Report to Shareholders

Q3 2022 Sienna Senior Living Inc.

Sienna
SENIOR LIVING

LETTER TO SHAREHOLDERS

Dear Fellow Shareholders,

Being a purpose-driven Company guides us as we adjust our business to navigate a more challenging business climate, including labour shortages, inflationary pressures and rising interest rates.

Generating strong occupancy gains to offset higher operating expenses

Amid continuing cost pressures, we achieved occupancy improvements across both of our business lines during the third quarter. In our retirement segment, solid demand in our key markets, coupled with our successful leasing strategy and the new Aspira brand, generated same-property occupancy gains for the fifth consecutive quarter. Average occupancy reached 88.4% in the third quarter and further increased to 88.6% in October 2022. We have also been able to successfully increase average rental rates in line with market rates, which helps to offset higher operating expenses.

In addition, we achieved a 490 basis point occupancy increase in our acquisition portfolio during the third quarter, excluding one property in lease up. This was our first full quarter of owning the 12 retirement residences we acquired in Ontario and Saskatchewan during Q2.

While occupancy gains and rental rate increases contributed to revenue growth, we are continuing to deal with significant cost increases as a result of labour shortages and high inflation, both of which have put pressure on operating margins.

Impact of rising costs on operations and development program

In our long-term care portfolio, resident admissions continued to progress steadily during Q3 2022 at most care communities and occupancy reached 96.7% in the third quarter. However, we expect cost pressures to remain for some time due to labour shortages and high overall inflation. We are actively working with other participants in the seniors' living sector and the government to receive funding that is aligned with the significant inflationary pressures experienced in recent quarters. Adequate funding will ensure that we can continue to provide service excellence and quality clinical care, which are key to a positive resident experience, and is crucial for the long-term economic viability of the sector.

Current supply chain issues and high inflation are also key considerations as we move forward with our redevelopment plans of our older long-term care communities in Ontario. We are closely monitoring cost escalations and the economic feasibility of current and future projects. While rising development costs have impacted the timing of construction starts, we remain optimistic about the sector’s ability to redevelop Class C homes in Ontario.

Prioritizing a corporate culture that is aligned with Sienna’s purpose and vision

At a time of staffing shortages in the health care sector and fierce competition for talent, we are making significant investments in attracting and retaining employees who are passionate about working with seniors. Creating the best workplace for our 12,000 team members is a key priority and it is inspiring to see how team members across our Company have been leaning into our new purpose of “Cultivating Happiness in Daily Life”.

A range of recruitment and staffing strategies are currently under way, including a new centralized scheduling system which has been implemented at most of our long-term care communities to date and will be rolled out across our retirement platform in the coming year. In addition, we are offering extra shifts to part-time team members to reduce our reliance on agency staff and launched a pilot program that supports the placement of Ukrainian refugees.

Aligned with our new purpose and vision, we have been actively listening and responding to our team members' insights. This is reflected in a number of initiatives including *SPARK*, Sienna's very own version of "Dragon's Den". *SPARK* gives employees a platform to be heard and share their ideas on how to improve the lives of our residents and team members. During the first round of submissions in October, we received over 170 ideas, of which a number will be piloted, with the goal to permanently implement the best ideas at our Company.

Our purpose and our belief that happiness drives wellness are also key aspects of our new long-term care platform. The implementation of the new platform is well under way and current areas of focus are enhancements to our residents' move-in experience and the transformation of the dining experience.

These and other initiatives will support our efforts to attract and retain a highly engaged workforce, build a talent pipeline for our growing company and distinguish Sienna as an employer and operator of choice in seniors' living.

Capitalizing on long-term demographic fundamentals and financial flexibility despite headwinds

Despite some headwinds, we intend to capitalize on the outstanding long-term demographic fundamentals in Canadian seniors' living. Our sector's resiliency is driven by the growing needs of seniors, who make up the fastest-growing demographic in Canada. At the same time, we prepare for some economic headwinds in the coming year and expect continued pressure on our operating margins.

Amid rising interest rates, we have maintained a strong balance sheet and increased Sienna's liquidity. On October 26, we upsized the Company's unsecured revolving credit facility by $100 million to $300 million and extended its maturity term by two years to March 2027. This latest financing is a vote of confidence in the future of our Company and our sector and underscores the resiliency of our business. It also provides financial flexibility as we set our long-term strategic goals for the coming years and work towards our vision to become Canada's most trusted and most loved seniors' living provider.

On behalf of our management team and our Board of Directors, I want to thank all of you for your continued support and commitment.

Sincerely,

Nitin Jain
President and Chief Executive Officer
Sienna Senior Living

Management's Discussion and Analysis

Q3 2022 Report to Shareholders

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 and nine months ended September 30, 2022. 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 and nine months ended September 30, 2022. 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, 2021 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.

With the exception of this MD&A's Business Update, Outlook and Environmental, Social and Governance ("**ESG**") Responsibility sections, or 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 David Hung, the Company's Chief Financial Officer and Executive Vice President, at 905-489-0258 or david.hung@siennaliving.ca.

Review and Approval by the Board of Directors

This MD&A is dated as of November 9, 2022, 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, Saskatchewan and Ontario. As at September 30, 2022, the Company owns and operates a total of 80 seniors' living residences: 38 retirement residences ("**RRs**" or "**Retirement Residences**") (including the Company's 50% joint venture interest in 12 residences in Ontario and Saskatchewan); 34 LTC communities; 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 or managed by the Company, by business segment.

	Retirement		Long-term Care		Total [1]	
Owned Residences	**Residences**	**Suites**	**Residences**	**Beds [2]**	**Residences**	**Beds / Suites**
100% Owned - operating	26	3,155	40	6,258	66	9,413
Partially Owned - operating [3]	12	1,234	2	374	14	1,608
Total Owned	38	4,389	42	6,632	80	11,021
Managed Residences	9	812	4	649	13	1,461
Total	47	5,201	46	7,281	93	12,482

Notes:
1. 79.2%, 16.3% and 4.5% of total beds/suites are located in Ontario, British Columbia and Saskatchewan, respectively.
2. 180 of the Long-term Care beds are privately funded.
3. We have a 50% ownership in 12 retirement residences (1,234 suites), a 40% ownership in one long term care community (256 beds) and a 77% ownership in one long term care community (118 beds) as at September 30, 2022.

The Company 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 November 9, 2022, the Company had 72,899,509 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, and impairment loss ("**EBITDA**") and maintenance capital expenditures ("**maintenance capital expenditures**", and collectively with NOI, FFO, OFFO, AFFO and EBITDA, the "**Non-IFRS Measures**"). These terms are defined in the following table and reconciliations to most comparable IFRS measures are referenced, as applicable.

The Company also uses the following key performance indicators (the "**Key Performance Indicators**"): Occupancy, Total Adjusted Revenue, Total Adjusted Operating Expenses, NOI, OFFO and OFFO per share, AFFO and AFFO per share, AFFO Payout Ratio, Debt to Gross Book Value, Weighted Average Cost of Debt, Debt to Adjusted EBITDA Ratio, Interest Coverage Ratio, Debt Service Coverage Ratio, Weighted Average Term to Maturity, Same Property and Development and Other to assess the overall performance of the Company's operations.

These Key Performance Indicators and Non-IFRS Measures 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.

Non-IFRS Measure	Definition	Reconciliation
Total Adjusted Revenue	Total Adjusted Revenue is defined as revenue, including the Company's share of revenue in Equity-Accounted Joint Venture (as defined below).	N/A
Total Adjusted Operating Expenses	Total Adjusted Operating Expenses is defined as operating expenses, including the Company's share of operating expenses in Equity-Accounted Joint Venture (as defined below).	N/A
Equity-Accounted Joint Venture	Equity-Accounted Joint Venture is defined as the Company's interest in Sienna-Sabra LP joint venture.	N/A
Net Operating Income ("NOI")	NOI is defined as property revenue and government assistance related to the pandemic, net of property operating expenses, including the Company's share in the Equity-Accounted Joint Venture. The Company believes that NOI is a useful additional measure of operating performance as it provides a measure of core operations that is calculated prior to taking into account depreciation, amortization, administrative expenses, impairment loss, net finance charges, transaction costs, gain on disposal of properties and income taxes. The IFRS measure most directly comparable to NOI is "net income".	Section - Business Performance - Reconciliation of Net Income to Net Operating Income

Non-IFRS Measure	Definition	Reconciliation
Funds from Operations ("FFO")	FFO is defined as NOI less certain adjustments including administrative expenses, net 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 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".	Section - Business Performance - Adjusted Funds from Operations
Operating funds from operations ("OFFO") and OFFO per Share	OFFO is FFO adjusted for non-recurring items, which includes restructuring costs, and presents net 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.	Section - Business Performance - Adjusted Funds from Operations
Adjusted funds from operations ("AFFO") and AFFO per share	AFFO is defined as OFFO plus the principal portion of construction funding received, less actual maintenance and net pandemic 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".	Section - Business Performance - Reconciliation of Cash Flow from Operations to Adjusted Funds from Operations
Earnings before interest, taxes, depreciation and amortization ("EBITDA")	EBITDA is defined as net income excluding net finance charges, taxes, transaction costs, depreciation and amortization, impairment loss, and including the Company's share of NOI in the Equity-Accounted Joint Venture. EBITDA is relevant in understanding the Company's ability to service its debt, finance capital expenditures and pay dividends to shareholders. The IFRS measure most directly comparable to EBITDA is "net income".	Section - Liquidity and Capital Resources - Financial Covenants
Adjusted EBITDA	Adjusted EBITDA is defined as EBITDA, adjusted for construction funding proceeds and non-recurring items.	Section - Liquidity and Capital Resources - Financial Covenants

Non-IFRS Measure	Definition	Reconciliation
Maintenance capital expenditures	Maintenance capital expenditures are defined as capital investments, including the Company's share of capital investments in Equity-Accounted Joint Venture, made to maintain the Company's residences to meet residents' needs and continually improve resident's experience. These expenditures include building maintenance, mechanical and electrical spend, suite renovations, common area maintenance, communications and information systems, furniture, fixtures and equipment. Please refer to the Maintenance Capital Expenditures section of this MD&A for additional financial information.	N/A
Pandemic expenses	Pandemic expenses are defined as operating expenses incurred in prevention and control of COVID-19.	N/A
Pandemic capital expenditures	Pandemic capital expenditures are defined as capital investments directly contributing to improved infection prevention and control ("IPAC") to manage the pandemic.	N/A
Occupancy	Occupancy is a key driver of the Company's revenues.	N/A
AFFO Payout ratio	Management of the Company monitors the AFFO payout ratio, which is calculated by dividing dividends per share over basic AFFO per share.	N/A
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.	N/A
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.	N/A
Debt to Adjusted EBITDA ratio	This ratio which is calculated by dividing total debt (including the Company's share of debt in Equity-Accounted Joint Venture), over Adjusted EBITDA.	N/A

Non-IFRS Measure	Definition	Reconciliation
Interest Coverage Ratio	Interest coverage ratio, which is calculated using Adjusted EBITDA divided by net finance charges, is a common measure used to assess an entity's ability to service its debt obligations.	N/A
Debt Service Coverage Ratio	This ratio is calculated using total debt service (including the Company's share of debt in Equity-Accounted Joint Venture), divided by Adjusted EBITDA, useful for management of the Company to ensure it is in compliance with its financial covenants.	N/A
Weighted Average Term to Maturity	This indicator is used by management of the Company to monitor its debt maturities.	N/A
Same Property	Measures with "same property" are similar to "same-store" measures used in a number of other industries 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, assets undergoing new development, redevelopment, assets held for sale or that were sold. Properties undergoing new development or redevelopment are considered "same property" once they are operating at stabilized occupancy levels.	N/A
Development and Other	The development and other portfolio includes properties undergoing new development or redevelopment, and assets held for sale or that were sold. Development properties are moved to same property at the earlier of three years since completion or upon achieving stabilized occupancy levels.	N/A

Key Performance Indicators

The following table represents the Key Performance Indicators for the periods ended September 30:

