in compliance with all Chief Medical Officer of Health and provincial directives to protect residents and team members against COVID-19 and to minimize its spread
- Collaborating with all levels of government, sector associations, regulatory authorities and others to help shape and implement policies and protocols to manage COVID-19
- Secured and distributed an adequate supply to date of the required PPE at all residences for use in accordance with provincial directives and continued to actively procure PPE
- Founding member of the CAPES initiative to source, supply and share PPE for the entire sector
- Founding member of the CaRES Fund to provide emergency financial assistance to staff members across the seniors' living sector who are facing extraordinary circumstances due to COVID-19, and build a legacy for future investment in employee education
- Sienna's LTC portfolio in Ontario was awarded the highest level of accreditation by the third-party Commission on Accreditation of Rehabilitation Facilities ("**CARF**") for three years, illustrating our innovative operating platform and exemplary quality performance, achieving a score of 99.5% conformance to CARF standards

Maintaining Solid Balance Sheet and Liquidity:

- Maintaining liquidity (measured as available funds from existing credit facilities plus available cash on hand) to manage cash flow requirements in the foreseeable future;
- Creating a 10-year debt maturity ladder to reduce refinancing risk and enhance the ability to refinance at favourable rates;
- Optimizing leverage (measured as debt to gross book value);
- Maintaining a favourable A (low) credit rating on the 3.474% Series B Senior Secured Debentures, with an aggregate outstanding principal amount of $287,000 and a maturity date of February 3, 2021 ("**Series B Secured Debentures**");
- Maintaining a stable investment grade "BBB" credit rating for Sienna;
- Maintaining a pool of unencumbered assets;
- Issuing unsecured debt as a source of capital to provide the Company with additional financial flexibility to achieve Sienna's growth objectives.

Progress:

- Entered into a credit agreement for a $200 million senior unsecured revolving credit facility on March 19, 2020
- Increased the pool of unencumbered assets to a fair value of approximately $540 million, as at March 31, 2020 from approximately $300 million as at December 31, 2019
- Decreased year-over-year debt to gross book value by 90 bps to 46.9% as at March 31, 2020
- Decreased year-over-year debt to Adjusted EBITDA to 6.8 years as at March 31, 2020, compared to 7.1 years in the comparable prior year period
- Increased year-over-year interest coverage ratio to 4.2 times as at March 31, 2020, compared to 3.8 times in the comparable prior year period
- Increased year-over-year debt service coverage ratio to 2.1 times as at March 31, 2020, compared to 1.9 times in the comparable prior year period
- Decreased weighted average cost of debt to 3.6% as at March 31, 2020, compared to 3.8% in the comparable prior year period

Growing the Company:

Although the COVID-19 pandemic is expected to impact Sienna's growth plans in the near term with acquisitions and expansion projects on hold, our long-term growth plan remains intact and is based on the following key components:

Organic Growth:

- Growing Sienna's portfolio organically through improving occupancy and expanding services to meet resident needs;
- Maintaining existing assets with preventative maintenance and ongoing capital improvements;
- Continuing to invest in Sienna's team culture and operating platform to deliver a great resident experience and maintain disciplined cost management.

Acquisition and Development:

- Strategic and disciplined acquisitions of high-quality seniors' living residences in key markets in Canada;
- Developing free-standing Retirement Residences with joint venture partners in certain markets with adequate projected demand;
- Expanding seniors' living capacity in existing Retirement Residences with excess land;
- Responding to requests for proposals, where feasible.

Progress:

- In Q1 2020, substantially completed enhancements to buildings and amenity spaces in Retirement Residences, consistent with the Sienna brand, as part of a $5 million capital expenditure program
- In Q1 2020, the Company formed a joint venture for the purpose of a potential development of a retirement residence in Niagara Falls, Ontario. The Company has a 70% interest in the joint venture, which is in early stage of planning and has acquired land for $3,350 during Q1 2020

Environmental, Social and Governance (ESG) Responsibility

Sienna's approach to corporate social responsibility is based upon the premise that each of the communities in which we operate is unique. The Company has committed to initiatives aimed at creating positive experiences for its stakeholders and making its operations more sustainable. Sienna's commitment to corporate social responsibility includes the following environmental, social and governance initiatives and results:

Environmental

The Company is continuously looking for ways to make its operations more sustainable and is updating its infrastructure through key initiatives, including:

- Increasing water conservation by pursuing the installation of Flow Management Devices (FMD), a water-saving technology; and

- Decreasing energy consumption over time by replacing lighting systems, older appliances, fixtures and equipment with more energy-efficient alternatives and whenever possible, participating in ENERGY STAR programs.

- Green strategy implementation, which focuses on reducing the consumption of water, energy, plastics and paper, as well as extensive recycling and maceration efforts.

Social

Resident Experience

Sienna's mission is to help residents to live fully, every day. The Company's residences provide seniors with the type of services and care they need, when they need it in a home-like, secure residential setting and offer a range of rich, rewarding experiences during a stage of life many perceive as daunting. Sienna's commitment to a positive resident experience is exhibited through the following:

- **Quality of care:** As leaders in our sector, we leverage technology and best practices to constantly set new benchmarks for quality. Sienna's residences are accredited through a third party, CARF, every three years. Subsequent to Q1 2020, Sienna was awarded a third-party accreditation for three years on quality of care standards for its long-term care portfolio in Ontario.

- **Resident satisfaction:** Sienna maintains an overall high level of resident satisfaction at 81% and exceeds national quality indicator benchmarks as reported by the Canadian Institute for Health Information.

Community Investment

The Company strives to give back in a number of meaningful ways, including the following initiatives:

- **Sienna for Seniors:** Launched in 2017, "Sienna for Seniors" is an integrated, company-wide charitable giving program. The program supports marginalized seniors and those suffering with Alzheimer's or related dementia in the local communities that the Company serves. Funds remain in the community in which they were raised, supporting charities with seniors-focused programs that include the regional Alzheimer Societies, and other local charities.

- **Community leader in Canadian seniors' living communities:** Sienna is a founding member of CAPES, an initiative designed to procure sufficient PPE for the seniors' living sector and CaRES, an initiative that provides emergency financial assistance to staff across the seniors' living sector. Sienna is also an active leader in the Canadian Association of Long Term Care, Ontario Long Term Care Association, Ontario Retirement Communities Association, BC Care Providers Association and BC Seniors Living Association. In each of these associations, Sienna is actively involved in serving on director boards and committees and plays an important role in advocating for sound policy and advancing quality care.

- **Volunteer programs:** The Company is deeply involved in every community in which it operates. Sienna has hundreds of volunteers who give their time and bring the warmth of human connection to residents living in Sienna's long term care communities.

Employee Engagement

The Company creates a positive experience for Sienna employees through the following programs:

- **Learning & development:** Learning and development is a top priority at Sienna. Many learning opportunities are offered internally and include orientation, on-boarding and on-line learning for team members with both mandatory and optional modules that can be accessed at any time. Further, there are numerous leadership development programs to assist leaders in advancing their knowledge and skills to grow and advance within the Company. The Company supports and encourages internal advancement and promotions wherever possible. In addition, the following learning tools are offered:
    - Sienna Academy: a portal that provides a one-stop-shop for users to access curated content developed internally and externally. Its purpose is to help Sienna team members grow their careers through flexible, on demand learning that is relevant and engaging;
    - Take the Lead: monthly virtual micro learning focused on leadership development; and
    - Manager Essentials: a blended online and in-person learning opportunity to develop foundational people skills for effective day to day management of teams.

- **Sienna Impact Awards:** To acknowledge the dedication and outstanding contributions of team members, Sienna introduced the Sienna Impact Award in early 2019. The Impact Award, which is considered the highest honour within Sienna, recognizes individuals who have made a significant positive impact company-wide, sector-wide, or across an entire division in the Company.

- **Award-winning corporate culture:** Sienna is named one of Canada's Most Admired Corporate Cultures by Waterstone Human Capital, a leading executive search and professional recruitment firm. This award highlights the Company's commitment to cultivating and sustaining a great culture and supporting its employees, which ultimately drives growth and performance.

Research & Innovation

The Company's involvement and support of advancing research in seniors' living includes the following projects and research partners:

- a program aimed to reduce emergency room transfers in cooperation with the William Osler Health System;
- the promotion of open communication between families, residents and team members in cooperation with the Alzheimer Society of Canada;
- improving emotional health of older adults through better understanding of the impact of virtual reality in cooperation with the Centre for Elder Research, Sheridan College;
- the promotion of increased participation of older adults in making care decisions in a collaborative environment in cooperation with the Lawrence S. Bloomberg Faculty of Nursing, University of Toronto and Baycrest Health Sciences; and
- a study focused on the impact of nutrition in long-term care communities in cooperation with the University of Waterloo and Schlegel Research Institute for Aging.
- Sienna collaborates with over 60 local educational institutions to innovate and bring best practices in seniors' living and care to its residences. With a focus on diversity, the partnerships with these institutions facilitate student placements, applied research, and continuous professional development. Sienna places a strong emphasis on being part of every community it serves through hiring locally within its communities.

Governance

As one of Canada's leading providers of seniors' residences, Sienna is committed to maintaining the highest ethical standards through a strong governance framework and an experienced Board of Directors.

Diversity and Inclusion

The Company is focused on bringing together a multitude of perspectives, and is committed to being a leader in diversity, which includes, but is not limited to, gender, sexual preference, disability, age, ethnicity, culture and religion.

Sienna is a known leader in gender diversity and has a well-rounded, independent and experienced Board of Directors, which adheres to the highest standards of governance. In 2020, Sienna continues to be one of the most diverse companies listed on the TSX when it comes to gender diversity. Currently, 43% of the Company's Board of Directors and 71% of the Company's senior executive team is comprised of female leaders, a testament to Sienna's commitment to recruiting, promoting and retaining women in leadership roles in the organization.

Industry Overview

Please refer to the Company's MD&A and AIF for the year ended December 31, 2019 for a discussion of the Industry Overview.

Business of the Company

Please refer to the Company's AIF for the year ended December 31, 2019 for a discussion of the Business Overview.

Quarterly Financial Information

	2020	2019				2018		
Thousands of Canadian dollars, except occupancy and per share data	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	166,437	172,160	167,947	165,957	163,669	169,455	165,048	162,124
Operating Expenses	129,926	134,303	127,785	126,028	124,757	130,556	124,529	122,734
Income before net finance charges, transaction costs and provision for (recovery of) income taxes	14,405	11,693	15,495	14,809	12,624	13,970	15,737	15,292
Net (loss) income	(2,496)	1,112	3,763	2,230	442	302	5,000	3,548
Per share basic and diluted	(0.037)	0.017	0.057	0.034	0.007	0.006	0.076	0.055
OFFO	24,418	22,754	24,208	23,602	21,322	23,550	23,973	24,343
Per share basic	0.365	0.340	0.364	0.356	0.322	0.357	0.365	0.380
Per share diluted	0.365	0.340	0.364	0.356	0.322	0.357	0.365	0.374
AFFO(1)	25,584	20,883	24,492	24,428	23,383	21,738	24,414	26,137
Per share basic(1)	0.382	0.313	0.368	0.368	0.353	0.329	0.372	0.405
Per share diluted(1)	0.382	0.313	0.368	0.368	0.353	0.329	0.372	0.400
Dividends declared	15,671	15,626	15,483	15,241	15,196	15,145	14,995	14,620
Per share	0.234	0.234	0.233	0.230	0.230	0.230	0.228	0.225
Occupancy								
Retirement - Average total occupancy	84.2%	85.0%	85.8%	88.4%	90.4%	91.8%	91.4%	91.6%
Retirement - As at total occupancy	83.6%	84.7%	85.1%	87.3%	89.4%	91.6%	91.8%	91.3%
LTC - Average total occupancy	97.9%	98.2%	98.2%	98.3%	98.2%	98.5%	98.7%	98.3%
LTC - Average private occupancy	97.3%	97.9%	98.0%	98.1%	98.3%	98.6%	98.6%	98.0%
Debt to enterprise value as at period end	55.6%	43.7%	43.0%	39.7%	44.0%	48.5%	47.1%	50.1%
Debt to gross book value as at period end	46.9%	46.0%	46.5%	46.6%	47.8%	47.7%	48.3%	49.4%
Debt to Adjusted EBITDA as at period end	6.8	6.7	6.6	6.7	7.1	6.9	6.9	7.5
Interest coverage ratio	4.2	3.7	4.0	4.0	3.8	3.8	4.0	4.1
Total assets(2)	1,718,716	1,692,600	1,708,163	1,715,479	1,738,577	1,753,200	1,746,612	1,800,952
Total debt(3)	996,126	956,312	965,113	962,742	987,640	984,917	985,694	1,025,857
Weighted average shares outstanding - basic	66,940,538	66,749,273	66,566,747	66,384,395	66,171,723	65,957,631	65,752,737	64,529,917
Weighted average shares outstanding - diluted	66,940,538	66,749,273	66,566,747	66,384,395	66,171,723	65,957,631	65,752,737	66,015,259

Notes:

1. Effective Q3 2018, deferred share unit compensation expense is not added back to calculate AFFO. The prior quarters have been restated to reflect this change.
2. Property and equipment and intangible assets included in total assets are measured at cost less accumulated depreciation and amortization.
3. The total debt is net of amounts paid into the principal reserve fund on the Series B Secured Debentures.

The Company's quarterly financial results are impacted by various factors including, but not limited to, the timing of past acquisitions, occupancy levels, timing of maintenance capital expenditures, seasonality of utility expenses, timing of resident co-payment increases, timing of funding rate increases or additional funding, and capital market and financing activities. For Q1 2020, the Company’s results have been impacted by the stock market volatility caused by COVID-19, resulting in changes to the Company’s fair value adjustments on interest rate swap contracts and mark-to-market adjustments on its share based compensation.

The Company has strengthened its balance sheet over the past eight quarters. Its debt to gross book value has decreased to 46.9% as at Q1 2020 from 49.4% as at Q2 2018. Debt to adjusted EBITDA has decreased to 6.8 years as at Q1 2020 from 7.5 years as at Q2 2018. Interest coverage ratio has increased to 4.2 times as at Q1 2020 from 4.1 times as at Q2 2018.

A discussion of the operating results for the three months ended March 31, 2020 compared to the same period in the prior year is provided in the section "Operating Results."

Operating Results

Retirement

The Company's Retirement portfolio consists of 27 RRs, five of which are located in British Columbia and 22 of which are located in Ontario. The Company's Retirement portfolio operates in well located markets and generated 22.8% of overall revenues and 43.7% of total NOI in Q1 2020.

Long-term Care

The Company's LTC portfolio contributed 77.2% of the Company's revenues and generated 56.3% of its NOI in Q1 2020. Effective July 1, 2019, the regulated resident co-payment per diem rate for basic accommodation in Class A, B and C homes increased by 2.3% to $62.18 per bed per day. For new admissions to private and semi-private accommodation in Class A homes, the regulated resident co-payment per diem premiums increased by 2.3% to $26.64 and $12.78 per bed per day, with existing residents in such preferred accommodations being grandfathered at historical rates. For Class B and C homes, the regulated resident co-payment per diem premiums have increased by 2.3% to $19.17 and $8.52 per bed per day for private and semi-private accommodation, respectively.

The following table represents the operating results for the periods ended March 31:

	Three Months Ended		
Thousands of Canadian dollars	**2020**	2019	Change
Revenue	**166,437**	163,669	2,768
Expenses			
Operating	**129,926**	124,757	5,169
Depreciation and amortization	**19,332**	19,375	(43)
Administrative	**2,730**	6,913	(4,183)
Share of net loss in joint venture	**44**	—	44
	152,032	151,045	987
Income before net finance charges, transaction costs and provision for (recovery of) income taxes	**14,405**	12,624	1,781
Net finance charges	**16,781**	11,356	5,425
Transaction costs	**1,013**	979	34
Total other expenses	**17,794**	12,335	5,459
(Loss) income before provision for (recovery of) income taxes	**(3,389)**	289	(3,678)
Provision for (recovery of) income taxes			
Current	**1,537**	2,050	(513)
Deferred	**(2,430)**	(2,203)	(227)
	(893)	(153)	(740)
Net (loss) income	**(2,496)**	442	(2,938)
Total assets	**1,718,716**	1,738,577	(19,861)
Total debt (net of principal reserve fund)	**996,126**	987,640	8,486

Net Operating Income Consolidated

The following table represents the Company's consolidated net operating income for the periods ended March 31:

	Three Months Ended		
Thousands of Canadian dollars	**2020**	2019	Change
Revenue			
Same property[(1)]	**166,189**	163,669	2,520
Development[(2)]	**248**	—	248
Total Revenue	**166,437**	163,669	2,768
Operating Expenses			
Same property[(1)]	**129,753**	124,757	4,996
Development[(2)]	**173**	—	173
Total Operating Expenses	**129,926**	124,757	5,169
NOI			
Same property[(1)]	**36,436**	38,912	(2,476)
Development[(2)]	**75**	—	75
Total NOI	**36,511**	38,912	(2,401)

Notes:

1. Includes the COVID-19 related additional funding revenue of $810 and incremental operating expenses of $914, resulting in a net expense of $104 related to COVID-19 mainly due to timing of expenses and recovery. Government funding revenues related to COVID-19 are recognized to the extent that eligible COVID-19 expenses have been incurred and funding allocations are determined.
2. Includes the financial results of the 57-suite expansion at Island Park Retirement Residence, which is in a lease-up period since it opened in July 2019.

First Quarter 2020 Operating Results

The Company's total same property revenues for Q1 2020 increased by $2,520 to $166,189, compared to Q1 2019. LTC's same property revenues for Q1 2020 increased by $3,519 to $128,500, compared to Q1 2019, mainly due to inflationary increases in flow-through funding. Retirement's same property revenues for Q1 2020 decreased by $999 to $37,689, compared to Q1 2019, primarily due to occupancy softness, partially offset by in-place annual rental rate increases in line with market conditions. Revenues from development were $248 (2019 - $nil) for Q1 2020, representing the revenues from the 57-suite expansion at Island Park Retirement Residence completed during Q3 2019.

The Company's total same property operating expenses for Q1 2020 increased by $4,996 to $129,753, compared to Q1 2019. LTC's same property operating expenses for Q1 2020 increased by $3,948 to $107,928, compared to Q1 2019, mainly due to annual inflationary increases. Retirement same property operating expenses for Q1 2020 increased by $1,048 to $21,825, compared to Q1 2019, primarily due to higher labour costs and other annual inflationary increases. Development operating expenses were $173 (2019 - $nil) for Q1 2020.

The Company's total same property NOI for Q1 2020 decreased by $2,476 to $36,436, compared to Q1 2019. LTC's same property NOI for Q1 2020 decreased by $429 to $20,572 compared to Q1 2019, primarily due to timing of expenses. Retirement's same property NOI for Q1 2020 decreased by $2,047 to $15,864, compared to Q1 2019. Development NOI was $75 (2019 - $nil) for Q1 2020.

Due to the seasonality of certain operating expenses such as utilities and maintenance, occupancy levels and annual adjustments to government funding, trends which may appear in operating margins may be merely coincidental, and readers should not rely on net operating margin calculations herein.

Net Operating Income by Segment

The Company's consolidated net operating income consists of its Retirement and LTC business segments.

Retirement

The following table represents the results of the Retirement segment for the periods ended March 31:

	Three Months Ended		
Thousands of Canadian dollars	**2020**	2019	Change
Retirement Revenue			
Same property[1]	**37,689**	38,688	(999)
Development[2]	**248**	—	248
Total Retirement Revenue	**37,937**	38,688	(751)
Retirement Expenses			
Same property[1]	**21,825**	20,777	1,048
Development[2]	**173**	—	173
Total Retirement Expenses	**21,998**	20,777	1,221
Retirement NOI			
Same property[1]	**15,864**	17,911	(2,047)
Development[2]	**75**	—	75
Total Retirement NOI	**15,939**	17,911	(1,972)

Notes:

1. Includes the COVID-19 related additional funding revenue of $75 and incremental operating expenses of $100, resulting in a net expense of $25 related to COVID-19. Government funding revenues related to COVID-19 are recognized to the extent that eligible COVID-19 expenses have been incurred and funding allocations are determined.
2. Includes the financial results of the 57-suite expansion at Island Park Retirement Residence, which is in a lease-up period since it opened in July 2019.

First Quarter 2020 Retirement Results

Retirement's same property revenues for Q1 2020 decreased by $999 to $37,689, compared to Q1 2019, primarily attributable to lower occupancy, partially offset by in-place annual rental rate increases in line with market conditions.

Retirement's same property operating expenses for Q1 2020 increased by $1,048 to $21,825, compared to Q1 2019, primarily due to higher labour costs and other annual inflationary increases.

Retirement's same property NOI for Q1 2020 decreased by $2,047 to $15,864, compared to Q1 2019.

Long-term Care

The following table represents the results of the LTC segment for the periods ended March 31:

	Three Months Ended		
Thousands of Canadian dollars	**2020**	2019	Change
Long-term Care Revenue			
Same property[1]	**128,500**	124,981	3,519
Total Long-term Care Revenue	**128,500**	124,981	3,519
Long-term Care Expenses			
Same property[1]	**107,928**	103,980	3,948
Total Long-term Care Expenses	**107,928**	103,980	3,948
Long-term Care NOI			
Same property[1]	**20,572**	21,001	(429)
Total Long-term Care NOI	**20,572**	21,001	(429)

Notes:

1. Includes the COVID-19 related additional funding revenue of $735 and incremental operating expenses of $814, resulting in a net expense of $79 related to COVID-19. Government funding revenues related to COVID-19 are recognized to the extent that eligible COVID-19 expenses have been incurred and funding allocations are determined.

First Quarter 2020 Long-term Care Results

LTC's same property revenues for Q1 2020 increased by $3,519 to $128,500, compared to Q1 2019, primarily attributable to inflationary increases in flow-through funding.

LTC's same property operating expenses for Q1 2020 increased by $3,948 to $107,928, compared to Q1 2019, mainly due to annual inflationary increases.

LTC's same property NOI for Q1 2020 decreased by $429 to $20,572, compared to Q1 2019, mainly due to timing of expenses.

Depreciation and Amortization

First Quarter 2020

Depreciation and amortization for Q1 2020 decreased by $43 to $19,332, compared to Q1 2019, due to the completion of the amortization of resident relationships, partially offset by higher amortization from property and equipment additions.

Administrative Expenses

	Three months ended March 31,		
	2020	2019	Change
Administrative expenses, excluding share-based compensation	**5,731**	5,006	725
Share-based compensation	**(3,001)**	1,907	(4,908)
Total administrative expenses	**2,730**	6,913	(4,183)

First Quarter 2020

Administrative expenses for Q1 2020 decreased by $4,183 to $2,730, compared to Q1 2019, primarily due to a decrease of $4,861 in share-based compensation expense from mark-to-market adjustments. This was partially offset by higher employee costs primarily due to inflationary increases.

Share of Net Loss in Joint Venture

First Quarter 2020

For the three months ended March 31, 2020, the Company's share of net loss in a joint venture of $44 is related to the potential development of a retirement residence in Niagara Falls, Ontario.

Net Finance Charges

	Three months ended March 31,		
	2020	2019	Change
Finance costs			
Interest expense on long-term debt	**8,509**	9,207	(698)
Fees on revolving credit facilities	**101**	100	1
Amortization of financing charges and fair value adjustments on acquired debt	**524**	448	76
Amortization of loss on bond forward contract	**217**	232	(15)
Fair value loss on interest rate swap contracts	**8,400**	3,412	4,988
	17,751	13,399	4,352
Finance income			
Interest income on construction funding receivable	**468**	570	(102)
Other interest income[1]	**502**	1,473	(971)
	970	2,043	(1,073)
Net finance charges	**16,781**	11,356	5,425

Notes:
1. For the three months ended March 31, 2019, interest income of $1,346 recorded on a GST rebate for a prior year is included.

First Quarter 2020

Net finance charges for Q1 2020 increased by $5,425 to $16,781, compared to Q1 2019, primarily attributable to fair value adjustments on interest rate swap contracts in Q1 2020. As a result of the COVID-19 pandemic, the Bank of Canada decreased the overnight rate in March 2020 to support the Canadian economy. The resulting decrease in interest rates had a negative fair value impact on the valuation of the Company's interest rate swap contracts.

Transaction Costs

First Quarter 2020

Transaction costs for Q1 2020 increased by $34 to $1,013 compared to Q1 2019.

Income Taxes

First Quarter 2020

Income tax recovery for Q1 2020 decreased by $740 to $893, compared to Q1 2019. The current income tax expense for Q1 2020 decreased by $513 to $1,537 compared to Q1 2019, primarily attributable to a decrease in NOI, partially offset by costs not currently deductible for tax purposes. The current income tax expense has been calculated at the weighted average combined corporate tax rate of 26.57% (2019 - 26.57%). The deferred income tax recovery for Q1 2020 increased by $227 to $2,430 compared to Q1 2019, primarily attributable to fair value adjustments on interest rate swap contracts and accounting depreciation in excess of tax depreciation, partially offset by an increase in mark-to-market adjustments on share-based compensation.