Thousands of Canadian dollars, except occupancy, share and ratio data	Three Months Ended 2022	2021	Change	Nine Months Ended 2022	2021	Change
OCCUPANCY						
Retirement - Average same property occupancy	**88.4 %**	81.6 %	6.8 %	**87.2 %**	80.0 %	7.2 %
Retirement - Acquisition, development and others - Average occupancy	**82.6 %**	50.8 %	31.8 %	**80.2 %**	52.7 %	27.5 %
Retirement - Average total occupancy	**87.5 %**	80.3 %	7.2 %	**86.5 %**	78.7 %	7.8 %
LTC - Average total occupancy	**89.7 %**	86.2 %	3.5 %	**88.4 %**	82.7 %	5.7 %
LTC - Average private occupancy	**84.0 %**	82.9 %	1.1 %	**82.1 %**	80.2 %	1.9 %
LTC - Average total occupancy excl. 3 and 4 ward beds and isolation beds (1)	**96.7 %**	n/a	n/a	**95.2 %**	n/a	n/a
FINANCIAL						
Total Adjusted Revenue	**189,192**	170,423	18,769	**543,625**	494,319	49,306
Total Adjusted Operating Expenses, net	**154,172**	137,020	17,152	**442,249**	385,624	56,625
Same property NOI (2)	**32,830**	32,657	173	**97,603**	105,198	(7,595)
Total NOI (2)(8)	**35,020**	33,403	1,617	**101,376**	108,695	(7,319)
Administrative expenses	**8,060**	7,282	778	**26,063**	23,671	2,392
EBITDA (3)(8)	**26,960**	26,121	839	**99,035**	85,016	14,019
Net income (8)(9)	**2,513**	4,533	(2,020)	**17,343**	15,994	1,349
OFFO (4)(8)	**17,944**	18,265	(321)	**51,376**	58,734	(7,358)
AFFO (5)(8)	**16,564**	15,671	893	**50,172**	56,203	(6,031)
Total assets (6)	**1,736,319**	1,606,834	129,485	**1,736,319**	1,606,834	129,485
PER SHARE INFORMATION						
Net income per share, basic and diluted	**0.034**	0.070	(0.036)	**0.244**	0.240	0.004
OFFO per share (4)	**0.246**	0.272	(0.026)	**0.722**	0.876	(0.154)
AFFO per share (5)	**0.227**	0.234	(0.007)	**0.705**	0.838	(0.133)
Dividends per share	**0.234**	0.234	—	**0.702**	0.702	—
AFFO Payout ratio (7)	**103.1 %**	100.0 %	3.1 %	**99.6 %**	83.8 %	15.8 %
FINANCIAL RATIOS						
Debt to Gross Book Value as at period end	**43.3 %**	45.6 %	(2.3)%	**43.3 %**	45.6 %	(2.3)%
Weighted Average Cost of Debt as at period end	**3.6 %**	3.4 %	0.2 %	**3.6 %**	3.4 %	0.2 %
Debt to Adjusted EBITDA as at period end	**9.0**	7.8	1.2	**9.0**	7.8	1.2
Interest Coverage Ratio	**3.3**	3.4	(0.1)	**3.3**	3.8	(0.5)
Debt Service Coverage Ratio	**1.8**	2.2	(0.4)	**1.8**	2.2	(0.4)
Weighted Average Term to Maturity as at period end	**4.5**	5.4	(0.9)	**4.5**	5.4	(0.9)
CHANGE IN SAME PROPERTY NOI						
Retirement			**15.2 %**			**14.1 %**
LTC			**(9.2)%**			**(19.4)%**
Total			**0.5 %**			**(7.2)%**

Notes:

1. Long-term care residences received occupancy protection funding for vacancies caused by temporary closure of admissions due to an outbreak, including COVID-19, and for capacity limitations and isolation requirements until January 31, 2022.
2. NOI for the three months and nine months ended September 30, 2022 includes net pandemic expenses (recoveries) of $1,307 and $5,626, respectively (2021 - $378 and $(7,240), respectively).
3. EBITDA for the three months ended September 30, 2022 increased by $839 to $26,960, compared to same period in 2021, primarily due to increase in NOI offset partly by higher administrative expenses. EBITDA for the nine months ended September 30, 2022 increased by $14,019 to $99,035, compared to comparative period primarily due to a gain on the disposal of properties, offset partly by lower NOI as a result of lower net pandemic recoveries compared to prior year.
4. OFFO for the three and nine months ended September 30, 2022 includes after-tax net pandemic expenses (recoveries) of $999 and $4,350, respectively (2021 - $724 and $(3,752), respectively) and mark-to-market recovery on share-based compensation of $(212) and $(689), respectively (2021 - $(144) and $(80), respectively).
5. AFFO for the three and nine months ended September 30, 2022 includes net pandemic capital expenditures (recoveries) of $nil (2021 - $538 and $306, respectively), after-tax net pandemic expenses (recoveries) of $999 and $4,350, respectively (2021 - $724 and $(3,752), respectively) and mark-to-market recovery on share-based compensation of $(212) and $(689), respectively (2021 - $(144) and $(80), respectively).
6. Property and equipment and intangible assets included in total assets are measured at cost less accumulated depreciation and amortization and impairment loss.
7. AFFO payout ratio for the three and nine months ended September 30, 2022, excluding after-tax net pandemic impact and mark-to-market adjustments on share-based compensation, would be 98.4% and 92.8%, respectively (2021 - 99.7% and 90.4%, respectively).
8. Includes the Company's 50% share of each of the revenue, operating expenses, and NOI of its Equity-Accounted Joint Venture.
9. Net income for the nine months ended September 30, 2022 includes an impairment loss of $12.8 million, and a gain on disposal of properties of $23.7 million.

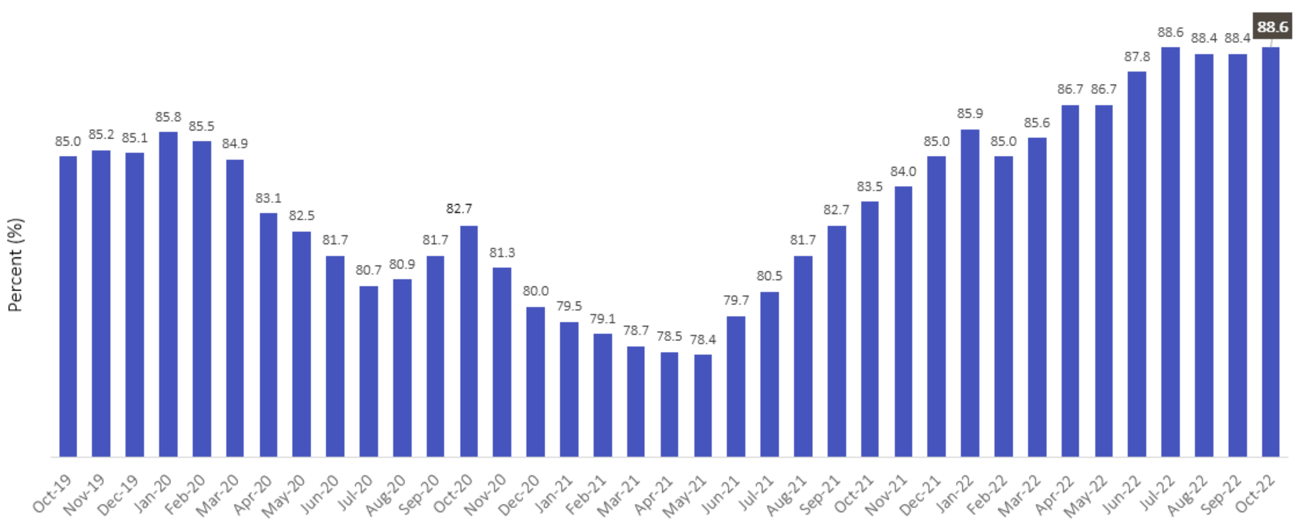
Third Quarter 2022 Summary

As outlined in detail under "Business Update" below, the third quarter of 2022 has been marked with significant progress with respect to many strategic initiatives to add value to our operating platforms. This is reflected in our operating results, with continued occupancy improvements across our operating platforms and rental rate increases in our retirement portfolio.

At the same time, intense competition for talent, high inflation and funding gaps resulting from insufficient government funding continue to impact our operations and operating margins.

Retirement Occupancy - Average same property occupancy in the Retirement portfolio was 88.4% in Q3 2022, up 680 basis points **("bps")** from 81.6% in Q3 2021.

The following chart shows the monthly average Retirement same property occupancy percentage over the past three years:



Rent collections during Q3 2022 remained high at over 99% and are consistent with pre-pandemic levels.

LTC Occupancy - Average occupancy in the LTC portfolio was 96.7% in Q3 2022, excluding the unavailable 3rd and 4th beds in multi-bed rooms due to capacity limitation, and isolation beds. Effective February 2022, occupancy targets of 97% for long-stay beds and 90% for interim short-stay beds, excluding beds unavailable as a result of capacity limitations in multi-bed rooms and isolation requirements, have been reinstated. However, for the period of February 1, 2022 to September 30, 2022, LTC homes that do not achieve target resident days (97% occupancy for long-stay beds, 90% for interim short stay beds), will receive at a minimum 90% of their Level of Care ("LOC") per diem funding. As at September 30, 2022, approximately 500 beds were unavailable, mainly as a result of capacity limitations and isolation requirements, of which approximately 350 represented the 3rd and 4th beds in multi-bed rooms.

Total Adjusted Revenue increased by 11.0% in Q3 2022, or $18,769, to $189,192, compared to Q3 2021. In the Retirement segment, revenues increased by $9,250 or 24.9% compared to Q3 2021 driven by occupancy growth, annual rental rate increases in line with market conditions, and additional revenues from the 12 properties acquired in Q2 2022 offset partly by the sale of a retirement residence in Q1 2022. LTC's revenues for Q3 2022 increased by $9,519, or 7.1% compared to Q3 2021, primarily due to flow-through funding for increased direct care provided to residents, as well as higher preferred accommodation revenues from increased occupancy, offset partly by lower revenues as a result of the sale of a LTC community in Q1 2022.

Total Adjusted Operating Expenses, net of government assistance increased by $17,152 in Q3 2022, or 12.5%, to $154,172, compared to Q3 2021. In the Retirement segment, expenses increased primarily due to higher labour and food costs, increased marketing, insurance, utilities as well as additional operating expenses related to the 12 retirement properties acquired in Q2 2022. In the LTC segment, expenses increased mainly due to higher expenses related to an increase in government-funded direct care provided to residents, as well as increased labour, insurance and utilities costs, offset partly by lower expenses from the sale of a LTC community in Q1 2022.

Total NOI increased by $1,617 in Q3 2022, or 4.8%, to $35,020, compared to Q3 2021, mainly due to NOI growth in the Retirement segment of $3,657 driven by an increase in same property NOI as well as additional NOI from the 12 retirement properties acquired during Q2 2022. NOI in the LTC segment decreased by $2,040 mainly due to higher operating costs in excess of funded revenues and due to the sale of a long-term care community in Q1 2022.

Net income was $2,513 for Q3 2022 as compared to net income of $4,533 in Q3 2021. The decrease was primarily due to the share of net loss in joint venture of $2,336, higher administrative expenses, partially offset by higher NOI and lower income taxes compared to the prior year.

OFFO decreased by 1.8% in Q3 2022, or $321, to $17,944 compared to Q3 2021. The decrease in OFFO was primarily due to higher administrative expenses and higher interest expense, partially offset by an increase in NOI compared to the prior year. OFFO per share decreased by 9.6% in Q3 2022, or $0.026, to $0.246.

AFFO increased by 5.7% in Q3 2022, or $893, to $16,564 compared to Q3 2021. The increase in AFFO was primarily related to lower maintenance costs as a result of timing of expenses, partially offset by lower OFFO. AFFO per share decreased by 3.0% in Q3 2022, or $0.007, to $0.227.

Debt The Company's Debt to Gross Book Value decreased by 230 bps to 43.3% at the end of Q3 2022 from 45.6% at the end of Q3 2021, primarily due to the additional assets acquired through the Equity-Accounted Joint Venture using funds from the Company's equity offering, and proceeds from property dispositions which was used to repay certain mortgages that matured in the year. Debt to Adjusted EBITDA increased to 9.0 times in Q3 2022 from 7.8 times in Q3 2021 and the Debt Service Coverage Ratio decreased to 1.8 times in Q3 2022 from 2.2 times in Q3 2021. The Interest Coverage Ratio decreased to 3.3 times in Q3 2022 from 3.4 times in Q3 2021. The Weighted Average Term to Maturity marginally decreased to 4.5 years from 5.4 years in Q3 2021. The Company is in compliance with all of its debt covenants.

Our debt is well distributed between unsecured debentures, an unsecured term loan, credit facilities, conventional mortgages and CMHC insured mortgages.

Business Update

During the third quarter of 2022, Sienna rolled out its new Purpose of “Cultivating Happiness in Daily Life” and its Vision to “Become Canada’s most trusted and most loved seniors’ living company”. Both are reflected in the numerous initiatives discussed in this business update and guide us as we navigate current labour shortages, inflationary pressures and government funding shortfalls.

With respect to the Company's retirement operations, our successful leasing strategy and solid demand in our key markets helped generate occupancy gains in both the same-property and the acquisition portfolios in Q3 2022, although ongoing cost pressures and inflation continue to put pressure on our operating margins.