Business Performance

Adjusted Funds from Operations

The IFRS measure most directly comparable to FFO and OFFO is "net income" The following table represents the reconciliation of "net income" to FFO and OFFO for the periods ended March 31. The reconciliation from FFO to AFFO is provided as supplementary information.

	Three Months Ended		
Thousands of Canadian dollars, except share and per share data	**2020**	2019	Change
Net (loss) income	**(2,496)**	442	(2,938)
Deferred income tax recovery	**(2,430)**	(2,203)	(227)
Depreciation and amortization	**18,399**	18,634	(235)
Transaction costs	**1,013**	979	34
Fair value loss on interest rate swap contracts	**8,400**	3,412	4,988
Funds from operations (FFO)	**22,886**	21,264	1,622
Depreciation and amortization - corporate	**933**	741	192
Amortization of financing charges and fair value adjustments on acquired debt	**524**	448	76
Amortization of loss on bond forward contract	**217**	232	(15)
Net settlement payment on interest rate swap contracts	**(83)**	(78)	(5)
Tax shield due to the settlement of the bond-lock hedge	**(59)**	61	(120)
Other interest income	**—**	(1,346)	1,346
Operating funds from operations (OFFO)	**24,418**	21,322	3,096
Construction funding	**2,690**	2,752	(62)
Maintenance capital expenditures	**(1,524)**	(691)	(833)
Adjusted funds from operations (AFFO)	**25,584**	23,383	2,201
Adjusted funds from operations (AFFO)	**25,584**	23,383	2,201
Dividends declared	**(15,671)**	(15,196)	(475)
AFFO retained	**9,913**	8,187	1,726
FFO per share	**0.342**	0.321	0.021
OFFO per share	**0.365**	0.322	0.043
AFFO per share	**0.382**	0.353	0.029
Weighted average common shares outstanding	**66,940,538**	66,171,723	

First Quarter 2020 Performance

For Q1 2020, FFO increased by $1,622 to $22,886, compared to Q1 2019. The increase was primarily due to mark-to-market adjustments on share based compensation and lower current income taxes, partially offset by a decrease in same property NOI.

For Q1 2020, OFFO increased by $3,096 to $24,418, compared to Q1 2019. The increase was primarily attributable to the increase in basic FFO noted above, excluding the $1,346 interest income recorded in Q1 2019 on a GST rebate for a prior year.

For Q1 2020, AFFO increased by $2,201 to $25,584, compared to Q1 2019. The increase in AFFO was principally related to the increase in basic OFFO noted above, partially offset by the timing of maintenance capital expenditures.

Construction Funding

The Company receives construction funding subsidies from the Government of Ontario on a per bed per diem basis to support the costs of developing or redeveloping an eligible LTC home. There are several eligibility requirements, including receiving approval from the Ministry of Health and Long-Term Care ("**MOHLTC**") on the development or redevelopment and completing the construction in accordance with a development agreement signed with the MOHLTC. This funding is non-interest bearing, and is received subject to the condition that the residences continue to operate as long-term care residences for the period for which they are entitled to the construction funding. As at March 31, 2020, the condition for funding has been met.

The construction funding amount to reconcile from OFFO to AFFO represents the change in the construction funding receivable balance, which consists of the cash to be received, offset by the interest income on the construction funding receivable recognized in "net income". For the years ending December 31, 2020 through 2024, and thereafter, the Company estimates that the construction funding amount will be as follows:

Thousands of Canadian dollars	Construction funding interest income[1]	Construction funding principal[2]	Total construction funding to be received
2020	1,709	10,890	12,599
2021	1,271	9,778	11,049
2022	877	9,102	9,979
2023	552	6,237	6,789
2024	356	3,085	3,441
Thereafter	1,118	7,795	8,913
	5,883	**46,887**	**52,770**

Notes:

1. The interest income relates to interest accretion resulting from the construction funding receivable that was initially measured at fair value and subsequently measured at amortized cost using the effective interest method.
2. The construction funding principal received is an adjustment to reconcile from OFFO to AFFO.

For the three months ended March 31, 2020, $468 (2019 - $570) of interest income on construction funding receivable was recognized, and an adjustment of $2,690 (2019 - $2,752) was made to AFFO for construction funding principal received.

Maintenance Capital Expenditures

The Company monitors all of its properties for ongoing maintenance requirements. As part of the capital investments' monitoring process, items are assessed and prioritized based on the urgency and necessity of the expenditure to sustain or maintain the condition of buildings, or to meet residents' needs and enhance residents' experience. The following table summarizes the Company's maintenance capital expenditures for the periods ended March 31:

	Three Months Ended	
Thousands of Canadian dollars	**2020**	2019
Building improvements	**490**	178
Mechanical and electrical	**97**	166
Suite renovations and common area upgrades	**578**	70
Communications and information systems	**25**	56
Furniture, fixtures and equipment	**334**	221
Total maintenance capital expenditures	**1,524**	691

Building Improvements

Building improvements include the costs for structures, roofing, exterior grounds, fire safety and sprinklers.

Mechanical and Electrical

Mechanical and electrical expenditures include the costs for heating, air conditioning and ventilation systems, generators, boilers and pumps. These investments are made to extend the life of or improve the Company's capital assets and can also result in energy savings and lower maintenance costs over time.

Suite Renovations and Common Area Upgrades

Suite renovations and common area upgrades are expenditures to maintain or improve the marketability of the Company's properties, to enhance the residents' experience and can contribute to higher rental rates on suite turnover. Flooring and carpeting replacements and upgrades are often done in conjunction with suite renovations.

Communication and Information Systems

Communication and information systems' expenditures include the costs for purchasing and installing computer equipment, software applications, telecommunication systems and wireless solutions.

Furniture, Fixtures and Equipment

Furniture, fixtures and equipment expenditures include the costs for replacing, upgrading, or improving residences' furnishings and equipment, including those in residents' rooms, as well as kitchen facilities, laundry facilities and dining furnishings.

Reconciliation of Cash Flow from Operations to Adjusted Funds from Operations

The IFRS measure most directly comparable to AFFO is "cash flow from operating activities." The following table represents the reconciliation of cash provided by operating activities to AFFO for the periods ended March 31:

	Three Months Ended		
Thousands of Canadian dollars	**2020**	2019	Change
Cash provided by operating activities	**13,818**	9,840	3,978
Construction funding principal	**2,690**	2,752	(62)
Transaction costs	**1,013**	979	34
Tax shield due to settlement of the bond-lock hedge	**(59)**	61	(120)
Maintenance capital expenditures	**(1,524)**	(691)	(833)
Net change in working capital, interest and taxes	**9,599**	11,967	(2,368)
Restricted share units recovery (expense)	**47**	(179)	226
Other interest income	**—**	(1,346)	1,346
Adjusted funds from operations (AFFO)	**25,584**	23,383	2,201
Adjusted funds from operations (AFFO)	**25,584**	23,383	2,201
Dividends declared	**(15,671)**	(15,196)	(475)
AFFO retained	**9,913**	8,187	1,726
Dividend reinvestment	**3,393**	3,529	(136)
AFFO retained after dividend reinvestment	**13,306**	11,716	1,590

Financial Position Analysis

Balance Sheet Analysis

The following table summarizes the significant changes in assets, liabilities and equity for March 31, 2020 compared to December 31, 2019.

Thousands of Canadian dollars	**2020**	2019	Change
Total assets	**1,718,716**	1,692,600	26,116
Total liabilities	**1,202,834**	1,162,115	40,719
Total equity	**515,882**	530,485	(14,603)

Total assets increased by $26,116 to $1,718,716 primarily due to an increase in cash and cash equivalents and purchase of property and equipment, partially offset by the amortization of resident relationships and depreciation of property and equipment.

Total liabilities increased by $40,719 to $1,202,834 primarily due an increase in long-term debt and an increase in the interest rate swap liabilities due to fair value adjustments, partially offset by the timing of accounts payable and accrued liabilities.

Total equity decreased by $14,603 to $515,882 primarily due to the payment of dividends and the Company's net loss during the three months ended March 31, 2020, partially offset by dividend reinvestments.

Cash Flow Analysis

The following table represents the summary of cash flows for the periods ended March 31, 2020:

	Three Months Ended		
Thousands of Canadian dollars	**2020**	2019	Change
Cash provided by (used in):			
Operating activities	**13,818**	9,840	3,978
Investing activities	**(640)**	1,652	(2,292)
Financing activities	**27,028**	(9,373)	36,401
Increase in cash and cash equivalents during the period	**40,206**	2,119	38,087
Cash and cash equivalents, end of period	**60,982**	24,987	35,995

First Quarter 2020

Cash flows provided by operating activities for the three months ended March 31, 2020 increased by $3,978 to $13,818 primarily due to an increase in non-cash changes in working capital and lower interest paid on long-term debt.

Cash flows used in investing activities for the three months ended March 31, 2020 increased by $2,292 to $640 primarily due to the Company's investment in a joint venture.

Cash flows provided by financing activities for the three months ended March 31, 2020 increased by $36,401 to $27,028 primarily due to an increase in net proceeds from long-term debt.

Liquidity and Capital Resources

Liquidity

The Company's primary source of liquidity is cash flow generated from operating activities. The Company expects to meet its operating cash requirements through fiscal 2020 and beyond, including required working capital, capital expenditures, and currently scheduled interest payments on debt through fiscal 2020 and beyond, from cash on hand, cash flow from operations and its committed, but unutilized borrowing capacity.

As at March 31, 2020, the Company's liquidity was $222,370, as follows:

Thousands of Canadian dollars	**March 31, 2020**	December 31, 2019
Available funds from credit facilities	**161,388**	123,273
Cash and cash equivalents	**60,982**	20,776
Total	**222,370**	144,049

As at March 31, 2020, the Company had a working capital deficiency (current liabilities less current assets) of $312,565, primarily attributable to the current portion of long-term debt of $310,960, which includes the Series B Secured Debentures in the amount of $287,000 and mortgages due within the next 12 months. To support the Company's working capital deficiency, the Company plans to use its operating cash flows, proceeds from refinancing its debt and, if necessary, will pursue debt or equity financing to provide the Company with additional financial flexibility, all of which management of the Company believes to be sufficient to address this working capital deficiency. In addition, the Company has an unencumbered asset pool with a fair value of approximately $540,000 as at March 31, 2020, which has increased from approximately $300,000 as at December 31, 2019.

Debt

The Company's objectives are to access and maintain the lowest cost of debt with the most flexible terms available. The Company's debt strategy involves primarily unsecured and secured debentures, conventional and CMHC insured mortgages, and unsecured and secured credit facilities.

The Company's goal is to continue to optimize its debt maturity schedule over a 10-year period in order to manage interest rate and financial risks. The Company's strategy is to build a 10-year debt maturity ladder by refinancing approximately 10% of its debt annually, which is equivalent to $99,613 as at March 31, 2020. The Company plans to finance/refinance mortgages and utilize its Unsecured Revolving Credit Facility to build its debt maturity ladder around the Series B Secured Debentures to reduce risk when these debentures mature in 2021. In October 2019, DBRS confirmed the A (low) rating for the Series B Secured Debentures. In November 2019, the Company received a "BBB" investment grade credit rating with a "Stable" trend from DBRS.

The Company's total debt is comprised as follows:

Thousands of Canadian dollars	**March 31, 2020**	December 31, 2019
Series A Unsecured Debentures	**150,000**	150,000
Series B Secured Debentures	**287,000**	287,000
Credit facilities	**67,112**	—
Mortgages	**536,789**	561,938
Lease liability	**2,294**	2,448
	1,043,195	1,001,386
Fair value adjustments on acquired debt	**3,560**	3,689
Less: Deferred financing costs	**(13,461)**	(13,311)
Less: Series B Secured Debentures principal reserve fund	**(37,168)**	(35,452)
Total debt	**996,126**	956,312

The Company's total debt as at March 31, 2020 was $996,126 (December 31, 2019 - $956,312), which is net of the Series B Secured Debentures' principal reserve fund of $37,168 (December 31, 2019 - $35,452). The increase of $39,814 was primarily related to the proceeds from the Unsecured Revolving Credit Facility (defined in the "Credit facilities" section of this MD&A below), partially offset by the repayments on the Company's property-level mortgages.