Sienna's long-term care operations saw steady resident admissions and occupancy improvements during Q3 2022. At the same time, we continue to experience significant staffing challenges and steep cost increases, some of which are not adequately covered by government funding. The seniors' living sector continues to work with the government to receive funding that is aligned with the significant inflationary pressures experienced in recent quarters. We expect these pressures to continue into 2023, both with respect to day-to-day operations as well as the redevelopment of our older long-term care communities.

Growth and Diversification Initiatives

The significant growth of our retirement platform with the addition of 12 retirement residences in Ontario and Saskatchewan in Q2 2022 highlights our strategy of growing a balanced portfolio of retirement residences and long-term care communities in Canada. With deep experience and scale in each segment, we run two distinct business lines, while taking advantage of the benefits inherent in shared services and scale. We believe that diversification adds to the financial strength of our business as it allows us to capture higher potential growth and operating margins inherent in our retirement portfolio, while benefiting from the stability of government-funded long-term care operations.

Integration of Acquired Portfolio into Aspira Platform

To date, the 12 retirement residences, which were acquired in a joint venture with Sabra Health Care REIT, Inc. ("**Sabra**"), have been fully integrated into the Company’s sales and operating platforms. The Company owns a 50% ownership interest in these assets and acts as the manager of the 12 retirement residences.

The following table summarizes key information about the 12 acquired retirement residences:

Property	City	Year Built / Expanded	Number of Suites (at 100%)				
			IL	AL	MC	Total	Potential Expansion
The Barrieview	Barrie, ON	2019	78	23	23	124	-
Douglas Crossing	Uxbridge, ON	2017	102	28	18	148	-
Harvest Crossing	Tillsonburg, ON	2011/15	100	-	-	100	52
Lynde Creek Garden	Whitby, ON	2004/14	93	-	-	93	77
Bolton Mills	Bolton, ON	2019	112	-	-	112	-
Cedar Crossing	Simcoe, ON	2016	67	-	-	67	45
Empire Crossing	Port Hope, ON	2015	63	-	-	63	59
Total Ontario			**615**	**51**	**41**	**707**	**233**
Stonebridge Crossing	Saskatoon, SK	2012	89	-	27	116	-
Yorkton Crossing	Yorkton, SK	2016	79	-	-	79	-
West Park Crossing	Moose Jaw, SK	2016	57	-	22	79	-
Riverbend Crossing	Regina, SK	2013	-	-	67	67	-
Hunter Village	Saskatoon, SK	2016	159	27		186	
Total Saskatchewan			**384**	**27**	**116**	**527**	**-**
Total Portfolio			**999**	**78**	**157**	**1,234**	**233**

Acquisition of Woods Park Care Centre, Barrie, Ontario

On February 28, 2022, we entered into an agreement with a related party to purchase Woods Park Care Centre ("**Woods Park**"), which has historically been managed by the Company, for a purchase price of $26.0 million. Woods Park is located in Barrie, Ontario, and offers a continuum of care, comprised of 55 private-pay independent living retirement suites and 123 government-funded Class A long-term care beds.

The addition of Woods Park to Sienna's portfolio will further expand the Company's footprint in Ontario and in markets within close proximity to the Greater Toronto Area. The acquisition is subject to regulatory approvals and customary closing conditions and is expected to be finalized in Q4 2022.

Development of a Joint Venture Retirement Residence in Ontario

Our joint venture development of a 150-suite retirement residence in Niagara Falls is progressing well and is expected to be completed by the end of 2023. The estimated total capital investment is approximately $50 million, with an expected development yield of approximately 7.5%. Sienna's share of this greenfield joint venture with Reichmann Seniors Housing is 70%. The total net capital investment to date is $6.3 million.

Development and Redevelopment of Long-Term Care Portfolio in Ontario

The Government of Ontario has committed to make a significant investment to upgrade long-term care beds in Ontario. The investment is tailored to account for regional differences in land and other construction costs. In addition, development grants of 10% to 17%, depending on geographic location and home size, will further help fund upfront costs.

As we move forward with our development program planning, we are closely monitoring cost escalations with respect to material and labour and their impact on our construction starts, estimated development yields and economic feasibility for current and future projects. Sienna, together with other sector participants, have been actively working with the government to revise the current construction funding model.

We expect to have a total of 480 beds in construction by early 2023, including projects in North Bay, Keswick and Brantford, Ontario. In addition, over 1,000 beds are currently in pre-planning stages in Toronto and its suburbs, including in Scarborough and Mississauga.

To date, the Government of Ontario has provided bed licence allocations relating to 12 of our older long-term care communities, comprising approximately 2,600 beds, of which approximately 1,800 are for renewals and over 800 are for new beds. These allocations cover substantially all of Sienna's Class B and C portfolio. Once completed, the redevelopments will elevate the quality of life of our residents, provide additional capacity and a great workplace for our team.

Retirement Operations Update

As at September 30, 2022, the retirement portfolio comprised 4,389 suites across Ontario, Saskatchewan and British Columbia and contributed approximately 48% to the Company's NOI in Q3 2022.

Sienna’s successful marketing and sales initiatives resulted in further occupancy gains, making Q3 2022 the fifth consecutive quarter of occupancy improvements. Average same property occupancy was 88.4% in Q3 2022, representing a 680 bps gain year over year compared to Q3 2021 and further increased to 88.6% in October 2022. In addition, average rental rate increases in line with market rates have partially offset the significant cost increases and inflationary pressures we have been experiencing in recent quarters.

With respect to our 2022 acquisitions, occupancy strengthened significantly throughout the third quarter, the Company's first full quarter of ownership, and reached 88.1% at September 30, 2022, excluding one property in lease-up. This represents a 490 bps increase from June 30, 2022, and is a clear indication of the successful integration of the retirement residences into the Aspira platform. Going forward, we expect occupancy trends at our acquired residences to be in line with the overall retirement portfolio of the Company.

Successful marketing and sales initiatives generating strong interest in Company's retirement residences

Enhancing community engagement remains a key objective of Sienna's sales and marketing teams, with a keen focus on building and maintaining excellent relationships with healthcare and business partners in the local communities of our residences.

In addition, the Company’s new Aspira brand and signature programs *Nourish by Aspira, Active by Aspira* and *Explore by Aspira are* generating strong interest in our residences. Qualified leads have increased by approximately 26% during Q3 2022, the first full quarter since the launch of Aspira, compared to the same period in 2021. We expect our new retirement brand and service offerings will further support lead generation, occupancy growth and ultimately contribute to improved financial performance.

Our efforts, coupled with strong demand in many of our key markets, resulted in 257 rent deposits and 288 residents move-ins in our same property portfolio in Q3 2022. While Q3 2022 move-ins are below the record-high levels achieved in Q3 2021, they continued to significantly outpace resident move-outs, leading to strong occupancy gains. In addition, rent collection levels remained high at approximately 99% throughout Q3 2022.

Long-term Care Operations Update

In Q3 2022, the Company's long-term care portfolio, which comprises 6,632 beds in Ontario and British Columbia, contributed approximately 52% to the Company's overall NOI.

Implementation of New LTC Platform

Sienna's new LTC platform is deeply aligned with the Company's purpose of Cultivating Happiness in Daily Life and based on our belief that happiness drives wellness.

Our goal is to increase the quality of life of residents providing holistic and integrated care and by elevating their experience with respect to dining, recreation and community-focused interactions, in addition to improving residents' move-in experience.

The platform design is based on best practices and the input from our residents and families, with the aim to distinguish Sienna as a LTC provider of choice and comprises the following four pillars:

- **Settle In** - the move-in experience
- **Savour It** - the food and dining experience
- **Stimulate** - engagement and meaningful recreation
- **Socialize** - meaningful visits and social connections

We are currently in the process of rolling out the first two pillars across our long-term care platform.

"Settle In" reflects the importance of the first experience residents have at our communities. Changes to our residents' move-in experience include a new platform-wide standard aimed at decreasing anxiety of residents and families and truly making them feel welcome and at home.

"Savour It" is focused on revitalizing residents' dining experience. The transformation of dining is led by an executive chef who is responsible for the development of more savory and better presented meals. In addition, the social aspect of eating is emphasized and we aim to bring more of a hospitality-like feel to our dining rooms over time.

Focus on Residents' Quality of Life and Care

Our focus continues to be on improved quality of life and care outcomes. We have strengthened our ongoing review of quality of care based on quality indicators, clinical reviews and inspection reports. Sienna's care communities participate in third-party assessments, supporting the ongoing process of quality improvement and operational excellence.

As part of our commitment to improve clinical quality and safety for seniors, we are a member of the Seniors Quality Leap Initiative ("SQLI"), a group of large long-term care providers from across North America that shares quality indicators and benchmarks against international standards. According to the most recently available 2021 data, Sienna performs in the 80th percentile for all indicators and outperforms the consortium average in 22 of 27 indicators.

Update on Government Funding and Orders

COVID-19 Prevention and Containment and PPE Funding - On September 1, 2022, the Ontario Ministry of Long-Term Care (**"MLTC"** or **"Ministry"**) announced that funds in the amount of $146.6 million to support incremental costs associated with COVID-19 prevention and containment and PPE will be provided to LTC homes. This funding can be applied for eligible expenses incurred from April 2022 - March 2023 with Sienna's maximum share of this funding being approximately $18 million, which represents a decrease of approximately 65% compared to the funding we received for the period from April 2021 - March 2022.

British Columbia single site order to expire - Effective December 31, 2022, the British Columbia government will be rescinding the single site order that was implemented in April 2020 as a strategy to help control the spread of COVID-19. The order was put in place to restrict movement of employees who held positions in more than one worksite by assigning them to work at a single site.

Occupancy Protection Funding - For LTC communities in both Ontario and British Columbia, the Company continued to receive full funding for vacancies caused by the temporary closure of admissions due to an outbreak, including COVID-19.

In February 2022, the Government of Ontario reinstated its occupancy targets of 97% for long-stay beds and 90% for interim short-stay beds, excluding beds unavailable as a result of capacity limitations in multi-bed rooms and isolation requirements. However, for the period from February 1, 2022 to September 30, 2022, LTC homes that do not achieve target resident days, will receive a minimum of 90% of their funding. As at September 30, 2022, approximately 500 beds were unavailable mainly as a result of capacity limitations and isolation requirements, of which approximately 350 represented the 3rd and 4th beds in multi-bed rooms. On October 6, 2022, the Government of Ontario further advised that operators should start admitting residents to beds which were previously set aside for pandemic-related isolation purposes.

Resident admissions continued to progress well throughout the third quarter, leading to occupancy improvements. Based on the total number of licensed beds, average occupancy was 89.7% in Q3. Excluding the 3rd and 4th beds in multi-bed rooms and isolation beds, same property average occupancy reached 96.7% during the third quarter, compared to 95.5% in Q2 2022.

Given the long waiting list for LTC beds across Ontario and long wait times of up to two years for beds at our LTC communities in British Columbia, we anticipate the achievement of the average annual occupancy target required for full funding at the vast majority of our care communities.

Funding Changes with respect to 3rd and 4th beds in multi-bed rooms - On August 30, 2022, the Ministry advised that it is not planning to re-open the 3rd and 4th beds in multi-bed rooms in long term care communities for resident admissions. As a result, the Ministry intends to gradually reduce the related funding during the period starting on January 1, 2023 until March 31, 2025. The Company has approximately 350 3rd and 4th beds in Ontario which could be impacted by this announcement. We are currently assessing the impact of this announcement on our operations and financial results and are seeking further clarification from the government on this change.

As of November 9, 2022, MLTC has not issued an updated COVID-19 Funding Policy with respect to the announced funding changes pertaining to 3rd and 4th beds.

COVID-19 Update

Sienna continues to have effective COVID-19 outbreak management and IPAC capabilities in place to manage the impact of COVID-19 at its residences. In addition, the majority of residents had received their third dose of the vaccine by the beginning of 2022 with many of them having received their fourth dose to date as well. With this added protection, infected residents' and team members' symptoms have been mostly mild or moderate during recent waves of the pandemic, which have been largely defined by staffing shortages. A high vaccination rate among residents and team members coupled with effective anti-viral treatments, the disease burden for our residents has been lessened substantially this year. However, homes in outbreak continue to incur significant pandemic costs and Sienna, together with other seniors' living operators and sector associations, is advocating for continued government funding of pandemic costs.

As of November 8, 2022, 21 of Sienna's 93 owned or managed residences are in outbreak with active cases of COVID-19 at 11 long-term care and 10 retirement residences. Of these residences, 9 residences have five or less active COVID-19 cases among its residents.

Staffing Update

Staffing within the seniors' living sector and the wider health care sector remains challenging. As part of our strategic objectives, we aim to become the employer of choice in Canadian seniors' living by offering a compelling team experience and by nurturing a purpose-driven culture. We believe that the appeal of our new purpose and vision are an opportunity to differentiate Sienna from competitors and will help us attract and retain a highly engaged workforce and build a talent pipeline for our growing company.

Staffing Strategy

We continued with our proactive staffing strategy to lessen our reliance on agency staff and to position Sienna well for the gradual increase in direct hours of care across the long-term care platform. In addition to attracting new talent, we have been working on a number of other initiatives, including offering additional shifts to part-time team members and launching a pilot program that supports the placement of Ukrainian refugees at communities with significant staffing challenges.

Centralized scheduling and call-out system

To further support and improve the staffing process, we have launched a new centralized scheduling and call-out system. To date, the system has been rolled out to most of our long-term care communities. This system provides greater flexibility to staffing on a real-time basis, and a more seamless process to fill staffing gaps. This is expected to support our efforts to reduce the use of agency staff and enable tighter controls on overtime.

In addition, we have been piloting improvements to our onboarding process, including enhancements to pre-boarding, team member orientation and team member mentoring.

Talent Acquisition

As part of our ongoing talent acquisition strategy, we expanded our collaboration with educational and government institutions and intensified our social media campaigns. To ensure a talent pipeline for future staffing needs, we enhanced our campus recruitment campaigns at key colleges and universities across Ontario and British Columbia. Sienna's collaboration with colleges and universities has supported approximately 1,600 students who we welcomed to conduct their placement at a Sienna home during the first nine months of 2022, many of whom we hope to hire once they graduate.

Government-funded wage enhancements and retention bonuses

To further support staffing across the health care sector, including seniors' living, the Government of Ontario has made a previously temporary wage enhancement for personal support workers of $3 per hour permanent in April 2022 and has been rolling out a one-time retention bonus for nurses of up to $5,000 across the province.

SPARK

Based on feedback from the 2021 team member satisfaction survey, team members seek opportunities to share their ideas. As a result, Sienna created its own version of Dragon's Den called SPARK, allowing team members to share ideas on how Sienna can grow and improve. We received a total of 170 ideas during the first round of submissions in October 2022, of which a number of ideas will be piloted, with the best ideas being implemented across our operations.

Sienna Ownership and Reward Program

The Sienna Ownership and Reward Program ("**SOAR**") awards common shares of the Company to all permanent employees who have been with the Company for one year or longer. Subsequent to the shareholder approval of SOAR in April 2022, a total of 110,386 shares were issued to team members in Q2 2022. The Company is currently preparing for its next grant date on November 30, 2022, with approximately 2,100 newly eligible team members having the opportunity to receive a one-time award of Sienna shares.

Cost Pressures under Current Market Conditions

In recent years, we have seen cost pressures on agency staffing costs due to a tight labour market, increased insurance premiums in the senior housing sector, rising interest rates, and rising utilities costs in line with the overall market. More recently, decades-high inflation has further added to cost pressures in other expense categories, including food, supplies and contracted services.

Significant agency premiums averaging 75% to 100% over the regular staffing rates combined with generally higher reliance on agency staff during the pandemic resulted in a substantial increase in staffing costs. Agency staffing costs totaled approximately $14.5 million, compared to $11.9 million in Q3 2021, with the majority of the staffing costs covered by government flow-through funding.

In Q3 2022, utilities increased by $0.6 million, representing an approximate 13% increase over the prior year. Substantially all of the increase was due to higher natural gas prices.

We expect that continuing occupancy growth, rental rate increases, as well as the added scale as a result of acquisitions and developments will mitigate these increased costs and support our operating margins for the balance of 2022 and beyond.

We are actively working with other participants in the seniors' living sector and the government to receive funding that is aligned with the current inflationary conditions and offset the significant cost increases.

Outlook

Long-term demand fundamentals in Canadian seniors living remain strong despite an expected economic slowdown, pressures on costs and wages and a challenging labour market. Our sector's resiliency is largely driven by the rising needs of seniors, who make up the fastest-growing demographic in Canada.

Retirement Operations

Sienna's retirement operations reached an average same property occupancy rate of 88.6% in October 2022, and the Company forecasts to end 2022 at a similar level, supported by continued investments in sales and marketing initiatives and its operating platforms. In addition, as a result of the successful integration of the 12 recently acquired retirement residences in Ontario and Saskatchewan into our operating platform, we expect occupancy trends of these 12 residences to be in line with the overall retirement portfolio of the Company as we continue to capitalize on the growing demand for quality seniors living.

We expect year-over-year NOI growth in our retirement portfolio in 2022 to be supported by occupancy improvements, rental rate increases in line with market rates and added scale from acquisitions. These factors are expected to contribute to revenue growth, while cost pressures will remain for some time due to labour shortages, increased insurance premiums, higher utility rates and high overall inflation.

In addition, we expect continued unfunded pandemic expenses in our retirement operations of less than $1 million in Q4 2022.

Taking all factors into account, we expect Q4 2022 operating margins to be similar to Q3 2022.

Long-Term Care Operations

In Sienna's LTC portfolio, resident admissions continued to progress steadily at most care communities throughout Q3 2022, although an increase in COVID-19 outbreaks continued to impact admissions at some care communities. Average same-property occupancy, excluding the unavailable 3rd and 4th beds in multi-bed rooms due to capacity limitation and isolation beds, reached 96.7% during the third quarter. In February 2022, the Government of Ontario reinstated occupancy targets of 97% required for full funding. Given the long waiting list for long-term care beds, we anticipate to meet the required occupancy targets at the vast majority of our care communities for full funding in 2022.

With respect to government-funding for our long-term care operations, we expect cost pressures to remain for some time due to labour shortages and high overall inflation. We are actively working with other participants in the seniors' living sector and the government to receive funding that is aligned with the significant inflationary pressures experienced in recent quarters. Adequate funding will ensure that we can continue to provide service excellence and quality clinical care, which are key to a positive resident experience, and is crucial for the long-term economic viability of the sector.

In addition, we expect continued unfunded pandemic expenses of between $3 million to $4 million in Q4 2022 within our long-term care segment.

Developments

With respect to new developments, rising construction costs coupled with generally high inflation and the uncertainty caused by the pandemic have led to a significant decline in new construction activity in the retirement sector across Canada. Coupled with an aging population, we expect demand for our existing retirement residences to increase substantially in the coming years.

Current supply chain issues and high inflation are also key considerations as we move forward with our development program planning. We are closely monitoring cost escalations with respect to material and labour and their impact on our construction starts, estimated development yields and economic feasibility for current and future projects.

Together with other participants in the seniors' living sector, we are working with the government to receive funding that is aligned with the significant inflationary and cost pressures.

Capitalizing on long-term demographic fundamentals despite headwinds

Despite some headwinds, we intend to capitalize on the outstanding long-term demographic fundamentals in Canadian seniors' living, achieve operating efficiencies through scale, and continue to grow the business through development and acquisitions.

We will continue to leverage the growth potential of our retirement and LTC platforms in existing and new markets. Our strategic partnership with our joint venture partner Sabra is also expected to be an additional avenue of future growth, and will generate enhanced returns through a management fee income stream.

The significant growth of our retirement platform highlights our strategy and commitment to grow a balanced portfolio of retirement residences and long-term care communities in Canada and take advantage of the benefits inherent in shared services and scale. In addition, it allows us to provide a continuum of care to residents - from a high level of independence to extensive assistance with activities of daily living and access to 24-hour nursing care.

Significant Events

Financing Update

On October 26, 2022, the Company increased its senior unsecured revolving credit facility (**"Unsecured Revolving Credit Facility"**) by $100 million to $300 million and extended its maturity term by two years to March 2027. Borrowings under the Unsecured Revolving Credit Facility can take place by way of Canadian Bankers Acceptance Rates ("**BAs**") at 145 bps per annum over the floating BA rate, or at the Canadian prime rate plus 45 bps per annum.

Our Purpose and Vision

Each of our actions and initiatives affects our residents’ quality of life and well-being and impacts our team members and the communities we serve across the country. This is at the heart of what we do and is reflected in Sienna's purpose: **Cultivating Happiness in Daily Life**.

It conveys our belief that our role does not stop at providing the highest quality of service and care to our residents - it goes much further. Each and every day, we will strive to bring happiness into our residents’ lives by enabling our team to put their passion for their work into action and supporting families to bring joy into our homes. In retirement and long-term care, we are committed to helping residents discover happiness through personalization, choice and community engagement in a comfortable, home-like setting. And in doing this each and every day, it supports Sienna’s vision to be **Canada’s most trusted and most loved seniors’ living provider**. With this vision, we will equally meet the needs and expectations of our residents, families, team members and the communities we serve.

Company Strategy and Objectives

Sienna’s strategic objectives are centered around the following three pillars:

Enhancing Operating Platform:

Sienna strives to provide quality resident experiences and build and retain a high performing team and great culture. This includes:

- Distinguishing its retirement product and service offerings from competitors through the Company's rebranded Aspira platform;
- Developing a new LTC platform aimed at providing holistic and integrated care to improve the quality of life of residents;
- Collaborating with all levels of government, sector associations, regulatory authorities and others to help shape the future of seniors' living in Canada;
- Recruiting, retaining and developing a high performing and engaged team with an increased focus on training to support the significant increase of direct hours of care in long-term care in Ontario; and
- Increasing communication and improving transparency with residents, families, team members and other key stakeholders.

Maintaining Solid Balance Sheet and Liquidity:

The Company's long-term strategy and objectives with respect to a strong and beneficial capital structure include:

- Financing LTC and Retirement development programs while maintaining healthy debt metrics;

- Creating a 10-year debt maturity ladder to reduce refinancing risk and enhance the Company's ability to refinance at favourable rates;
- Maintaining a stable investment grade "BBB" credit rating for Sienna;
- Maintaining a sizeable pool of unencumbered assets;
- Maintaining a diversified debt portfolio to provide the Company with additional financial flexibility to achieve Sienna's growth objectives; and
- Maintaining liquidity (measured as available funds from existing credit facilities plus available cash on hand) to manage cash flow requirements in the foreseeable future.

Growing the Company:

Sienna's long-term growth plans are focused on building and maintaining a balanced portfolio in which the Company's retirement and long-term care operations each make a significant contribution and include:

Organic Growth:

- Growing Sienna's portfolio organically through improving occupancy and expanding services to meet resident needs;
- Distinguishing the Company's product and service offerings from competitors through its new Aspira platform;
- Continuing to invest in Sienna's team culture and operating platform to deliver quality resident experiences; and
- Investing in comprehensive sales and marketing programs.

Acquisition and Development:

- Strategic and disciplined acquisitions of high-quality seniors' living residences in key markets in Canada;
- Redevelopment of older LTC communities in key Ontario markets with both new and upgraded facilities;
- Developing free-standing retirement residences with joint venture partners in markets with adequate projected demand;
- Expanding seniors' living capacity in existing retirement residences with excess land; and
- Establishing and deepening joint venture partnerships to provide additional avenues for growth.

Environmental, Social and Governance (ESG) Responsibility

Sienna's commitment to corporate social responsibility is highlighted in our continued enhancements of the Company's ESG initiatives and disclosures, including Sienna's second ESG Report, which was published in August 2022. For more information on Sienna's ESG initiatives and our most recent report, please refer to the ESG section on Sienna's website under https://www.siennaliving.ca/investors/esg.

ESG practices across Sienna's operations have long been integrated into our overall strategy and daily business practices and are reflected in our actions and initiatives, each of which affect the quality of life and well-being of our residents, their families and our team members.

With approximately 12,000 team members, our employees are our most important asset. Creating a positive experience and supporting personal and professional growth are key objectives at Sienna. Attracting and retaining a diverse team and nurturing a culture in which women and people of diverse backgrounds have equal opportunity to achieve their potential are important to us.

Diversity, Equity and Inclusion

A Diverse and Inclusive Workforce

Gender - Sienna's total workforce is predominantly female, with approximately 87% of our team members working at our long-term care and retirement residences being female. The high percentage of women in our workforce is also reflected in our management team with approximately 80% of the Company's nearly 400 leadership positions being held by women. Sienna has been recognized once again in the Globe and Mail's 2022 "Women Lead Here" for its commitment to gender diversity and support of female leaders.

Age - Sienna's workforce is equally distributed between the age ranges of under 35, 35 – 50, and over 50, with approximately one third of our team members in each of these age groups.

Fair Compensation and Gender Pay Equity

Essentially all of Sienna's frontline team members earn more than minimum wage with approximately 80% earning at least 30% above minimum wage.

With respect to gender pay equity, across our long-term care and retirement operations, male and female frontline team members in similar positions receive comparable compensation.

Sienna Ownership and Reward Program

SOAR was launched to recognize the compassion, effort and dedication that team members bring to Sienna's residents and communities every day. Through this ownership and reward program, team members are further invested in making Sienna a leader in seniors' quality of life and at the same time, have the opportunity to meaningfully invest in the Company and in their future.

SOAR awards common shares of the Company to all permanent employees who have been with the Company for one year or longer. Subsequent to the shareholder approval of SOAR in April 2022, a total of 110,386 shares were issued to team members in Q2 2022. The Company is currently preparing for its next grant date on November 30, 2022 to roughly 2,100 newly eligible team members having the opportunity to receive a one-time award of Sienna shares.