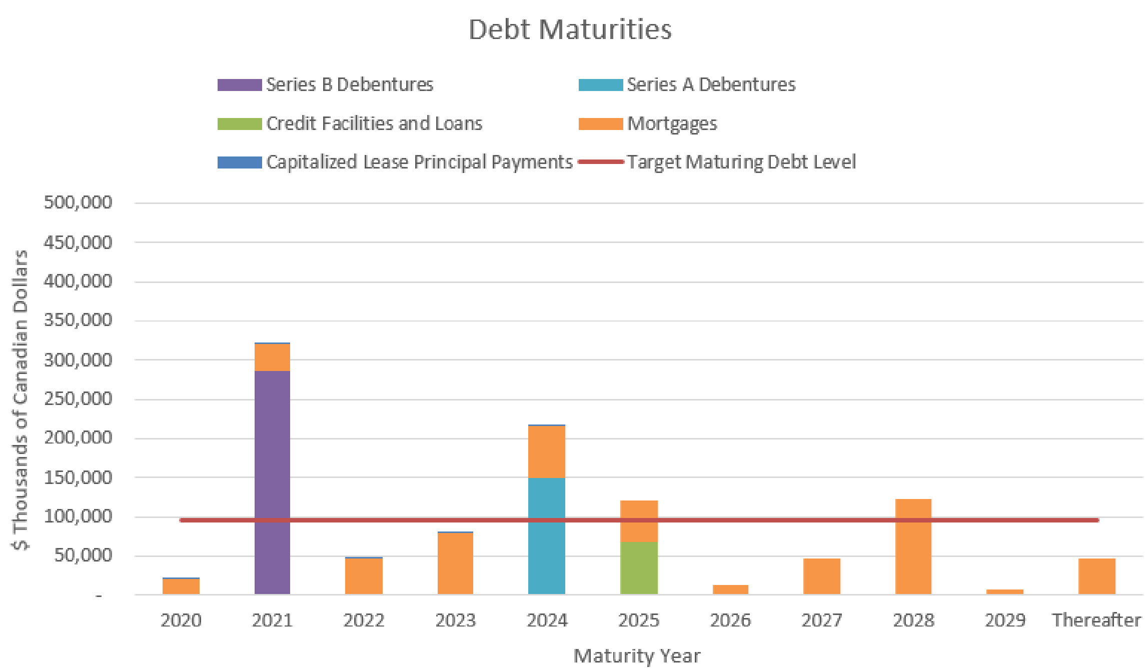
The following table summarizes the scheduled principal maturities of the Company's long-term debt commitments as at March 31, 2020:

					Mortgages				
Year	Series A Unsecured Debentures(1)	Series B Secured Debentures(2)	Credit Facilities(3)	Capitalized Lease Principal Payments(4)	Regular Principal Repayments	Principal Due at Maturity	Weighted Average Interest Rate on Maturing Mortgages	**Total**	Consolidated Weighted Average Interest Rate on Maturing Debt
2020		—	—	476	15,679	4,799	**2.52%**	**20,954**	2.52%
2021		287,000	—	525	20,773	13,426	**3.36%**	**321,724**	3.47%
2022		—	—	494	19,396	28,169	**4.22%**	**48,059**	4.22%
2023		—	—	435	17,632	60,824	**4.14%**	**78,891**	4.14%
2024	150,000	—	—	364	15,846	50,104	**4.10%**	**216,314**	3.41%
2025		—	67,112	—	12,311	41,065	**4.81%**	**120,488**	3.46%
2026		—	—	—	12,347	—	**—%**	**12,347**	—%
2027		—	—	—	11,650	35,115	**3.29%**	**46,765**	3.29%
2028		—	—	—	6,619	115,703	**3.36%**	**122,322**	3.36%
2029		—	—	—	2,193	5,477	**3.65%**	**7,670**	3.65%
Thereafter		—	—	—	14,171	33,490	**5.00%**	**47,661**	5.00%
	150,000	**287,000**	**67,112**	**2,294**	**148,617**	**388,172**	**3.87%**	**1,043,195**	3.56%
Fair value adjustments on acquired debt								**3,560**	
Less: Deferred financing costs								**(13,461)**	
Total Debt								**1,033,294**	
Less: Principal reserve fund								**(37,168)**	
Total debt net of principal reserve fund on Series B Secured Debentures								**996,126**	

Notes:

1. The interest rate for the Series A Unsecured Debentures is 3.109%.
2. The interest rate for the Series B Secured Debentures is 3.474%.
3. The interest rate for the Unsecured Revolving Credit Facility is the floating BA rate plus 145bps per annum.
4. The weighted average interest rate for capitalized lease principal payments is 3.87% for each year.

The following graph provides a breakdown of the Company's debt maturities:



Series A Senior Unsecured Debentures

The Series A senior unsecured debentures were issued on November 4, 2019, and bear interest at a rate of 3.109% per annum, payable semi-annually in May and November of each year and mature on November 4, 2024 (the "**Series A Unsecured Debentures**").

The balances related to the Series A Unsecured Debentures are as follows:

Thousands of Canadian dollars	**March 31, 2020**	December 31, 2019
Series A Unsecured Debentures	**150,000**	150,000
Less: Deferred financing costs	**(1,272)**	(1,334)
	148,728	148,666

Series B Senior Secured Debentures

The Series B Secured Debentures mature on February 3, 2021, and are collateralized by the assets of Leisureworld Senior Care LP, a subsidiary of the Company and its subsidiary partnerships and guaranteed by the subsidiary partnerships. The Series B Secured Debentures bear interest at a rate of 3.474%, payable semi-annually in February and August of each year.

As part of the issuance of the Series B Secured Debentures, a principal reserve fund was established by the Company and is controlled by an external third party trustee for the benefit and security of the holders of the Series B Secured Debentures. The Company is required to fund the principal reserve fund in accordance with a defined schedule over the term of the Series B Secured Debentures. The Company can only use the fund to redeem, purchase or repay principal of the Series B Secured Debentures. The Company, in conjunction with the issuance of the Series B Secured Debentures, entered into an interest rate swap contract, to effectively fix the interest rate earned on the principal reserve fund at 2.82%.

The balances related to the Series B Secured Debentures are as follows:

Thousands of Canadian dollars	**March 31, 2020**	December 31, 2019
Series B Secured Debentures	**287,000**	287,000
Less: Series B principal reserve fund	**(37,168)**	(35,452)
Less: Deferred financing costs	**(438)**	(565)
	249,394	250,983

Credit Facilities

The Company has a combined total borrowing capacity of $228,500 pursuant to its credit facilities and, as at March 31, 2020, has drawn $67,112 from the facilities.

On March 19, 2020, the Company entered into a credit agreement for a $200 million senior unsecured revolving credit facility (the "**Unsecured Revolving Credit Facility**"). The Unsecured Revolving Credit Facility matures on March 19, 2025 and may be extended for additional one-year terms, subject to certain conditions. The capacity of the Unsecured Revolving Credit Facility may be increased by up to $50 million during the term of the facility, subject to certain conditions. Borrowings under the Unsecured Revolving Credit Facility can take place by way of banker's acceptances ("**BAs**") at 145 basis points ("**bps**") per annum over the floating BA rate, or at the Canadian prime rate plus 45 bps per annum. The Unsecured Revolving Credit Facility is subject to certain customary financial and non-financial covenants. As at March 31, 2020, the Company had drawn $67,112 under the Unsecured Revolving Credit Facility (2019 - $nil).

The balances related to the Company's credit facilities are as follows:

Thousands of Canadian dollars	**March 31, 2020**	December 31, 2019
Credit facilities drawn	**67,112**	—
Less: Deferred financing costs	**(739)**	(20)
	66,373	(20)

Mortgages

The Company has both fixed and variable rate mortgages with various financial institutions. The Company is subject to interest rate risk on mortgages at variable rates associated with certain residences, which is partially offset by interest rate swap contracts. Property-level mortgages are secured by each of the underlying properties' assets, guaranteed by the Company and subject to certain customary financial and non-financial covenants.

The Company has low-cost mortgage financing with Canada Mortgage and Housing Corporation ("**CMHC**"). As at March 31, 2020, 26.4% of the Company's total property-level mortgages were insured by CMHC, which is a year-over-year increase of 3.4%.

The balances related to property-level mortgages are as follows:

Thousands of Canadian dollars	**March 31, 2020**	December 31, 2019
Mortgages at fixed rates	**377,419**	401,185
Mortgages at variable rates	**159,370**	160,753
Fair value adjustments on acquired debt	**3,560**	3,689
Less: Deferred financing costs	**(11,012)**	(11,392)
	529,337	554,235

The following table summarizes some metrics on the Company's property-level mortgages:

	March 31, 2020			December 31, 2019
	Fixed Rate[1]	**Variable Rate**	**Total**	Total
Weighted average interest rate	3.88%	2.52%	**3.87%**	3.86%
Weighted average term to maturity (years)	6.2	0.2	**6.1**	6.1

Note:
1. Includes floating rate mortgages that have been fixed through interest rate swaps.

Lease Liability

The lease liability as at March 31, 2020 of $2,294 represents the Company's lease on its office equipment and Markham corporate office space.

Credit Ratings

The Company's credit ratings for its debentures are summarized below:

Debt	**Rating Agency**	**Credit Rating**	**Outlook**
Series A Unsecured Debentures	DBRS	BBB	Stable
Series B Secured Debentures	DBRS	A (low)	Stable

Financial Covenants

The Company is in compliance with all financial covenants on its borrowings as at March 31, 2020. However, there can be no assurance that covenant requirements will be met at all times. If the Company does not remain in compliance, its ability to amend the covenants or refinance its debt could be adversely affected.

The Company has adopted interest coverage guidelines which are consistent with the coverage covenants contained in its bank credit facility agreements. Interest coverage ratios are used to assess the Company's ability to service its debt obligations. The interest coverage ratio calculations may differ depending on the lender.

Interest Coverage Ratio

The Interest Coverage Ratio is a common measure used to assess an entity's ability to service its debt obligations. In general, higher ratios indicate a lower risk of default. The interest coverage ratio is calculated as follows for the periods ended March 31:

	Three Months Ended	
Thousands of Canadian dollars, except ratio	**2020**	2019
Net finance charges	**16,781**	11,356
Add (deduct):		
Amortization of financing charges and fair value adjustments on acquired debt	**(524)**	(448)
Amortization of loss on bond forward contract	**(217)**	(232)
Interest income on construction funding receivable	**468**	570
Other interest income	**502**	1,473
Loss on interest rate swap contracts	**(8,317)**	(3,334)
Net finance charges, adjusted	**8,693**	9,385
Adjusted EBITDA	**36,895**	35,321
Interest coverage ratio	**4.2**	3.8

The following table represents the reconciliation of net income to Adjusted EBITDA for the periods ended March 31:

	Three Months Ended	
Thousands of Canadian dollars	**2020**	2019
Net (loss) income	**(2,496)**	442
Net finance charges	**16,781**	11,356
Recovery for income taxes	**(893)**	(153)
Depreciation and amortization	**19,332**	19,375
Transaction costs	**1,013**	979
Proceeds from construction funding	**3,158**	3,322
Adjusted EBITDA	**36,895**	35,321

Debt Service Coverage Ratio

The Debt Service Coverage Ratio is a common measure used to assess an entity's ability to service its debt obligations. Maintaining the debt service coverage ratio forms part of the Company's debt covenant requirements. In general, higher ratios indicate a lower risk of default. The following calculation includes the payments to the Series B Secured Debentures' principal reserve fund as part of the debt service costs. Adjusted EBITDA as referenced below, is presented in accordance with defined terms in certain covenant calculations. The following is the calculation for the periods ended March 31:

	Three Months Ended	
Thousands of Canadian dollars, except ratio	**2020**	2019
Net finance charges, adjusted	**8,693**	9,385
Principal repayments[(1)]	**5,476**	6,025
Principal reserve fund	**1,716**	1,782
Total debt service	**15,885**	17,192
Adjusted EBITDA	**36,895**	35,321
Deduct:		
Maintenance capital expenditures	**(1,524)**	(691)
Cash income taxes	**(1,800)**	(1,800)
Adjusted EBITDA (for covenant calculations)	**33,571**	32,830
Debt service coverage ratio	**2.1**	1.9

Note:

1. During the three months ended March 31, 2020, the Company made voluntary payments of $37,000 (2019 - $15,000) towards its credit facilities, which have been excluded from the debt service coverage ratio calculation. Debt repayments on maturity have also been excluded from the debt service coverage ratio calculation.

Debt to Adjusted EBITDA Ratio

The Debt to Adjusted EBITDA ratio is an indicator of the approximate number of years required for current cash flows to repay all indebtedness. The Adjusted EBITDA below is annualized using the Adjusted EBITDA for the three months ended March 31, 2020.

	March 31	
Thousands of Canadian dollars, except ratio	**2020**	2019
Total indebtedness		
Series A Unsecured Debentures	**150,000**	—
Series B Secured Debentures	**287,000**	322,000
Series B Secured Debentures - Principal reserve fund	**(37,168)**	(32,991)
Credit facilities	**67,112**	61,500
Mortgages	**536,789**	644,123
Lease liability	**2,294**	2,900
	1,006,027	997,532
Adjusted EBITDA	**147,580**	141,284
Debt to Adjusted EBITDA	**6.8**	7.1

Debt to Gross Book Value

Debt to gross book value indicates the leverage applied against the total gross book value (original costs) of the entity.

	March 31	
Thousands of Canadian dollars, except ratio	**2020**	2019
Total indebtedness	**1,006,027**	997,532
Total assets	**1,718,716**	1,738,577
Accumulated depreciation on property and equipment	**269,764**	226,570
Accumulated amortization on intangible assets	**157,609**	123,428
Gross book value	**2,146,089**	2,088,575
Debt to gross book value	**46.9%**	47.8%

Equity

Share Capital

The Company is authorized to issue an unlimited number of common shares or preferred shares, without nominal or par value. The following table summarizes the common shares issued and outstanding:

	Common shares	**Amount**
Balance, January 1, 2019	66,058,149	859,005
Dividend reinvestment plan	757,284	13,674
Issued common shares, net of issuance costs	23,580	2,302
Long-term incentive plan, net of loans receivable	—	45
Share-based compensation	—	25
Balance, December 31, 2019	66,839,013	875,051
Dividend reinvestment plan	200,110	3,393
Long-term incentive plan, net of loans receivable	—	12
Share-based compensation	—	7
Balance, March 31, 2020	**67,039,123**	**878,463**

Dividends

The Board of Directors of the Company determines the appropriate dividend levels based on its assessment of cash provided by operations normalized for unusual items, expected working capital requirements and actual and projected capital expenditures.

The following table summarizes the dividends declared in relation to cash flows from operating activities and AFFO for the periods ended March 31:

	Three Months Ended		
Thousands of Canadian dollars	**2020**	2019	Change
Cash flows from operating activities	**13,818**	9,840	3,978
AFFO	**25,584**	23,383	2,201
Dividends declared	**(15,671)**	(15,196)	(475)
Deficit of cash flows from operating activities over dividends declared	**(1,853)**	(5,356)	3,503
AFFO over dividends declared	**9,913**	8,187	1,726

The excess of dividends declared over cash flows from operating activities in Q1 2020 and Q1 2019 is primarily attributable to seasonality in the Company's operating results and changes in working capital balances, which are expected to normalize during the course of the year. This excess was financed utilizing the Company's available cash on hand. The Company believes that its current dividend level is sustainable.

Capital Disclosure

The Company defines its capital as the total of its long-term debt and shareholders' equity less cash and cash equivalents.

The Company's objectives when managing capital are to:

(i) maintain a capital structure that provides options to the Company for accessing capital on commercially reasonable terms, without exceeding its debt capacity, or the limitations in its credit facilities, or taking on undue risks;
(ii) maintain financial flexibility in order to meet financial obligations, including debt service payments and regular dividend payments; and
(iii) deploy capital to provide an appropriate investment return to its shareholders.

The Company's financial strategy is designed to maintain a flexible capital structure consistent with the objectives stated above and to respond to changes in economic conditions. In order to maintain or adjust its capital structure, the Company may issue additional shares, additional long-term debt, or long-term debt to replace existing long-term debt with similar or different characteristics, or adjust the amount of dividends paid to the Company's shareholders. The Company's financing and refinancing decisions are made on a specific transaction basis and depend on factors such as the Company's financial needs and the market and economic conditions at the time of the transaction.

The Board of Directors of the Company determines and approves monthly dividends in advance on a quarterly basis.

There were no changes in the Company's approach to capital management during the period.

Contractual Obligations and Other Commitments

Leases

The Company has a 10-year lease with respect to its Markham corporate office, which expires on October 31, 2024. As well, the Company has various leases for office and other equipment that expire over the next four years.

Critical Accounting Estimates and Accounting Policies

The accounting policies and estimates that are critical to the understanding of the Company's business operations and results of operations are identified in Note 3 of the Company's annual audited consolidated financial statements for the year ended December 31, 2019. New or changes in accounting policies are identified in Note 3 of the Company's interim consolidated financial statements for the three months ended March 31, 2020. Please refer to those interim consolidated financial statements for further details.

Significant Judgments and Estimates

The critical accounting estimates used by management in applying the Company's accounting policies and the key sources of estimation uncertainty are identified in Note 3 of the Company's annual audited consolidated financial statements for the year ended December 31, 2019. Changes in significant judgments and estimates are identified in Note 4 of the Company's interim consolidated financial statements for the three months ended March 31, 2020. Please refer to those interim consolidated financial statements for further details.

Risk Factors

Please refer to the AIF for a discussion of the Company's risk factors.

Sienna and its consolidated subsidiaries are defendants in various actions and proceedings that are brought from time to time in connection with their operations. On May 13, 2020, the Company was served with a statement of claim in respect of a proposed class action alleging negligence (for breach of duty of care and breach of fiduciary duties) and breach of contract in respect of all residents at Sienna residences who have been or could have been exposed to the COVID-19 virus, as well as the families of those individuals. The claim against the Company (and against another large senior living operator) seeks damages in the aggregate amount of $120 million. The claim has not been certified as a class action. The Company is currently reviewing the proposed class action and will respond in due course through the appropriate court process.

In addition, the Company has summarized risk factors related to COVID-19, which are further discussed below.

General Business Risks

The Company is subject to general business risks, including those inherent in the seniors' living sector. These risks include changes in government regulation and oversight, changes in consumer preferences, fluctuations in occupancy levels and business volumes, changes in government funding and reimbursement programs, competition from other seniors care providers, changes in neighbourhood or location conditions and general economic conditions, natural disasters, health related risks (including disease outbreaks such as COVID-19 and influenza) and control risks, negative media reports or publicity, critical third party supply failures, imposition of new or increased taxes, capital expenditure requirements, and increased operating costs. Additional risks include possible future changes in labour relations, reduction of personnel below acceptable levels (including due to events such as pandemic illness or quarantine), increases in labour and other personnel costs. Any one or a combination of these factors may adversely affect the business, operating results or financial condition of the Company.

While the Company has traditionally maintained positive labour relations, there can be no assurance the Company will not at any time, whether in connection with a renegotiation process or otherwise, experience strikes, labour stoppages or any other type of conflict with unions or employees, which may have a material adverse impact on the business, operating results and financial condition of the Company.

The business of the Company is labour intensive, with labour-related costs comprising a substantial portion of the Company's direct operating expenses. The Company's businesses compete with other providers with respect to attracting and retaining qualified personnel. Any shortage of qualified personnel and general inflationary pressures may require the Company to enhance its pay and benefits package to compete effectively for such personnel. An increase in labour-related costs or a failure to attract, train and retain qualified and skilled personnel may have a material adverse impact on the business, operating results and financial condition of the Company.

COVID-19 and Other Outbreaks

The occurrence of a pandemic, epidemic, or other outbreak of an infectious illness or other public health crisis in areas in which we operate could have a material adverse effect on the business, operating results and financial condition of the Company. Federal, provincial or local regulatory authorities may, or we may choose to, ban, limit or suspend admissions to our LTC and Retirement Residences as a precautionary measure in a crisis to avoid the spread of a contagious illness or other public health crisis, resulting in reduced occupancy and service volumes. Even in the absence of any such ban, limit or suspension, our residents may postpone or refuse services or prospective residents may delay residency in an attempt to avoid possible exposure. Also, enhanced procedures, protocols and care put in place to assist in reducing the likelihood of exposure or address actual illness in our LTC and Retirement Residences (for example, testing of residents and team members, enhanced screening and use of PPE) would result in increased costs. In addition, a pandemic, epidemic or other outbreak might adversely impact our operations by causing staffing and supply shortages. Resident satisfaction and team member engagement may also be adversely impacted during this period.

Although continued or enhanced government funding or assistance may mitigate some of these impacts, there is no certainty of the extent to which that will be the case. In addition, outbreaks, such as COVID-19, cause our residences and our management to spend considerable time planning for and addressing such events, which diverts their attention from other business concerns.

The spread of COVID-19 has caused an economic slowdown and increased volatility in financial markets, which could have a material adverse effect on our business, results of operations and financial condition with the potential to impact, among others: (i) the valuation of our properties and assets; (ii) the availability or the terms of financing that we have or may anticipate utilizing; (iii) our ability to make principal and interest payments on, or refinance, any outstanding debt when due; (iv) the occupancy rates in our properties; (v) the ability of our residents to satisfy their payment obligations to us, including the payment of rent; and (vi) the market price for the equity securities of the Company. Further, as we continue to operate in the face of the COVID-19 pandemic, we may be exposed to claims related to COVID-19, including class actions and other lawsuits, labour proceedings, union complaints, inquiries, investigations and otherwise.

The impact of COVID-19 on the overall economy may adversely affect credit markets, which may make it more difficult for the Company to access credit or, if able to do so, it may be at a higher cost or on less favourable terms, potentially impacting, among other things, re-financings and our development plans and timelines. Governments and central banks have attempted to stabilize economic conditions through monetary and fiscal interventions, but it is not currently known how these interventions will impact the financial markets, interest rate volatility or the economy in general.

To the extent that interest rates increase as a result of the Bank of Canada's actions or otherwise, the availability of refinancing alternatives for credit facilities and other loans may be reduced.

We are continuing to evaluate and consider the potential impact of the COVID-19 outbreak, which could result in some or all of these negative outcomes and adversely impact our business, operating results and financial condition. There can be no assurances that a pandemic, epidemic or outbreak of a contagious illness, such as COVID-19, would not have a material adverse effect on the business, operating results and financial condition of the Company.

Controls and Procedures

Management is responsible for establishing and maintaining a system of disclosure controls and procedures to provide reasonable assurance that all material information relating to the Company, inclusive of its subsidiaries, is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

Management is also responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reports for external purposes in accordance with IFRS.

In designing such controls, it should be recognized that due to inherent limitations, any controls, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Additionally, management is necessarily required to use judgment in evaluating controls and procedures.

There were no material changes in the Company's disclosure controls and procedures and internal controls over financial reporting since year-end that have a material effect, or are reasonably likely to have a material effect, on the Company's control environment.

Forward-Looking Statements

This MD&A, and the documents incorporated by reference herein, contain forward-looking information that reflects management's current expectations, estimates and projections about the future results, performance, achievements, prospects or opportunities for the Company, the seniors' living sector and government funding as of the date of this MD&A. Forward-looking statements are based upon a number of assumptions and involve significant known and unknown risks and uncertainties, many of which are beyond our control, including the effect of the COVID-19 pandemic on Sienna's financial condition, the seniors' living sector, and society as a whole, that could cause actual results to differ from those that are disclosed in or implied by such forward-looking statements. The words "plans", "expects", "scheduled", "estimates", "intends", "budgets", "anticipates", "projects", "forecasts", "believes", "continues", or variations of such words and phrases or statements to the effect that certain actions, events or results "may", "will", "could", "should", "would", "might" occur and other similar expressions, identify forward-looking statements. While we anticipate that subsequent events and developments may cause our views to change, we do not intend to update this forward-looking information, except as required by applicable securities laws. This forward-looking information represents our views as of the date of this MD&A and such information should not be relied upon as representing our views as of any date subsequent to the date of this document. We have based the forward-looking statements in this MD&A on information currently available to us and that we currently believe are based on reasonable assumptions. However, there may be factors that cause results, performance or achievements not to be as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate. Accordingly, readers should not place undue reliance on forward-looking information. These factors are not intended to represent a complete list of the factors that could affect the Company. See risk factors highlighted in materials filed with the securities regulators in Canada from time to time, including the Company's current AIF.