Indigenous Relations and Reconciliation

We continue to place enhanced emphasis on Indigenous Relations and Reconciliation. As a company, we are committed to ensuring we do everything we can to understand what has happened in the past, acknowledge it and make amends to the best of our ability, over time. We believe that education is an important first step to bring about reconciliation between Indigenous and non-Indigenous people.

Sienna has partnered with Reconciliation Education, an Indigenous-owned organization, to provide resources for all team members. Sienna is committed to ensure our residences and care communities are inclusive for Indigenous team members and residents and acknowledges the pain and suffering the Indigenous members of our team have been through.

Labour Relations and Union Representation

Labour rights are an important consideration with respect to Sienna's human capital management strategies. Sienna's labour strategy is focused on educating management teams at our local communities, cultivating strong relationships with union stakeholders and aligning our collective agreements to our long-term operational strategies.

We respect our team members' rights to unionize and Sienna has a strong, positive relationship with union leaders and a good working relationship with union representatives at its owned and managed residences.

Sienna's support of freedom of association and the right to collective bargaining is evidenced by the level of unionization in our residences, which includes over 100 collective bargaining units and an approximate 85% unionization rate among our team members.

Excluding management positions, this number would be even higher with 90% of all non-management team members being represented by a union, and whose compensation is determined by collective bargaining agreements.

Giving Back to the Community

Sienna for Seniors Foundation ("Foundation")

The Foundation was formed in April 2021 as part of our ongoing commitment to supporting the communities we serve across Canada and allows us to raise and give funds for a variety of important seniors-related causes in both Ontario and British Columbia.

With food insecurity a pressing concern, the Foundation's latest initiative is "Sienna Sunday Supper". Spearheaded by one of Sienna's communities, team members prepared Thanksgiving dinners for the local Meals on Wheels program. A great success, which highlights the generous spirit we see at Sienna every day, Sienna Sunday Supper will be expanded across many of Sienna's communities in the future.

In December 2021, the Foundation's support for Indspire, a national Indigenous charity, helped establish a bursary award for Indigenous students in British Columbia who are pursuing education in nursing or health care assistant programs. In September 2022, the first two bursaries have been awarded to students.

Sienna Senior Living Dino Chiesa Scholarship

In August 2022, the Company announced the Sienna Senior Living Dino Chiesa Scholarship of $50,000, which offers one scholarship annually to a Sienna employee, or a member of their immediate family, to receive formal education and certification as a Personal Support Worker.

CaRES Fund

The CaRES Fund, which was launched by Sienna and a number of sector peers in 2020, has helped nearly 900 frontline staff who have been impacted by the pandemic with over $2.9 million in emergency financial assistance to date.

Improving Sienna's Environmental Footprint

Addressing Climate Change through Development

Our development plans are an opportunity to address climate change in both the Company's existing residences and the development portfolio as we adopt environmentally-friendly designs and install energy-efficient features, all with the goal of significantly reducing the environmental footprint of these homes.

The development plans include energy-efficient heating and cooling systems, LED lighting and updated energy-efficient windows and fixtures.

Committing to Waste Reduction by Going Paperless

Reducing the amount of paper use and ultimately "going paperless" is an important aspect of Sienna's waste reduction strategy. Team members are encouraged to minimize the use of physical paper whenever possible. Recent achievements include going digital with respect to all accounts payable invoices and frequently updated policy & procedure manuals at our care communities and retirement residences. These initiatives reduce Sienna's paper usage by approximately 760,000 sheets annually.

Industry Update

Please refer to the Company's MD&A and AIF for the year ended December 31, 2021 for a discussion of the Industry Update.

Business of the Company

Please refer to the Company's current AIF for a discussion of the Business Overview.

Quarterly Financial Information

Thousands of Canadian dollars, except occupancy, per share and ratio data	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2020 Q4
Total Adjusted Revenue	189,192	180,151	174,282	174,175	170,423	162,668	161,228	168,834
Total Adjusted Operating expenses, net of government assistance	154,172	145,933	142,144	140,729	137,020	131,643	116,961	140,181
Net income (loss)	2,513	(11,190)	26,020	4,654	4,533	1,318	10,143	(8,729)
Per share basic and diluted	0.034	(0.154)	0.385	0.070	0.070	0.020	0.151	(0.130)
OFFO	17,944	17,299	16,134	18,258	18,265	15,126	25,343	14,156
Per share basic	0.246	0.237	0.239	0.272	0.272	0.226	0.378	0.211
OFFO, excluding net pandemic expenses (recoveries)	18,922	19,231	17,549	18,371	18,990	17,925	18,068	19,820
Per share, excluding net pandemic expenses (recoveries)	0.260	0.264	0.260	0.274	0.283	0.268	0.269	0.296
AFFO	16,564	17,162	16,447	16,555	15,671	14,102	26,430	13,174
Per share basic	0.227	0.236	0.243	0.247	0.234	0.210	0.394	0.196
AFFO, excluding net pandemic expenses (recoveries)	17,542	19,094	17,862	16,964	15,858	16,715	19,572	18,895
Per share, excluding net pandemic expenses (recoveries)	0.241	0.263	0.264	0.253	0.237	0.249	0.292	0.281
Dividends declared	17,059	17,055	16,136	15,687	15,687	15,687	15,687	15,687
Per share	0.234	0.234	0.234	0.234	0.234	0.234	0.234	0.234
Occupancy								
Retirement - Average total occupancy	87.5 %	86.6 %	84.7 %	82.7 %	80.3 %	77.7 %	77.7 %	80.7 %
Retirement - Average same property occupancy	88.4 %	87.1 %	85.5 %	84.6 %	82.1 %	78.9 %	78.1 %	81.9 %
LTC - Average total occupancy	89.7 %	88.5 %	87.0 %	88.9 %	86.2 %	82.8 %	80.3 %	84.8 %
LTC - Average private occupancy	84.0 %	82.4 %	80.4 %	82.2 %	82.9 %	79.4 %	78.2 %	83.3 %
Debt to gross book value as at period end	43.3 %	43.4 %	41.5 %	44.7 %	45.6 %	45.5 %	46.0 %	48.2 %
Debt to Adjusted EBITDA as at period end	9.0	9.2	8.7	7.9	7.8	7.4	6.2	9.4
Debt to Adjusted EBITDA, excluding net pandemic expenses (recoveries), as at period end	8.4	8.5	8.1	8.2	8.3	8.2	8.4	7.5
Interest coverage ratio	3.3	3.4	3.3	3.4	3.4	3.1	4.7	2.8
Interest coverage ratio, excluding net pandemic expenses (recoveries)	3.4	3.7	3.6	3.4	3.6	3.5	3.5	3.7
Total assets	1,736,319	1,747,872	1,702,288	1,609,189	1,606,834	1,592,009	1,616,357	1,678,129
Total debt	983,596	985,754	923,584	950,284	962,353	958,212	964,873	1,032,624
Weighted average shares outstanding	72,899,509	72,855,687	67,614,123	67,039,123	67,039,123	67,039,123	67,039,123	67,039,123

The Company's quarterly financial results are impacted by various factors including, but not limited to, timing of pandemic related funding and incurrence of pandemic related expenses, occupancy levels, timing of operating expenses and maintenance capital expenditures, seasonality of utility expenses, timing of resident co-payment increases, timing of funding rate increases or additional funding, the timing of disposals and acquisitions, and capital market and financing activities. For the three and nine months ended September 30, 2022, the Company's results have been impacted by the timing of government assistance received related to pandemic expenses and capital costs, occupancy rates, increased costs pertaining to labour and higher utilities and insurance premiums, mark-to-market adjustments on share-based compensation and fair value adjustments on interest rate swap contracts.

A discussion of the operating results for the three and nine months ended September 30, 2022 compared to the same period in the prior year is provided in the section "Operating Results".

Operating Results

The following table represents the operating results for the periods ended September 30:

	Three Months Ended			Nine Months Ended		
Thousands of Canadian dollars	**2022**	2021	Change	**2022**	2021	Change
Revenue	**181,893**	170,423	11,470	**532,720**	494,319	38,401
Expenses						
Operating expenses, net [1]	**148,672**	137,020	11,652	**434,006**	385,624	48,382
Depreciation and amortization	**11,681**	11,806	(125)	**35,582**	41,146	(5,564)
Administrative expenses	**8,060**	7,282	778	**26,063**	23,671	2,392
Share of net loss in joint ventures	**2,336**	—	2,336	**7,845**	8	7,837
Impairment loss	**—**	—	—	**12,788**	—	12,788
Net finance charges	**7,631**	7,619	12	**16,525**	20,494	(3,969)
Transaction costs	**492**	501	(9)	**3,641**	1,576	2,065
Gain on disposal of properties	**—**	—	—	**(23,722)**	—	(23,722)
	178,872	164,228	14,644	**512,728**	472,519	40,209
Income before provision for income taxes	**3,021**	6,195	(3,174)	**19,992**	21,800	(1,808)
Provision for (recovery of) income taxes						
Current	**517**	(95)	612	**4,372**	2,708	1,664
Deferred	**(9)**	1,757	(1,766)	**(1,723)**	3,098	(4,821)
	508	1,662	(1,154)	**2,649**	5,806	(3,157)
Net income	**2,513**	4,533	(2,020)	**17,343**	15,994	1,349
Total assets	**1,736,319**	1,606,834	129,485	**1,736,319**	1,606,834	129,485
Total debt	**983,596**	962,353	21,243	**983,596**	962,353	21,243

Note:

1.Operating expenses are net of pandemic related funding.

Retirement

The Company's Retirement portfolio consists of 38 Retirement Residences as of September 30, 2022, four of which are located in British Columbia, five are located in Saskatchewan, and 29 are located in Ontario. Our Retirement portfolio operates in well located markets and generated approximately 48% of its total NOI in Q3 2022.

Long-term Care

The Company's LTC portfolio consists of 42 LTC communities, eight of which are located in British Columbia and 34 of which are located in Ontario. Our LTC portfolio contributed approximately 52% to its total NOI in Q3 2022.

Joint Arrangement

A joint arrangement can be a joint venture or a joint operation. In a joint venture, the parties that have joint control of the arrangement have the rights to the net assets of the arrangement. In a joint operation, the parties that have joint control of the arrangement have the rights to the assets, and obligations for the liabilities, relating to the arrangement.

The following table summarizes the classification of properties which are owned through the Company's joint arrangements, or which are partially owned as at September 30, 2022:

Joint Arrangements	Number of properties	Sienna ownership	Joint arrangement type	Accounting treatment
Sienna Baltic Development LP (2)	2	40 % / 77 %	Joint operation	Proportionate
Sienna-RSH Niagara Falls LP (1)	0	70 %	Joint venture	Equity
Sienna-Sabra LP	12	50 %	Joint venture	Equity

Notes:

1. The property of Sienna-RSH Niagara Falls LP is under development as of September 30, 2022.
2. Sienna Baltic Development LP owns 40% of Nicola Lodge and 77% of Glenmore Lodge.

On January 25, 2022, the Company formed a joint venture with a third party, of which it owns a 50% interest. The joint venture first acquired a portfolio of 11 seniors’ living assets in Ontario and Saskatchewan on May 16, 2022 for $153.8 million, and subsequently acquired another retirement residence in Saskatchewan on June 1, 2022 for $35.8 million. The Company has 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.

Net Operating Income Consolidated

The following table represents the Company's consolidated net operating income, including the Company's share of net operating income from Equity-Accounted Joint Venture, for the periods ended September 30:

	Three Months Ended			Nine Months Ended		
Thousands of Canadian dollars	**2022**	2021	Change	**2022**	2021	Change
Revenue						
Same property	**180,924**	165,592	15,332	**526,326**	478,736	47,590
Share of revenue from Equity-Accounted Joint Venture (2)	**7,299**	—	7,299	**10,905**	—	10,905
Acquisition, development and others	**969**	4,831	(3,862)	**6,394**	15,583	(9,189)
Total Adjusted Revenue	**189,192**	170,423	18,769	**543,625**	494,319	49,306
Operating Expenses, net						
Same property	**146,813**	132,557	14,256	**423,324**	379,745	43,579
Net pandemic expenses (recoveries) (1)	**1,307**	378	929	**5,626**	(7,240)	12,866
Share of operating expenses from Equity-Accounted Joint Venture (2)	**5,500**	—	5,500	**8,243**	—	8,243
Acquisition, development and others	**552**	4,085	(3,533)	**5,056**	13,119	(8,063)
Total Adjusted Operating Expenses, net	**154,172**	137,020	17,152	**442,249**	385,624	56,625
NOI						
Same property	**32,830**	32,657	173	**97,603**	105,198	(7,595)
Share of Equity-Accounted Joint Venture (2)	**1,799**	—	1,799	**2,662**	—	2,662
Acquisition, development and others	**391**	746	(355)	**1,111**	3,497	(2,386)
Total NOI	**35,020**	33,403	1,617	**101,376**	108,695	(7,319)

Notes:

1. For Q3 2022, includes government assistance related to the pandemic of $10,237 (2021 - $20,122) and incremental pandemic related expenses of $11,544 (2021 - $20,500), resulting in net pandemic expenses of $1,307 (2021 - $378). For the nine months ended September 30, 2022, includes government assistance related to the pandemic of $47,347 (2021 - $84,214) and incremental pandemic related expenses of $52,973 (2021 - $76,974), resulting in net pandemic expenses (recoveries) of $5,626 (2021 - $(7,240)). Government assistance related to the pandemic is recognized to the extent that eligible expenses have been incurred and funding allocations are reasonably determinable.
2. Includes the Company's pro rata share of each of the revenue, operating expenses, and NOI of its Equity-Accounted Joint Venture.

Third Quarter 2022 Operating Results

The Company's total same property revenues for Q3 2022 increased by $15,332 to $180,924, compared to Q3 2021. Retirement's same property revenues for Q3 2022 increased by $2,503 to $38,792, compared to Q3 2021, primarily due to occupancy growth and annual rental rate increases in line with market conditions. LTC's same property revenues for Q3 2022 increased by $12,829 to $142,132, compared to Q3 2021, primarily due to flow-through funding for increased direct care provided to residents, as well as higher preferred accommodation revenues from increased occupancy.

The Company's total same property operating expenses, excluding net pandemic expenses, for Q3 2022 increased by $14,256 to $146,813, compared to Q3 2021. Retirement's same property operating expenses, excluding net pandemic expenses of $521, for Q3 2022 increased by $418 to $23,255, compared to Q3 2021, primarily due to higher labour costs, agency staff costs, increased food, marketing, insurance and utilities costs. LTC's operating expenses for Q3 2022, excluding net pandemic expenses of $786, increased by

$13,838 to $123,558, compared to Q3 2021, mainly due to higher expenses related to an increase in government-funded direct care provided to residents, as well as increased labour, agency staff costs, insurance and utilities costs.

Net pandemic expenses for Q3 2022 increased by $929 to $1,307 compared to Q3 2021, mainly due to an increase in LTC's net pandemic expenses for Q3 2022 by $799. During the quarter, the LTC segment received retroactive pandemic funding of $3,009, of which $1,899 related to the prior year and $1,110 related to Q1 2022. In the previous year, the LTC segment received retroactive pandemic funding of $1,894 to support pandemic expenses incurred during Q1 2021. Excluding retroactive pandemic funding, net pandemic costs were $4,370 in Q3 2022 compared to $2,272 in Q3 2021.

The Company's total same property NOI for Q3 2022 increased by $173 to $32,830, compared to Q3 2021. Retirement's same property NOI for Q3 2022 increased by $1,981 to $15,042. LTC's same property NOI for Q3 2022 decreased by $1,808 to $17,788 compared to Q3 2021.

Nine Months Ended September 30, 2022 Operating Results

The Company's total same property revenues for the nine months ended September 30, 2022 increased by $47,590 to $526,326, compared to the nine months ended September 30, 2021. Retirement's same property revenues for the nine months ended September 30, 2022 increased by $9,081 to $115,062, compared to the nine months ended September 30, 2021, primarily due to occupancy growth and annual rental rate increases in line with market conditions. LTC's same property revenues for the nine months ended September 30, 2022 increased by $38,509 to $411,264, compared to the nine months ended September 30, 2021, primarily due to flow-through funding for increased direct care provided to residents, annual inflationary funding increases, and higher preferred accommodation revenues from increased occupancy compared to the prior period.

The Company's total same property operating expenses, excluding net pandemic expenses, for the nine months ended September 30, 2022 increased by $43,579 to $423,324, compared to the nine months ended September 30, 2021. Retirement's same property operating expenses, excluding net pandemic expenses, for the nine months ended September 30, 2022 increased by $4,636 to $70,314, compared to the nine months ended September 30, 2021, primarily due to higher labour, increased food, utilities, insurance and marketing costs. LTC's operating expenses for the nine months ended September 30, 2022, excluding net pandemic expenses of $4,430, increased by $38,943 to $353,010, compared to the nine months ended September 30, 2021, mainly due to higher expenses related to an increase in government-funded direct care, annual inflationary labour cost increases, and higher insurance and utilities.

Net pandemic expenses for the nine months ended September 30, 2022 increased by $12,866 to $5,626 compared to the nine months ended September 30, 2021. This is mainly due to an increase in LTC's net pandemic expenses for the nine months ended September 30, 2022 by $13,749, which included $4,121 retroactive funding received in the current period related to pandemic expenses incurred in excess of available funding during years 2021 and 2020. In the previous year, the LTC segment received retroactive funding of $15,342 to support pandemic expenses incurred during 2020. Excluding retroactive pandemic funding, net pandemic costs were $10,045 for the nine months ended September 30, 2022 compared to $8,102 in the first nine months of 2021.

The Company's total same property NOI for the nine months ended September 30, 2022 decreased by $7,595 to $97,603, compared to the nine months ended September 30, 2021. Retirement's same property NOI for the nine months ended September 30, 2022 increased by $5,385 to $43,712. LTC's same property NOI for the nine months ended September 30, 2022 decreased by $12,980 to $53,891 compared to the nine months ended September 30, 2021. The decrease in LTC's same property NOI was due to net pandemic expenses of $4,430 in the first nine months of 2022, which included $4.1 million of retroactive pandemic funding related to prior periods as compared to net pandemic recoveries of $9,319 in the first nine months of 2021. The year to date September 30, 2021, included a retroactive pandemic funding of $15,342 received in Q1 2021 related to pandemic expenses incurred in excess of available funding during the year ended December 31, 2020.

Due to the timing or seasonality of certain operating expenses such as utilities and maintenance, occupancy levels, government assistance and annual adjustments to government funding, trends which may appear in operating margins may be merely coincidental, as operating margin could vary from quarter to quarter.

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 September 30:

	Three Months Ended			Nine Months Ended		
Thousands of Canadian dollars	**2022**	2021	Change	**2022**	2021	Change
Retirement Revenue						
Same property	**38,792**	36,289	2,503	**115,062**	105,981	9,081
Share of revenue from Equity-Accounted Joint Venture (2)	**7,299**	—	7,299	**10,905**	—	10,905
Acquisition, development and other	**289**	841	(552)	**2,015**	3,431	(1,416)
Total Adjusted Retirement Revenue	**46,380**	37,130	9,250	**127,982**	109,412	18,570
Retirement Expenses, net						
Same property	**23,255**	22,837	418	**70,314**	65,678	4,636
Net pandemic expenses (1)	**521**	391	130	**1,196**	2,079	(883)
Share of expenses from Equity-Accounted Joint Venture (2)	**5,500**	—	5,500	**8,243**	—	8,243
Acquisition, development and other	**134**	589	(455)	**937**	2,440	(1,503)
Total Adjusted Retirement Expenses, net	**29,410**	23,817	5,593	**80,690**	70,197	10,493
Retirement NOI						
Same property	**15,042**	13,061	1,981	**43,712**	38,327	5,385
Share of Equity-Accounted Joint Venture (2)	**1,799**	—	1,799	**2,662**	—	2,662
Acquisition, development and other	**129**	252	(123)	**918**	888	30
Total Adjusted Retirement NOI	**16,970**	13,313	3,657	**47,292**	39,215	8,077

Notes:

1. For Q3 2022, includes government assistance related to the pandemic of $327 (2021 - $598) and incremental pandemic related expenses of $ 848 (2021 - $989), resulting in net pandemic expenses of $521 (2021 - $391). For the nine months ended September 30, 2022, includes government assistance related to the pandemic of $2,080 (2021 - $3,310) and incremental pandemic related expenses of $3,276 (2021 - $5,389), resulting in net pandemic expenses of $1,196 (2021 - $2,079). Government assistance related to the pandemic is recognized to the extent that eligible expenses have been incurred and funding allocations are reasonably determinable.
2. Includes the Company's pro rata share of each of the revenue, operating expenses, and NOI of its Equity-Accounted Joint Venture.

Third Quarter 2022 Retirement Results

Retirement's same property revenues for Q3 2022 increased by $2,503 to $38,792, compared to Q3 2021, primarily attributable to occupancy growth and annual rental rate increases in line with market conditions.

Retirement's same property operating expenses, excluding net pandemic expenses, for Q3 2022 increased by $418 to $23,255 compared to Q3 2021, primarily due to higher labour, food, utilities, insurance and marketing costs. Net pandemic expenses for Q3 2022 were $521 representing an increase of $130 compared to Q3 2021.

Retirement's same property NOI for Q3 2022 increased by $1,981 to $15,042, compared to Q3 2021. Excluding net pandemic expenses, Retirement's same property NOI for Q3 2022 increased by $2,085 to $15,537, compared to Q3 2021.

Nine Months Ended September 30, 2022 Retirement Results

Retirement's same property revenues for the nine months ended September 30, 2022 increased by $9,081 to $115,062, compared to the nine months ended September 30, 2021, primarily attributable to occupancy growth and annual rental rate increases in line with market conditions.

Retirement's same property operating expenses, excluding net pandemic expenses, for the nine months ended September 30, 2022 increased by $4,636 to $70,314 compared to the nine months ended September 30, 2021, primarily due to higher labour, food, utilities, insurance and marketing costs. Net pandemic expenses for the nine months ended September 30, 2022 were $1,196 representing a decrease of $883 compared to the nine months ended September 30, 2021.

Retirement's same property NOI for the nine months ended September 30, 2022 increased by $5,385 to $43,712, compared to the nine months ended September 30, 2021. Excluding net pandemic expenses, Retirement's same property NOI for the nine months ended September 30, 2022 increased by $4,445 to $44,748, compared to the nine months ended September 30, 2021.

Long-term Care

The following table represents the results of the LTC segment for the periods ended September 30:

	Three Months Ended			Nine Months Ended		
Thousands of Canadian dollars	**2022**	2021	Change	**2022**	2021	Change
Long-term Care Revenue						
Same property	**142,132**	129,303	12,829	**411,264**	372,755	38,509
Development and other [(1)]	**680**	3,990	(3,310)	**4,379**	12,152	(7,773)
Total Long-term Care Revenue	**142,812**	133,293	9,519	**415,643**	384,907	30,736
Long-term Care Expenses, net						
Same property	**123,558**	109,720	13,838	**353,010**	314,067	38,943
Net pandemic expenses (recoveries) [(2)]	**786**	(13)	799	**4,430**	(9,319)	13,749
Development and other [(1)]	**418**	3,496	(3,078)	**4,119**	10,679	(6,560)
Total Long-term Care Expenses, net	**124,762**	113,203	11,559	**361,559**	315,427	46,132
Long-term Care NOI						
Same property	**17,788**	19,596	(1,808)	**53,891**	66,871	(12,980)
Development and other [(1)]	**262**	494	(232)	**193**	2,609	(2,416)
Total Long-term Care NOI	**18,050**	20,090	(2,040)	**54,084**	69,480	(15,396)

Notes:

1. Includes the financial results of one long-term care community which was sold in March 2022.
2. For Q3 2022, includes government assistance related to the pandemic of $9,910 (2021 - $19,524) and incremental pandemic related expenses of $10,696 (2021 - $19,511), resulting in net pandemic expenses (recoveries) of $786 (2021 - $(13)). For the nine months ended September 30, 2022, includes government assistance related to the pandemic of $45,267 (2021 - $80,904) and incremental pandemic related expenses of $49,697 (2021 - $71,585), resulting in net pandemic expenses (recoveries) of $4,430 (2021 - $(9,319)). Government assistance related to the pandemic is recognized to the extent that eligible expenses have been incurred and funding allocations are reasonably determinable.

Third Quarter 2022 Long-term Care Results

LTC's same property revenues for Q3 2022 increased by $12,829 to $142,132, compared to Q3 2021, primarily due to flow-through funding for increased direct care provided to residents and higher preferred accommodation revenues from increased occupancy compared to Q3 2021.

Excluding net pandemic expenses, LTC's same property operating expenses for Q3 2022 increased by $13,838 to $123,558, compared to Q3 2021, mainly due to higher expenses related to an increase in labour, insurance and utilities costs.

LTC's net pandemic expenses for Q3 2022 were $786, representing an increase in net pandemic expenses of $799 compared to Q3 2021. During the quarter, the LTC segment received retroactive pandemic funding of $3,009, of which $1,899 related to 2021 and $1,110 related to Q1 2022. In Q3 2021, the LTC segment received retroactive pandemic funding of $1,894 to support pandemic expenses incurred during Q1 2021. Excluding retroactive pandemic funding, net pandemic costs were $3,795 in Q3 2022 compared to $1,881 in Q3 2021.