Consolidated Financial Statements

(in thousands of Canadian Dollars)

Q1 2020 Report to Shareholders

Condensed Interim Consolidated Financial Statements

Condensed Interim Consolidated Statements of Financial Position (Unaudited)

Thousands of Canadian dollars

	Notes	**March 31, 2020**	December 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents		**60,982**	20,776
Accounts receivable and other assets		**15,342**	13,554
Prepaid expenses and deposits		**5,104**	3,999
Government funding receivable	5	**3,700**	4,050
Construction funding receivable	5, 7	**10,796**	10,889
Interest rate swap contracts	5	**518**	387
Income taxes receivable		**1,328**	1,065
		97,770	54,720
Non-current assets			
Government funding receivable	5	**316**	740
Interest rate swap contracts	5	**—**	352
Restricted cash	6	**39,840**	38,063
Construction funding receivable	5, 7	**33,401**	35,998
Investment in joint venture	21	**2,361**	—
Property and equipment	8	**1,152,028**	1,161,456
Intangible assets	9	**225,334**	233,605
Goodwill		**167,666**	167,666
Total assets		**1,718,716**	1,692,600
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10	**89,615**	96,383
Government funding payable	5	**7,722**	6,371
Current portion of long-term debt	5, 11	**310,960**	44,447
Interest rate swap contracts	5	**2,038**	473
		410,335	147,674
Non-current liabilities			
Long-term debt	5, 11	**722,334**	947,317
Deferred income taxes	13	**49,656**	52,022
Government funding payable	5	**4,261**	2,722
Share-based compensation liability	16	**7,163**	9,827
Interest rate swap contracts	5	**9,085**	2,553
Total liabilities		**1,202,834**	1,162,115
EQUITY			
Shareholders' equity		**515,882**	530,485
Total equity		**515,882**	530,485
Total liabilities and equity		**1,718,716**	1,692,600

See accompanying notes.

Approved by the Board of Directors of Sienna Senior Living Inc.

"Dino Chiesa"	*"Janet Graham"*
Dino Chiesa Chair and Director	Janet Graham Director

Thousands of Canadian dollars

	Notes	Share capital	Contributed surplus	Shareholders' deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
Balance, January 1, 2020		**875,051**	**203**	**(344,058)**	**(711)**	**530,485**
Issuance of shares	14	**3,393**	**—**	**—**	**—**	**3,393**
Net loss		**—**	**—**	**(2,496)**	**—**	**(2,496)**
Other comprehensive income		**—**	**—**	**—**	**152**	**152**
Long-term incentive plan	14, 16	**12**	**—**	**—**	**—**	**12**
Share purchase loan	14	**7**	**—**	**—**	**—**	**7**
Dividends	14, 15	**—**	**—**	**(15,671)**	**—**	**(15,671)**
Balance, March 31, 2020		**878,463**	**203**	**(362,225)**	**(559)**	**515,882**

	Notes	Share capital	Contributed surplus	Shareholders' deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
Balance, January 1, 2019		859,005	203	(290,059)	(1,498)	567,651
Issuance of shares	14	15,976	—	—	—	15,976
Net income		—	—	7,547	—	7,547
Other comprehensive income		—	—	—	787	787
Long-term incentive plan	14, 16	45	—	—	—	45
Share purchase loan	14	25	—	—	—	25
Dividends	14, 15	—	—	(61,546)	—	(61,546)
Balance, December 31, 2019		875,051	203	(344,058)	(711)	530,485

See accompanying notes.

Thousands of Canadian dollars, except share and per share data

	Notes	Three months ended March 31, 2020	2019
Revenue	18, 20	**166,437**	163,669
Expenses			
Operating		**129,926**	124,757
Depreciation and amortization		**19,332**	19,375
Administrative		**2,730**	6,913
Share of net loss in joint venture	21	**44**	—
	19	**152,032**	151,045
Income before net finance charges, transaction costs and provision for (recovery of) income taxes		**14,405**	12,624
Net finance charges	12	**16,781**	11,356
Transaction costs		**1,013**	979
Total other expenses		**17,794**	12,335
(Loss) income before provision for (recovery of) income taxes		**(3,389)**	289
Provision for (recovery of) income taxes			
Current		**1,537**	2,050
Deferred		**(2,430)**	(2,203)
	13	**(893)**	(153)
Net (loss) income		**(2,496)**	442
Net (loss) income per share	14	**($0.04)**	$0.01
Weighted average number of common shares outstanding	14	**66,940,538**	66,171,723

See accompanying notes.

Condensed Interim Consolidated Statements of Comprehensive Income (Unaudited)

Thousands of Canadian dollars

		Three months ended March 31,	
	Notes	**2020**	2019
Net (loss) income		**(2,496)**	442
Other comprehensive income			
Items that may be subsequently reclassified to the consolidated statements of operations:			
Amortization of loss on bond forward contracts, net of tax	13	152	171
Total comprehensive (loss) income		**(2,344)**	613

See accompanying notes.

Thousands of Canadian dollars

	Notes	Three months ended March 31, 2020	2019
OPERATING ACTIVITIES			
Net (loss) income		**(2,496)**	442
Add (deduct) items not affecting cash			
Depreciation of property and equipment	8	**10,950**	10,550
Amortization of intangible assets	9	**8,382**	8,825
Current income taxes		**1,537**	2,050
Deferred income tax recoveries		**(2,430)**	(2,203)
Share of net loss in joint venture	21	**44**	—
Share-based compensation	16	**(3,001)**	1,907
Net finance charges	12	**16,781**	11,356
Gain on disposal of property and equipment	8	**(102)**	—
		29,665	32,927
Non-cash changes in working capital			
Accounts receivable and other assets		**(1,466)**	(3,075)
Prepaid expenses and deposits		**(1,105)**	(357)
Accounts payable and accrued liabilities		**(4,816)**	(9,781)
Government funding, net		**3,664**	4,278
		(3,723)	(8,935)
Interest paid on long-term debt and convertible debentures		**(10,241)**	(12,274)
Net settlement payment on interest rate swap contracts		**(83)**	(78)
Income taxes paid		**(1,800)**	(1,800)
Cash provided by operating activities		**13,818**	9,840
INVESTING ACTIVITIES			
Purchase of property and equipment	8	**(2,281)**	(2,556)
Proceeds from disposal of property and equipment	8	**861**	—
Purchase of intangible assets	9	**(111)**	(526)
Amounts received from construction funding	7	**3,158**	3,322
Interest received from cash	12	**199**	1,473
Investment in joint venture	21	**(2,405)**	—
Change in restricted cash	6	**(61)**	(61)
Cash (used in) provided by investing activities		**(640)**	1,652
FINANCING ACTIVITIES			
Repayment of long-term debt	11	**(62,301)**	(21,025)
Proceeds from long-term debt	11	**104,112**	26,432
Deferred financing costs		**(803)**	(1,350)
Change in principal reserve fund	6	**(1,716)**	(1,782)
Dividends paid	15	**(12,264)**	(11,648)
Cash provided by (used in) financing activities		**27,028**	(9,373)
Increase in cash and cash equivalents during the period		**40,206**	2,119
Cash and cash equivalents, beginning of period		**20,776**	22,868
Cash and cash equivalents, end of period		**60,982**	24,987

See accompanying notes.

1 Organization

Sienna Senior Living Inc. (the "**Company**") and its predecessors have been operating since 1972. The Company is a seniors' living provider serving the continuum of independent living ("**IL**"), independent supportive living ("**ISL**"), assisted living ("**AL**"), memory care ("**MC**") and long-term care ("**LTC**" or "**Long-term Care**") through the ownership and operation of seniors' living residences in the Provinces of British Columbia and Ontario. As at December 31, 2019, the Company owns and operates a total of 70 seniors' living residences: 27 retirement residences ("**RRs**" or "**Retirement Residences**"); 35 LTC residences; and eight seniors' living residences providing both private-pay IL and AL and funded LTC (including the Company's joint ownership in two residences in British Columbia). The Company also provides management services to 13 seniors' living residences in British Columbia and Ontario.

The Company was incorporated under the Business Corporations Act (Ontario) on February 10, 2010 and was subsequently continued under the Business Corporations Act (British Columbia) on March 18, 2010. The Company closed the initial public offering of its common shares on March 23, 2010 and is traded on the Toronto Stock Exchange ("**TSX**") under the symbol "SIA".

The Company's business is carried on through a number of wholly owned limited partnerships and joint ventures formed under the laws of the Province of Ontario. The head office of the Company is located at 302 Town Centre Blvd., Suite 300, Markham, Ontario, L3R 0E8. The registered office of the Company is located at 1900 - 355 Burrard Street, Vancouver, British Columbia, V6C 2G8.

As at March 31, 2020, the Company had outstanding 67,039,123 common shares.

2 Basis of preparation

These unaudited condensed interim consolidated financial statements ("**interim consolidated financial statements**") have been prepared in accordance with International Accounting Standard ("**IAS**") 34, *Interim Financial Reporting*. The interim consolidated financial statements should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended December 31, 2019, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

The interim consolidated financial statements were approved by the Board of Directors on May 13, 2020.

3 Summary of significant accounting policies, judgments and estimation uncertainty

In preparing these interim consolidated financial statements, the accounting policies utilized are consistent with those utilized in the preparation of the annual audited consolidated financial statements for the year ended December 31, 2019, except as described in the "Changes in accounting policies" section below and in Note 4.

Changes in accounting policies

Joint Arrangements
Joint arrangements are jointly controlled by the Company and a third party in terms of decision making. Joint arrangements can be classified as either joint operations or joint ventures depending on the Company’s rights and obligations in the arrangement based on factors such as the structure, legal form and contractual terms of the arrangement. A joint operation is where the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

A joint venture is where the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Joint operations are proportionately consolidated in these interim consolidated financial statements from the date when joint control is transferred to the Company and continues to be proportionately consolidated until the date when the Company no longer has joint control over the joint operation. Joint ventures are included in the Company's interim consolidated financial statements as investments using the equity method, whereby the investment is initially recognized at cost, and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income or loss of the joint venture from the date of acquisition, increased by the Company's contributions and reduced by distributions received. The Company's share of joint venture profit or loss is included in the interim consolidated statements of operations and comprehensive income.

A joint venture is considered to be impaired if there is objective evidence of impairment, as a result of one or more events that occurred after initial recognition of the joint venture, and that event has a negative impact on future cash flows of the joint venture that can be reliably estimated.

IFRS 3, Business Combinations
Amendments to IFRS 3 clarify the definition of a business, as well as provides additional illustrative examples, including those relevant to the real estate industry. A significant change in the amendment is the option for an entity to assess whether substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets. If such a concentration exists, the transaction is not viewed as an acquisition of a business and no further assessment of the business combination guidance is required. This will be relevant where the value of the acquired entity is concentrated in one property, or a group of similar properties. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020, and to asset acquisitions that occur on or after the beginning of that period.

There are no accounting standards issued but not yet applied that would be expected to have a material impact on the Company.

4 Impact of COVID-19 on the Company

The COVID-19 global pandemic has evolved quickly worldwide since early 2020. The impact of the pandemic on long-term care has been particularly serious and according to public reports, the majority of COVID-19 related fatalities in Canada have been residents of senior's living residences across the country.

The management of COVID-19 and the health and safety of residents and team members is currently Sienna's singular focus. Throughout the quarter, the management of the Company has been proactive and diligent in implementing extensive infection prevention and other precautionary measures at every residence aimed at limiting the spread of COVID-19. In addition, the Company has devoted considerable resources in collaborating with sector associations, provincial governments, health authorities and health system partners to identify sector needs and help shape important policies and protocols to manage this situation.

The Company has already taken and will continue to take actions to mitigate the effects of COVID-19, keeping in mind the needs of residents, team members and its many stakeholders. The Company's response to the COVID-19 pandemic is guided by public health authorities, and management continues to act according to direction provided by the provincial governments and regulatory authorities to control the spread of COVID-19. Management of the Company continues to closely monitor business operations and may take further or other actions in response to directives of government and public health authorities.

These changes and any additional changes in operations in response to COVID-19 could materially impact the financial results of the Company.

To date, the Government of Ontario has announced $243 million in additional funding for the LTC sector and $20 million in funding for the retirement sector to fund incremental COVID-19 costs. The Government of British Columbia has also committed funding for LTC and assisted living to support costs in connection with mandating single work sites. Furthermore, for LTC residences in both Ontario and British Columbia, the Company will receive full funding for vacancies caused by temporary closure of admissions due to an outbreak, including COVID-19.

Total LTC funding revenues and expenses recognized by the Company related to COVID-19 were $735 and $814, respectively, for the three months ended March 31, 2020 (2019 - $nil). Retirement funding revenues and expenses recognized related to COVID-19 were $75 and $100, respectively, for the three months ended March 31, 2020 (2019 - $nil). The additional funding revenue related to COVID-19 is recognized only to the extent that eligible expenses have been incurred, and funding allocations are determined. This additional funding may be clawed back if the eligibility criteria are not met or funding is not spent.

Based on the April 2020 rent collections from residents, resident payments since COVID-19 have remained similar to past experience, with no significant change to the Company's expected credit losses.

As a result of COVID-19, the Company updated its fair value less cost of disposal valuation model to assess whether goodwill and indefinite lived intangible assets may be impaired. The Company adjusted its discount rate and short term growth assumptions based on the current market conditions. No impairment losses were recognized based on the updated valuation model.

As management is unable to predict with certainty the duration and scope of the COVID-19 pandemic, it is not possible to reliably estimate the length and severity of COVID-19-related impacts on the financial results and operations of the Company at this stage, which may have a material adverse impact on the business, operating results and financial condition of the Company.

All amounts are in thousands of Canadian dollars, except share and per share data, or unless otherwise noted

5 Financial instruments

Fair value of financial instruments

The Company uses a fair value hierarchy to categorize the type of valuation techniques from which fair values are derived. Financial instruments are valued using unadjusted quoted prices in active markets for identical assets or liabilities (Level 1), inputs that are observable for the assets or liabilities either directly or indirectly (Level 2) and inputs for assets or liabilities that are not based on observable market data (Level 3). The interest rate swap contracts are the only financial instruments carried at fair value through profit or loss and are considered to be Level 2 instruments. The carrying value of the Series B Debentures' principal reserve fund, government funding receivables and payables approximates fair value. The fair value of the lease liability is determined by discounting the cash flows using applicable Level 3 inputs based on the Company's assumptions of interest rates and the residual lease term.

The following financial instruments are at amortized cost and the fair value is disclosed as follows as at March 31, 2020 and December 31, 2019:

	As at March 31, 2020		As at December 31, 2019	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets:				
Construction funding receivable	**44,197**	**45,688**	46,887	48,678
Financial Liabilities:				
Current and long-term portion of debt	**1,033,294**	**1,015,297**	991,764	980,349

Liquidity risk

Liquidity risk is the risk the Company may encounter difficulties in meeting its obligations associated with financial liabilities and commitments. The Company has credit agreements in place related to its long-term debt. These credit agreements contain a number of standard financial and other covenants. The Company was in compliance with all covenants on its borrowings as at March 31, 2020. A failure by the Company to comply with the obligations in these credit agreements could result in a default that, if not rectified or waived, could permit acceleration of the relevant indebtedness.

As at March 31, 2020, the Company had negative working capital (current liabilities less current assets) of $312,565 (December 31, 2019 - $92,954), including the Series B Secured Debentures in the amount of $287,000 maturing in February 2021. To support the Company's working capital deficiency, the Company has available cash from operations, access to multiple sources of financing, and a history of successfully refinancing debt.

6 Restricted cash

Restricted cash comprises the Series B Debentures' principal reserve fund and capital maintenance reserve funds required for certain property-level mortgages.

	March 31, 2020	December 31, 2019
Series B Debentures' principal reserve fund	**37,168**	35,452
Capital maintenance reserve	**2,672**	2,611
Restricted cash	**39,840**	38,063

All amounts are in thousands of Canadian dollars, except share and per share data, or unless otherwise noted

7 Construction funding receivable

As at March 31, 2020, the Company is eligible to receive funding from the Government of Ontario of approximately $44,197 (December 31, 2019 - $46,887) related to the costs of developing or redeveloping eligible LTC residences. The receipt of this funding is subject to the condition that the residences continue to operate as long-term care residences for the period for which the residences are entitled to the construction funding. As at March 31, 2020, the condition for the funding has been met.

As at March 31, 2020, the weighted average remaining term of the construction funding is approximately 6.1 years. The fair value of the construction funding receivable is determined by discounting the expected future cash flows of the receivable using the applicable Government of Ontario bond rates.

The following table summarizes the construction funding activity:

As at January 1, 2019	57,116
Additions[1]	551
Add: Interest income earned	2,159
Less: Construction funding payments received	(12,939)
As at December 31, 2019	46,887
Add: Interest income earned	468
Less: Construction funding payments received	(3,158)
As at March 31, 2020	**44,197**

[1]During 2019, the construction funding term for one of the Company's long-term care residences was adjusted to 25 years from 20 years. This construction funding was recorded as a reduction to the property and equipment cost.

All amounts are in thousands of Canadian dollars, except share and per share data, or unless otherwise noted

8 Property and equipment

	Land	Buildings	Furniture and fixtures	Automobiles	Computer hardware	Circulating equipment	Construction in progress	Right-of-use building and equipment[1]	Total
Cost									
As at January 1, 2020	139,063	1,194,752	69,143	1,211	10,477	1,177	1,435	3,049	1,420,307
Disposals	(500)	(234)	(55)	—	(7)	—	—	—	(796)
Additions	—	1,262	811	—	154	54	—	—	2,281
As at March 31, 2020	138,563	1,195,780	69,899	1,211	10,624	1,231	1,435	3,049	1,421,792
Accumulated depreciation									
As at January 1, 2020	—	227,281	26,674	776	3,244	207	—	669	258,851
Disposals	—	(14)	(18)	—	(5)	—	—	—	(37)
Charges for the period	—	8,565	1,749	46	339	84	—	167	10,950
As at March 31, 2020	—	235,832	28,405	822	3,578	291	—	836	269,764
Net book value as at March 31, 2020	**138,563**	**959,948**	**41,494**	**389**	**7,046**	**940**	**1,435**	**2,213**	**1,152,028**
Net book value as at December 31, 2019	139,063	967,471	42,469	435	7,233	970	1,435	2,380	1,161,456

[1] Includes right-of-use building and related depreciation of $2,250 and $96, respectively, and the right-of-use equipment and related depreciation of $799 and $71, respectively.

9 Intangible assets

	Licences	Resident relationships	Service contracts	Computer software	Total
Cost					
As at January 1, 2020	190,945	167,572	10,968	13,347	382,832
Additions	—	—	—	111	111
As at March 31, 2020	190,945	167,572	10,968	13,458	382,943
Accumulated amortization					
As at January 1, 2020	—	133,332	10,066	5,829	149,227
Charges for the period	—	7,739	21	622	8,382
As at March 31, 2020	—	141,071	10,087	6,451	157,609
Net book value as at March 31, 2020	**190,945**	**26,501**	**881**	**7,007**	**225,334**
Net book value as at December 31, 2019	190,945	34,240	902	7,518	233,605

All amounts are in thousands of Canadian dollars, except share and per share data, or unless otherwise noted

10 Accounts payable and accrued liabilities

	March 31, 2020	December 31, 2019
Accounts payable and other liabilities	**30,324**	31,500
Accrued wages and benefits	**49,492**	53,468
Accrued interest payable	**4,571**	6,201
Dividends payable (Note 15)	**5,228**	5,214
Total	**89,615**	96,383

11 Long-term debt

	Interest rate	**Maturity date**	**March 31, 2020**	December 31, 2019
Series A Unsecured Debentures	3.109%	November 4, 2024	**150,000**	150,000
Series B Secured Debentures	3.474%	February 3, 2021	**287,000**	287,000
Credit facilities	Floating	2025	**67,112**	—
Mortgages at fixed rates	2.83% - 5.80%	2020-2041	**377,419**	401,185
Mortgages at variable rates	Floating	2020-2029	**159,370**	160,753
Lease liability	3.87%	2021-2024	**2,294**	2,448
			1,043,195	1,001,386
Fair value adjustments on acquired debt			**3,560**	3,689
Less: Deferred financing costs			**(13,461)**	(13,311)
Total debt			**1,033,294**	991,764
Less: Current portion			**310,960**	44,447
			722,334	947,317

Credit facilities and loans

The following table summarizes the Company's credit facilities activity:

	March 31, 2020	December 31, 2019
Credit facilities available	**228,500**	123,273
Amounts drawn under credit facilities	**67,112**	—
Remaining available balance under credit facilities	**161,388**	123,273

The credit facilities have a weighted average interest rate of 2.47% as at March 31, 2020 (December 31, 2019 - 3.74%).

On March 19, 2020, the Company entered into a credit agreement for a $200 million senior unsecured revolving credit facility (the "**Unsecured Revolving Credit Facility**"). The Unsecured Revolving Credit Facility matures on March 19, 2025 and may be extended for additional one-year terms, subject to certain conditions. The capacity of the Unsecured Revolving Credit Facility may be increased by up to $50 million during the term of the facility, subject to certain conditions. Borrowings under the Unsecured Revolving Credit Facility can take place by way of banker's acceptances ("**BAs**") at 145 basis points ("**bps**") per annum over the floating BA rate, or at the Canadian prime rate plus 45 bps per annum. The Unsecured Revolving Credit Facility is subject to certain customary financial and non-financial covenants. As at March 31, 2020, the Company had drawn $67,112 under the Unsecured Revolving Credit Facility (2019 - $nil).

All amounts are in thousands of Canadian dollars, except share and per share data, or unless otherwise noted

Mortgages

The following table summarizes the scheduled maturities of the Company's property-level mortgages as at March 31, 2020:

	Mortgages			
Year	Regular principal payments	Principal due at maturity	**Total**	% of Total
2020	15,679	4,799	**20,478**	3.8%
2021	20,773	13,426	**34,199**	6.4%
2022	19,396	28,169	**47,565**	8.9%
2023	17,632	60,824	**78,456**	14.6%
2024	15,846	50,104	**65,950**	12.3%
2025	12,311	41,065	**53,376**	9.9%
2026	12,347	—	**12,347**	2.3%
2027	11,650	35,115	**46,765**	8.7%
2028	6,619	115,703	**122,322**	22.8%
2029	2,193	5,477	**7,670**	1.4%
Thereafter	14,171	33,490	**47,661**	8.9%
	148,617	388,172	**536,789**	100.0%

The mortgages have a weighted average interest rate of 3.87% as at March 31, 2020 (December 31, 2019 - 3.86%).

12 Net finance charges

	Three months ended March 31,	
	2020	2019
Finance costs		
Interest expense on long-term debt	**8,509**	9,207
Fees on revolving credit facilities	**101**	100
Amortization of financing charges and fair value adjustments on acquired debt	**524**	448
Amortization of loss on bond forward contract	**217**	232
Fair value loss on interest rate swap contracts[1]	**8,400**	3,412
	17,751	13,399
Finance income		
Interest income on construction funding receivable	**468**	570
Other interest income	**502**	1,473
	970	2,043
Net finance charges	**16,781**	11,356

[1]As a result of the COVID-19 pandemic, the Bank of Canada decreased the overnight rate in March 2020 to support the Canadian economy. The resulting decrease in interest rates had a negative fair value impact on the valuation of the Company's interest rate swap contracts.

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13 Income taxes

Total income tax (recovery) expense for the period can be reconciled to the interim consolidated statements of operations as follows:

	Three months ended March 31, 2020	Three months ended March 31, 2019
(Loss) income before (recovery) provision for income taxes	**(3,389)**	289
Canadian combined income tax rate	**26.57%**	26.57%
Income tax (recovery) expense	**(900)**	77
Adjustments to income tax (recovery) provision:		
Non-deductible items	**3**	62
Other items charged to equity	**4**	(292)
Recovery of income taxes	**(893)**	(153)

The following are the major deferred tax assets (liabilities) recognized by the Company and movements thereon during the three months ended March 31, 2020:

	Depreciable tangible and intangible assets	**Share issuance**	**Construction funding interest**	**Other**	**Total**
As at January 1, 2019	(60,842)	3,179	2,411	1,006	(54,246)
Credit (charge) to net income	2,684	(1,037)	(574)	1,920	2,993
Book to filing adjustment	(463)	14	—	(34)	(483)
Charge to other comprehensive income	—	—	—	(286)	(286)
As at December 31, 2019	(58,621)	2,156	1,837	2,606	(52,022)
Credit (charge) to net income	1,383	(253)	(124)	1,425	2,431
Charge to other comprehensive income	—	—	—	(65)	(65)
As at March 31, 2020	**(57,238)**	**1,903**	**1,713**	**3,966**	**(49,656)**

The loss on bond forward contracts on the interim consolidated statements of comprehensive income is net of tax for the three months ended March 31, 2020 of $65 (2019 - $61).

All amounts are in thousands of Canadian dollars, except share and per share data, or unless otherwise noted

14 Share capital

Authorized

Unlimited number of common shares, without nominal or par value
Unlimited number of preferred shares, without nominal or par value

Issued and outstanding

Common shares

	Common shares	Amount
Balance as at January 1, 2019	66,058,149	859,005
Dividend reinvestment plan	757,284	13,674
Issued common shares, net of issuance costs	23,580	2,302
Long-term incentive plan, net of loans receivable	—	45
Share-based compensation	—	25
Balance as at December 31, 2019	66,839,013	875,051
Dividend reinvestment plan	200,110	3,393
Long-term incentive plan, net of loans receivable (Note 16)	—	12
Share-based compensation (Note 16)	—	7
Balance as at March 31, 2020	**67,039,123**	**878,463**

Dividend reinvestment plan

The Company has established a dividend reinvestment plan ("**DRIP**") for eligible holders of common shares, which allows participants to reinvest cash dividends paid in respect of their common shares in additional common shares at a 3% discount. On March 18, 2020, the Company temporarily suspended the DRIP until further notice. Shareholders enrolled in the DRIP received dividend payments in cash, instead of common shares, starting with the dividend payable to shareholders of record as at March 31, 2020. The DRIP is subject to reinstatement at the discretion of the Board of Directors of the Company.