LTC's same property NOI for Q3 2022 decreased by $1,808 to $17,788, compared to Q3 2021. Excluding net pandemic expenses, LTC's same property NOI for Q3 2022 decreased by $1,009 to $18,574, compared to Q3 2021.

Nine Months Ended September 30, 2022 Long-term Care Results

LTC's same property revenues for Q3 2022 increased by $38,509 to $411,264, compared to the nine months ended September 30, 2021, primarily due to flow-through funding for increased direct care provided to residents, annual inflationary funding increases, and higher preferred accommodation revenues from increased occupancy compared to Q3 2021.

LTC's same property operating expenses, excluding net pandemic expenses, for the nine months ended September 30, 2022 increased by $38,943 to $353,010, compared to the nine months ended September 30, 2021, mainly due to higher expenses related to an increase in government-funded direct care, higher labour, insurance and utilities costs.

LTC's net pandemic expenses for the nine months ended September 30, 2022 were $4,430, which included $4,121 of retroactive pandemic funding related to pandemic expenses incurred in 2021 compared to net pandemic recoveries of $9,319 to the nine months ended September 30, 2021, which included retroactive pandemic funding of $15,342 received in first nine months of 2021 related to pandemic expenses incurred in excess of available funding during the year ended December 31, 2020. Excluding retroactive pandemic funding, LTC's net pandemic costs were $8,551 for the nine months ended September 30, 2022 compared to $6,023 in the first nine months of 2021.

LTC's same property NOI for the nine months ended September 30, 2022 decreased by $12,980 to $53,891, compared to the nine months ended September 30, 2021. Excluding net pandemic expenses, LTC's same property NOI for the nine months ended September 30, 2022 decreased by $436 to $58,254, compared to the same period in 2021.

Depreciation and Amortization

Third Quarter 2022

Depreciation and amortization for Q3 2022 decreased by $125 to $11,681, compared to Q3 2021, due to timing of additions and disposals during the period.

Nine Months Ended September 30, 2022

Depreciation and amortization for the nine months ended September 30, 2022 decreased by $5,564 to $35,582 compared to the comparative prior year period, due to completion of the amortization of resident relationships in 2021 and timing of additions and disposals.

Impairment loss

Third Quarter 2022 and Nine Months Ended September 30, 2022

In Q2 2022, the Company incurred an impairment loss of $12,788 before recognition of a deferred tax benefit of $3,398 on one of its long term care communities. The impairment provision is comprised of a write-down of property and equipment of $11,362, and of licences in the amount of $1,426.

Administrative Expenses

	Three months Ended September 30,			Nine months ended September 30,		
Thousands of Canadian dollars	**2022**	2021	Change	**2022**	2021	Change
General and administrative expenses	**7,381**	6,734	647	**22,367**	20,443	1,924
SOAR Program	**—**	—	—	**1,660**	—	1,660
Pandemic related expenses	**54**	608	(554)	**298**	2,131	(1,833)
Share-based compensation	**625**	(60)	685	**1,738**	1,097	641
Total administrative expenses	**8,060**	7,282	778	**26,063**	23,671	2,392

Third Quarter 2022

Administrative expenses for Q3 2022 increased by $778 to $8,060, compared to Q3 2021, primarily due to the increase in general and administrative costs and share-based compensation costs, partially offset by lower pandemic related expenses.

Nine Months Ended September 30, 2022

Administrative expenses for the nine months ended September 30, 2022 increased by $2,392 to $26,063, compared to the nine months ended September 30, 2021, primarily due to the Company's introduction of the SOAR program and increase in general and administrative costs, partially offset by lower pandemic related expenses.

Share of Net Loss in Joint Venture

Third Quarter 2022

The Company's share of net loss in a joint venture of $2,336 (2021 - $nil), was primarily related to the newly entered into joint venture with Sabra. This balance is comprised of NOI of $1,799, less depreciation and amortization of $3,886, less finance costs of $200 and transaction costs of $52.

Nine Months Ended September 30, 2022

The Company's share of net loss in a joint venture of $7,845 (2021 - $8), was primarily related to the newly entered into joint venture with Sabra. This balance is comprised of NOI of $2,662, less depreciation and amortization of $6,635, less finance costs of $310 and transaction costs of $3,565.

Net Finance Charges

Thousands of Canadian dollars	Three months ended September 30, 2022	2021	Change	Nine months ended September 30, 2022	2021	Change
Finance costs						
Interest expense on mortgages	**4,231**	3,841	390	**11,633**	11,746	(113)
Interest expense on debentures	**3,585**	3,586	(1)	**10,640**	9,163	1,477
Interest on unsecured term loan	**985**	—	985	**1,321**	—	1,321
Interest expense on credit facilities	**155**	224	(69)	**532**	1,845	(1,313)
Interest expense on right-of-use assets	**29**	14	15	**71**	47	24
Redemption premium paid	**—**	—	—	**—**	160	(160)
Amortization of financing charges and fair value adjustments on assumed debt	**635**	545	90	**1,772**	1,950	(178)
Net settlement payment on interest rate swap contracts	**(96)**	686	(782)	**964**	2,088	(1,124)
Fair value gain on interest rate swap contracts	**(1,361)**	(877)	(484)	**(9,107)**	(5,147)	(3,960)
	8,163	8,019	144	**17,826**	21,852	(4,026)
Finance income						
Interest income on construction funding receivable	**208**	282	(74)	**693**	955	(262)
Other interest income	**324**	118	206	**608**	403	205
	532	400	132	**1,301**	1,358	(57)
Net finance charges	**7,631**	7,619	12	**16,525**	20,494	(3,969)

Third Quarter 2022

Net finance charges for Q3 2022 increased by $12 to $7,631, compared to Q3 2021, primarily attributable to interest on new term loan in the year, partially offset by favourability from interest rate swap contracts due to higher average interest rates in 2022.

Nine Months Ended September 30, 2022

Net finance charges for the nine months ended September 30, 2022 decreased by $3,969 to $16,525, compared to the nine months ended September 30, 2021, primarily attributable to higher fair value gains on interest rate swap contracts due to higher average interest rates in 2022.

Transaction Costs

Third Quarter 2022

Transaction costs for Q3 2022 decreased by $9 to $492 compared to Q3 2021 primarily attributable to the decrease in activities related to post-acquisition integrations and development projects.

Nine Months Ended September 30, 2022

Transaction costs for the nine months ended September 30, 2022 increased by $2,065 to $3,641 compared to the nine months ended September 30, 2021 primarily attributable to the increase in activities related to post-acquisition integrations and development projects.

Income Taxes

Third Quarter 2022

Income tax expense for Q3 2022 decreased by $1,154 to $508 (current tax expense of $517 and deferred tax recovery of $9), compared to Q3 2021 income tax expense of $1,662 (current tax recovery of $95 and deferred tax expense of $1,757). This is primarily attributable to timing differences related to depreciation of property and equipment, partially offset by higher NOI.

Nine Months Ended September 30, 2022

Income tax expense for nine months ended September 30, 2022 decreased by $3,157 resulting in an income tax expense of $2,649 (current tax expense of $4,372 and deferred tax recovery of $1,723), compared to income tax expense of $5,806 (current tax expense of $2,708 and deferred tax expense of $3,098) for the nine months ended September 30, 2021. This is primarily attributable to timing differences related to the impairment loss and depreciation of property and equipment, partially offset by the tax gain on property dispositions.

Business Performance

Non-IFRS Measures

Readers are cautioned that certain terms used in the MD&A listed below, including any related per share amounts, used by Management of the Company to measure, compare and explain the operating results and financial performance of Sienna do not have any standardized meaning prescribed under IFRS and, therefore, should not be construed as alternatives to net income, cash flow from operating activities, or any other measure prescribed under IFRS. These terms are defined in the following table and reconciliations to the most comparable IFRS measure are referenced, as applicable. The following terms do not have a standardized meaning prescribed by IFRS and may not be comparable to similarly titled measures presented by other publicly traded entities.

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 September 30. The reconciliation from FFO to AFFO is provided as supplementary information.

	Three months ended September 30,			Nine months ended September 30,		
Thousands of Canadian dollars, except share and per share data	**2022**	2021	Change	**2022**	2021	Change
Net income	**2,513**	4,533	(2,020)	**17,343**	15,994	1,349
Deferred income tax expense (recovery)	**(9)**	1,757	(1,766)	**(1,723)**	3,098	(4,821)
Depreciation and amortization	**10,846**	10,948	(102)	**33,053**	38,473	(5,420)
Transaction costs	**492**	501	(9)	**3,641**	1,576	2,065
Net settlement payment on interest rate swap contracts	**(96)**	686	(782)	**964**	2,088	(1,124)
Fair value gain on interest rate swap contracts	**(1,361)**	(877)	(484)	**(9,107)**	(5,147)	(3,960)
Gain on disposal of properties, net of tax	**—**	—	—	**(20,870)**	—	(20,870)
Shares granted under SOAR program	**—**	—	—	**1,660**	—	1,660
Impairment loss	**—**	—	—	**12,788**	—	12,788
Equity-Accounted Joint Ventures: Depreciation and amortization	**3,886**	—	3,886	**6,635**	—	6,635
Transaction cost	**52**	—	52	**3,565**	—	3,565
Funds from operations (FFO)	**16,323**	17,548	(1,225)	**47,949**	56,082	(8,133)
Depreciation and amortization - corporate	**835**	858	(23)	**2,529**	2,673	(144)
Amortization of financing charges and fair value adjustments on assumed debt (2)	**690**	545	145	**1,862**	1,950	(88)
Net settlement receipt (payment) on interest rate swap contracts	**96**	(686)	782	**(964)**	(2,088)	1,124
Redemption premium paid, net of tax	**—**	—	—	**—**	117	(117)
Operating funds from operations (OFFO)	**17,944**	18,265	(321)	**51,376**	58,734	(7,358)
Construction funding	**2,338**	2,275	63	**7,072**	7,415	(343)
Maintenance capital expenditure (3)	**(3,718)**	(5,407)	1,689	**(8,276)**	(10,252)	1,976
Net pandemic capital expenditure (1)	**—**	538	(538)	**—**	306	(306)
Adjusted funds from operations (AFFO)	**16,564**	15,671	893	**50,172**	56,203	(6,031)
Adjusted funds from operations (AFFO)	**16,564**	15,671	893	**50,172**	56,203	(6,031)
Dividends declared	**(17,059)**	(15,687)	(1,372)	**(50,250)**	(47,061)	(3,189)
AFFO retained (shortfall)	**(495)**	(16)	(479)	**(78)**	9,142	(9,220)
FFO per share	**0.224**	0.211	0.013	**0.674**	0.837	(0.163)
OFFO per share	**0.246**	0.272	(0.026)	**0.722**	0.876	(0.154)
AFFO per share	**0.227**	0.234	(0.007)	**0.705**	0.838	(0.133)
Weighted average common shares outstanding	**72,899,509**	67,039,123		**71,142,467**	67,039,123	

Notes:

1. For the three and nine months ended September 30, 2022, includes pandemic capital expenditures of $7,384 and $23,069, respectively (2021 - $203 and $9,860), offset by related pandemic funding of $7,384 and $23,069, respectively (2021 - $18 and $9,443, respectively), resulting in net pandemic capital expenditures of $nil and $nil (2021 - $185 and $417, respectively). Government assistance related to the pandemic is recognized to the extent that eligible expenses have been incurred and funding allocations are reasonably determinable.
2. For the three and nine months ended September 30, 2022, includes the Company's share of amortization of financing charges and fair value adjustments on assumed debt in Equity-Accounted Joint Venture of $54 and $89 respectively (2021 -$nil and $nil).
3. Includes the Company's share of maintenance capital expenditure in Equity-Accounted Joint Venture of $89.

Third Quarter 2022 Performance

For Q3 2022, FFO decreased by $1,225 to $16,323, compared to Q3 2021. The decrease was primarily due to higher interest and current taxes partially offset by higher Adjusted EBITDA .

For Q3 2022, OFFO decreased by $321 to $17,944, compared to Q3 2021. The decrease was primarily attributable to decrease in FFO and partially offset by net settlement payment on interest rate swap contracts.

For Q3 2022, AFFO increased by $893 to $16,564, compared to Q3 2021. The increase was primarily related to the lower spend on maintenance capital offset by the decrease in OFFO.

Nine Months Ended September 30, 2022 Performance

FFO for the nine months ended September 30, 2022 decreased by $8,133 to $47,949, over the nine months ended September 30, 2021. The decrease was primarily due to lower NOI, driven mainly by a higher retroactive pandemic funding received in 2021.

OFFO for the nine months ended September 30, 2022 decreased by $7,358 to $51,376, over the comparative period. The decrease was primarily attributable to decrease in FFO and partially offset by lower recovery on net settlement payment on interest rate swap contracts.