Normal course issuer bid

On March 9, 2020, the Company received approval from the TSX for its notice of intention to make a normal course issuer bid (“**NCIB**”) for a portion of the Company's common shares. Pursuant to the notice, the Company has the authority to acquire up to a maximum of 3,348,341 of its common shares for cancellation over the next 12 months. Purchases by the Company under the NCIB will be made through the facilities of the TSX or through a Canadian alternative trading system and in accordance with applicable regulatory requirements at a price per common share equal to the market price at the time of acquisition. The number of common shares that can be purchased pursuant to the NCIB is subject to a current daily maximum of 45,032 common shares, subject to the Company’s ability to make one block purchase of its common shares per calendar week that exceeds such limits. All common shares purchased by the Company under the NCIB will be cancelled upon purchase. The NCIB will terminate on March 10, 2021, or such earlier time as the Company completes its purchases pursuant to the NCIB or provides notice of intention. The Company did not purchase any shares under the NCIB during the three months ended March 31, 2020.

Net (loss) income per share

Net (loss) income per share is calculated using the weighted average number of common shares outstanding during the year.

All amounts are in thousands of Canadian dollars, except share and per share data, or unless otherwise noted

15 Dividends

For the three months ended March 31, 2020, the Company paid monthly dividends of $0.078 per common share totaling $12,264 (2019 - $11,648). Dividends payable of $5,228 are included in accounts payable and accrued liabilities as at March 31, 2020 (December 31, 2019 - $5,214). Subsequent to March 31, 2020, the Board of Directors declared dividends of $0.078 per common share for April 2020 totalling $5,230.

16 Share-based compensation

The Company has share-based compensation plans, which are described below. The recoveries from mark-to-market adjustments recognized on the share-based compensation plans for the three months ended March 31, 2020 are driven by the volatility in the equity markets resulting from the economic uncertainty surrounding the COVID-19 pandemic.

*Restricted share unit plan ("**RSUP**")*

During the three months ended March 31, 2020, 9,839 restricted share units ("**RSUs**") (2019 - 11,045) were granted pursuant to the RSUP. Total recoveries related to the RSUP for the three months ended March 31, 2020 were $47 (2019 - $179 expense), including mark-to-market adjustments and net of forfeitures, which were recognized in administrative expenses. The total liability recorded as part of the share-based compensation liability as at March 31, 2020 was $185 (December 31, 2019 - $232).

A summary of the movement of the RSUs granted is as follows:

	Number of RSUs
Outstanding, January 1, 2019	46,576
Granted	11,045
Forfeited	(6,555)
Dividend equivalents	1,831
Settled in cash	(10,385)
Settled in shares	(19,353)
Outstanding, December 31, 2019	23,159
Granted	9,839
Dividend equivalents	368
Outstanding, March 31, 2020	33,366

*Deferred share unit plan ("**DSUP**")*

Total recoveries related to the DSUP for the three months ended March 31, 2020 were $1,662 (2019 - $1,048 expense), including mark-to-market adjustments, which were recognized in administrative expenses. The total liability recorded related to the DSUP as a part of the share-based compensation liability as at March 31, 2020 was $4,015 (December 31, 2019 - $5,677). The value of each deferred share unit is measured at each reporting date and is equivalent to the fair value of a common share at the reporting date.

*Executive deferred share unit plan ("**EDSUP**")*

During the three months ended March 31, 2020, 83,530 (2019 - 52,038) executive deferred share units ("**EDSUs**") were granted. Total recoveries related to the EDSUP for the three months ended March 31, 2020 were $1,292 (2019 - $680 expense), including mark-to-market adjustments, which were recognized in administrative expenses. During the three months ended March 31, 2020, 20,322 EDSUs that vested during the year ended December 31, 2019 were redeemed in cash, which decreased the total liability by $351. The total liability recorded related to the EDSUP as a part of the share-based compensation liability as at March 31, 2020 was $2,963 (December 31, 2019 - $3,918).

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*Long-term incentive plan (**"LTIP"**)*

The LTIP has been terminated. The grant on February 15, 2018 was the final grant under the LTIP, and no further grants will be made.

As at March 31, 2020, the Company had loans outstanding from certain key management of $1,245 (December 31, 2019 - $1,264) in relation to previous years' grants under the LTIP and related share purchase loans, which have been recorded as a reduction to shareholders' equity. The terms of the LTIP provide for the loans to bear interest at the Canadian prime rate prevailing at the Company's bank at the time of grant. The underlying common shares have been pledged as security against the respective loans.

17 Key management compensation

The remuneration of key management is set out in aggregate for each of the categories below:

	Three months ended March 31,	
	2020	2019
Salaries and short-term employee benefits	**1,131**	1,132
Share-based compensation (recovery) expense (Note 16)	**(3,001)**	1,907
	(1,870)	3,039

18 Economic dependence

The Company holds licences related to each of its LTC residences and receives funding from the applicable health authorities related to those licences, which are included in revenues. During the three months ended March 31, 2020, the Company received approximately $91,307 (2019 - $89,865) in respect of these licences.

19 Expenses by category

	Three months ended March 31,	
	2020	2019
Salaries, benefits and other people costs	**100,104**	96,171
Depreciation and amortization	**19,332**	19,375
Food	**7,670**	7,086
Purchased services and non-medical supplies	**6,022**	5,847
Property taxes	**3,796**	3,820
Utilities	**4,753**	4,944
Other	**10,355**	13,802
Total expenses	**152,032**	151,045

20 Segmented information

Segmented information is presented in respect of the Company's business segments. The business segments are based on the Company's management and internal reporting structure. The Company operates solely within Canada, hence no geographical segment disclosures are presented. Inter-segment pricing is determined on an arm's length basis. Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Company is comprised of the following main business segments:

- Retirement - this segment consists of 27 RRs, five of which are located in the British Columbia and 22 of which are located in the Ontario, and the RR management services business;
- LTC - this segment consists of 35 LTC residences located in Ontario, eight seniors' living residences located in British Columbia and the LTC management services business; and
- Corporate, Eliminations and Other - this segment represents the results of head office, intercompany eliminations and other items that are not allocable to the segments.

All amounts are in thousands of Canadian dollars, except share and per share data, or unless otherwise noted

	Three months ended March 31, 2020			
	Retirement[1]	**LTC**	**Corporate, eliminations and other**	**Total**
Gross revenue	**37,937**	**132,606**	**16,354**	**186,897**
Less: Internal revenue	**—**	**4,106**	**16,354**	**20,460**
Net revenue	**37,937**	**128,500**	**—**	**166,437**
Operating expense	**22,002**	**107,924**	**—**	**129,926**
Depreciation and amortization	**12,749**	**5,534**	**1,049**	**19,332**
Administrative expense	**—**	**—**	**2,730**	**2,730**
Share of net loss in joint venture	**—**	**—**	**44**	**44**
Income (loss) before net finance charges, transaction costs and recovery of income taxes	**3,186**	**15,042**	**(3,823)**	**14,405**
Finance costs	**11,242**	**5,182**	**1,327**	**17,751**
Finance income	**—**	**(893)**	**(77)**	**(970)**
Transaction costs	**—**	**—**	**1,013**	**1,013**
Recovery of income taxes	**—**	**—**	**(893)**	**(893)**
Net (loss) income	**(8,055)**	**10,752**	**(5,193)**	**(2,496)**
Purchase of property and equipment	**1,362**	**778**	**141**	**2,281**
Purchase of intangible assets	**(5)**	**—**	**116**	**111**

[1] For the three months ended March 31, 2020, the Retirement segment recognized accommodation revenues of $17,179 and service revenues of $20,758.

All amounts are in thousands of Canadian dollars, except share and per share data, or unless otherwise noted

	Three months ended March 31, 2019			
	Retirement[1]	LTC	Corporate, eliminations and other	Total
Gross revenue	38,688	128,904	15,906	183,498
Less: Internal revenue	—	3,923	15,906	19,829
Net revenue	38,688	124,981	—	163,669
Operating expense	20,777	103,980	—	124,757
Depreciation and amortization	12,681	5,739	955	19,375
Administrative expense	—	—	6,913	6,913
Income (loss) before net finance charges, transaction costs and provision for income taxes	5,230	15,262	(7,868)	12,624
Finance costs	7,457	5,921	21	13,399
Finance income	—	(1,991)	(52)	(2,043)
Transaction costs	—	—	979	979
Provision for income taxes	—	—	(153)	(153)
Net income (loss)	(2,227)	11,332	(8,663)	442
Purchase of property and equipment, net of disposals	2,869	556	229	3,654
Purchase of intangible assets	—	—	526	526

[1] For the three months ended March 31, 2019, the Retirement segment recognized accommodation revenues of $17,312 and service revenues of $21,376.

	As at March 31, 2020			
	Retirement	**LTC**	**Corporate, eliminations and other**	**Total**
Total assets	**780,745**	**889,400**	**48,571**	**1,718,716**

	As at December 31, 2019			
	Retirement	LTC	Corporate, eliminations and other	Total
Total assets	792,556	880,786	19,258	1,692,600

All amounts are in thousands of Canadian dollars, except share and per share data, or unless otherwise noted

21 Joint arrangements

Joint venture

On February 7, 2020, the Company formed a joint venture with a third party for the purpose of developing a retirement residence in Niagara Falls, Ontario. The Company owns a 70% interest in this joint venture. The Company accounted for this joint venture using the equity method of accounting, since this joint arrangement is structured through a separate legal vehicle, and the Company has rights to the net assets of the arrangement.

The following tables outline the Company's investment in the joint venture, and the Company's share of the joint venture's net loss.

Investment in joint venture as at January 1, 2020	—
Contributions to joint venture	2,405
Share of net loss from joint venture	(44)
Investment in joint venture as at March 31, 2020	**2,361**

	March 31, 2020	December 31, 2019
Current assets	**11**	—
Long-term assets	**3,434**	—
Total assets	**3,445**	—
Current liabilities	**56**	—
Total liabilities	**56**	—
Net assets	**3,389**	—
Net investment in joint venture	**2,361**	—

	Three months ended March 31	
	2020	2019
Transaction costs	**63**	—
Net loss	**63**	—
Share of net loss in joint venture	**44**	—

All amounts are in thousands of Canadian dollars, except share and per share data, or unless otherwise noted

Joint operations

The Company has accounted for its joint arrangement in Nicola Lodge Care Community ("**Nicola Lodge**") and Glenmore Lodge Care Community ("**Glenmore Lodge**") as a joint operation, since it has rights to the assets and obligations for the liabilities related to Nicola Lodge and Glenmore Lodge.

The following tables outline the net assets and net income for Nicola Lodge and Glenmore Lodge, and the Company's share of 40% of Nicola Lodge and 77% of Glenmore Lodge that has been recognized in the interim consolidated financial statements.

	March 31, 2020	December 31, 2019
Current assets	**3,108**	3,080
Long-term assets	**101,673**	102,317
Total assets	**104,781**	105,397
Current liabilities	**5,470**	4,784
Long-term liabilities	**64,543**	64,867
Total liabilities	**70,013**	69,651
Net assets	**34,768**	35,746
Share of net assets	**17,743**	18,246

As at March 31, 2020, the Company's share of net assets in Nicola Lodge and Glenmore Lodge was $9,788 and $7,955, respectively (December 31, 2019 - $10,057 and $8,189, respectively).

	Three months ended March 31,	
	2020	2019
Revenue	**7,666**	7,230
Expenses		
Operating	**5,628**	5,206
Depreciation and amortization	**664**	723
	6,292	5,929
Income before net finance charges	**1,374**	1,301
Net finance charges	**721**	704
Net income	**653**	597
Share of net income	**302**	296

For the three months ended March 31, 2020, the Company's share of net income in Nicola Lodge and Glenmore Lodge was $218 and $84 (2019 - $178 and $118), respectively.

22 Subsequent event

On May 13, 2020, the Company was served with a statement of claim in respect of a proposed class action alleging negligence (for breach of duty of care and breach of fiduciary duties) and breach of contract in respect of all residents at Sienna residences who have been or could have been exposed to the COVID-19 virus, as well as the families of those individuals. The claim against the Company (and against another large senior living operator) seeks damages in the aggregate amount of $120,000. The claim has not been certified as a class action. The Company is currently reviewing the proposed class action and will respond in due course through the appropriate court process. Given the lack of information at this time, management is unable to assess the potential impact of this proposed class action on the Company's financial results.

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