AFFO for the nine months ended September 30, 2022 decreased by $6,031 to $50,172, over the comparative period. The decrease in AFFO was principally related to the decrease in OFFO, offset by lower spend on maintenance capital.

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 eligible LTC homes. There are several eligibility requirements, including receiving approval from the Ministry on the development or redevelopment and completing the construction in accordance with a development agreement signed with the MLTC. 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 September 30, 2022, 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, 2022 through 2026, 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
2022	180	2,032	2,212
2023	553	6,236	6,789
2024	356	3,086	3,442
2025	263	1,881	2,144
2026	178	1,766	1,944
Thereafter	676	4,146	4,822
	2,206	**19,147**	**21,353**

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 and nine months ended September 30, 2022, interest income on construction funding of $208 and $693, respectively (2021 - $282 and $955, respectively) was recognized, and an adjustment of $2,338 and $7,072, respectively (2021 - $2,275 and $7,415, respectively) 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. The following table summarizes the Company's maintenance capital expenditures for the periods ended September 30:

	Three months ended		Nine months ended	
Thousands of Canadian dollars	**2022**	2021	**2022**	2021
Building maintenance	**1,510**	188	**2,696**	1,521
Mechanical and electrical	**979**	1,409	**1,805**	2,215
Suite renovations and common area upgrades	**598**	3,170	**2,075**	4,530
Communications and information systems	**48**	81	**284**	144
Furniture, fixtures and equipment	**583**	559	**1,416**	1,842
Total maintenance capital expenditures	**3,718**	5,407	**8,276**	10,252
Capital Investments in Equity-Accounted Joint Venture	**89**	—	**112**	—

Building Maintenance

Building maintenance include the costs for structures, roofing, exterior grounds, fire safety, mold remediation and sprinklers. The increase in building maintenance versus the prior year is mainly due to additional costs of re-piping at a long term care community.

Mechanical and Electrical

Mechanical and electrical expenditures include the costs for heating, air conditioning and ventilation systems, generators, boilers, pumps and exterior lighting.

Suite Renovations and Common Area Maintenance

Suite renovations and common area maintenance are expenditures to maintain the marketability of the Company's properties. Flooring and carpeting replacements are often done in conjunction with suite renovations. The decline in suite renovations versus the prior year is due to fewer vacant suites in the current year.

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 or maintaining 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 September 30:

	Three Months Ended			Nine Months Ended		
Thousands of Canadian dollars	**2022**	2021	Change	**2022**	2021	Change
Cash provided by operating activities	**19,172**	14,123	5,049	**91,120**	66,592	24,528
Construction funding principal	**2,338**	2,275	63	**7,072**	7,415	(343)
Transaction costs	**492**	501	(9)	**3,641**	1,576	2,065
Maintenance capital expenditures	**(3,718)**	(5,407)	1,689	**(8,276)**	(10,252)	1,976
Net pandemic capital expenditures	**—**	538	(538)	**—**	306	(306)
Net change in working capital, interest and taxes	**(3,583)**	3,615	(7,198)	**(49,255)**	(9,828)	(39,427)
Restricted share units recovery	**255**	26	229	**655**	277	378
Tax on disposal of properties	**—**	—	—	**2,852**	—	2,852
Redemption premium	**—**	—	—	**—**	117	(117)
FFO of Equity-Accounted Joint Venture	**1,608**	—	1,608	**2,363**	—	2,363
Adjusted funds from operations (AFFO)	**16,564**	15,671	893	50,172	56,203	(6,031)
Adjusted funds from operations (AFFO)	**16,564**	15,671	893	**50,172**	56,203	(6,031)
Dividends declared	**(17,059)**	(15,687)	(1,372)	**(50,250)**	(47,061)	(3,189)
AFFO retained (shortfall) over dividend reinvestment	**(495)**	(16)	(479)	**(78)**	9,142	(9,220)

The shortfall in AFFO over dividends declared for the three months ended September 30, 2022 is higher compared to the comparative period primarily due to additional dividends declared as a result of the issuance of shares, offset partly by higher AFFO.

The shortfall in AFFO over dividends declared for the nine months ended September 30, 2022 is ($78) compared to $9,142 in September 30, 2021, primarily due to decrease in NOI as a result of retroactive pandemic funding received in 2021, as well as additional dividends declared as a result of the issuance of shares.

Refer to the "Cash Flow Analysis" section for details on the change from Q4 2021 to Q3 2022 on cash flow provided by operating activities.

Reconciliation of Net Income to Net Operating Income

The IFRS measure most directly comparable to net operating income is "net income". The following table represents the reconciliation of net income to NOI for the periods ended September 30:

	Three Months Ended		Nine Months Ended	
Thousands of Canadian dollars	**2022**	2021	**2022**	2021
Net income	**2,513**	4,533	**17,343**	15,994
Add back:				
Depreciation and amortization	**11,681**	11,806	**35,582**	41,146
Administrative expenses	**8,060**	7,282	**26,063**	23,671
Net finance charges	**7,631**	7,619	**16,525**	20,494
Provision for income taxes	**508**	1,662	**2,649**	5,806
Transactions costs	**492**	501	**3,641**	1,576
Share of net loss in Equity-Accounted Joint Venture	**2,336**	—	**7,845**	8
Gain on disposal of properties	**—**	—	**(23,722)**	—
Impairment loss	**—**	—	**12,788**	—
Share of NOI in Equity-Accounted Joint Venture	**1,799**	—	**2,662**	—
Net operating income (NOI)	**35,020**	33,403	**101,376**	108,695

Financial Position Analysis

Balance Sheet Analysis

The following table summarizes the significant changes in assets, liabilities and equity as at September 30, 2022 compared to December 31, 2021:

Thousands of Canadian dollars	**2022**	2021	Change
Total assets	**1,736,319**	1,609,189	127,130
Total liabilities	**1,278,357**	1,203,336	75,021
Total equity	**457,962**	405,853	52,109

Total assets increased by $127,130 to $1,736,319 primarily due to the Company's investment in Sienna-Sabra LP, increase in cash and cash equivalents, prepaid expenses and deposits partially offset by decreases in construction funding receivable, government funding receivable, the disposal of assets held for sale and impairment losses.

Total liabilities increased by $75,021 to $1,278,357 primarily due to the addition of a new unsecured term loan, increases in liability for government funding payable, accounts payable and accrued liabilities and income tax liability, partially offset by repayment of maturing debt.

Total equity increased by $52,109 to $457,962 primarily due to the Company's issuance of shares, partially offset by dividends declared during the period.

Cash Flow Analysis

The following table represents the summary of cash flows for the periods ended September 30:

	Three Months Ended			Nine Months Ended		
Thousands of Canadian dollars	**2022**	2021	Change	**2022**	2021	Change
Cash provided by (used in):						
Operating activities	**19,172**	14,123	5,049	**91,120**	66,592	24,528
Investing activities	**(8,494)**	(5,897)	(2,597)	**(130,107)**	(10,548)	(119,559)
Financing activities	**(21,915)**	(2,046)	(19,869)	**60,847**	(119,281)	180,128
(Decrease) increase in cash and cash equivalents during the period	**(11,237)**	6,180	(17,417)	**21,860**	(63,237)	85,097
Cash and cash equivalents, end of period	**50,913**	32,440	18,473	**50,913**	32,440	18,473

Third Quarter 2022

Cash inflows provided by operating activities for the three months ended September 30, 2022 increased by $5,049 to $19,172 primarily due to higher accounts payable compared to Q3 2021 due to timing of payments, and no income tax payments in Q3 2022, partially offset by lower net government funding and assistance received compared to Q3 2021.

Cash outflows used in investing activities for the three months ended September 30, 2022 increased by $2,597 to $8,494 primarily due to higher net additions to property and equipment.

Cash outflows used in financing activities for the three months ended September 30, 2022 increased by $19,869 to $21,915 primarily due to lower draws on credit facility in comparison to Q3 2021 and higher dividends paid due to a higher number of common shares outstanding.

Nine Months Ended September 30, 2022

Cash inflows provided by operating activities for the nine months ended September 30, 2022 increased by $24,528 to $91,120 primarily due to timing of government funding and assistance received compared to the prior year offset by higher income tax payments and higher interest paid on long-term debt.

Cash outflows used in investing activities for the nine months ended September 30, 2022 decreased by $119,559 to $130,107 primarily due to the Company's investment in Sienna-Sabra LP and net additions to property and equipment, partially offset by proceeds from disposal of properties.

Cash inflows provided by financing activities for the nine months ended September 30, 2022 increased by $180,128 to $60,847 primarily due to issuance of equity in Q1 2022, lower repayments of long-term debt and proceeds received from the Company's new unsecured term loan, partially offset by an increase in dividends paid compared to the prior year.

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 2022 and beyond, including required working capital, capital expenditures, and currently scheduled interest payments on debt through fiscal 2022 and beyond, from cash on hand, cash flow from operations, proceeds from refinancing its debt, its committed but unutilized borrowing capacity and, if necessary, will pursue debt or equity financing to provide the Company with additional financial flexibility.

As at September 30, 2022, the Company's liquidity was $259,413, as follows:

Thousands of Canadian dollars	**September 30, 2022**	December 31, 2021
Cash and cash equivalents	**50,913**	29,053
Available funds from credit facilities	**208,500**	196,500
Total	**259,413**	225,553

The Company's liquidity was $350,913 as at November 9, 2022.

In addition, as at September 30, 2022, the Company's share of cash and cash equivalents held in our Equity-Accounted Joint Venture was $3,085.

The Company had a working capital deficiency (current liabilities less current assets) of $281,955 as at September 30, 2022, including the current portion of long-term debt of $157,425. To support its working capital deficiency, the Company plans to utilize its available funds from credit facilities and funds generated from operating activities.

The Company has an unencumbered asset pool with a fair value of approximately $1,041,300 as at September 30, 2022, representing a decrease of $59,700 from $1,101,000 as at December 31, 2021. The decrease in the unencumbered asset pool since the beginning of the year is due to the sale of one long term care community and updated valuations of certain LTC homes.

The fair value of the Company's unencumbered asset pool as at November 9, 2022 was $1,181,300, an increase due primarily to the inclusion of jointly held assets in the pool, as allowable under its unsecured revolving credit agreement dated October 26, 2022.

The unencumbered asset pool provides the Company with financial flexibility to enter into different financing options.

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 debentures, conventional and CMHC insured mortgages, and secured and unsecured 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 approximately $98 million as at September 30, 2022. On October 6, 2021, DBRS confirmed Sienna's "BBB" investment grade credit rating with a "Stable" trend from DBRS, along with the "BBB" credit rating for the Company's Series A Unsecured Debentures, Series B Unsecured Debentures and Series C Unsecured Debentures (later defined in the "Debentures" section).

The Company's total debt is comprised as follows:

Thousands of Canadian dollars	**September 30, 2022**	December 31, 2021
Series A Unsecured Debentures	**150,000**	150,000
Series B Unsecured Debentures	**175,000**	175,000
Series C Unsecured Debentures	**125,000**	125,000
Unsecured Term Loan	**90,000**	—
Credit facilities	**—**	12,000
Mortgages	**447,819**	496,167
Lease liability	**2,942**	1,312
	990,761	959,479
Fair value adjustments on acquired debt	**2,404**	2,683
Less: Deferred financing costs	**(9,569)**	(11,878)
Total debt	**983,596**	950,284

The Company's total debt as at September 30, 2022 was $983,596 (December 31, 2021 - $950,284). The increase of $33,312 was primarily related to the unsecured term loan used by the Company to investment in Sienna-Sabra LP for its acquisitions, partially offset by repayment of maturing debt.

The following table summarizes the scheduled principal maturities of the Company's long-term debt commitments as at September 30, 2022:

Year	Series A Unsecured Debentures[1]	Series B Unsecured Debentures[2]	Series C Unsecured Debentures[3]	Unsecured Term Loan	Capitalized Lease Principal Payments[4]	Mortgages: Regular Principal Repayments	Mortgages: Principal Due at Maturity	Mortgages: Weighted Average Interest Rate on Maturing Mortgages	Total	Consolidated Weighted Average Interest Rate on Maturing Debt
2022	—	—	—	—	91	4,392	20,752	**4.54 %**	**25,235**	4.54 %
2023	—	—	—	90,000	364	16,922	60,824	**3.38 %**	**168,110**	4.28 %
2024	150,000	—	—	—	365	15,123	50,104	**4.10 %**	**215,592**	3.38 %
2025	—	—	—	—	407	11,557	41,065	**3.78 %**	**53,029**	3.78 %
2026	—	175,000	—	—	423	11,643	—	**— %**	**187,066**	3.45 %
2027	—	—	125,000	—	440	11,033	35,115	**3.30 %**	**171,588**	2.96 %
2028	—	—	—	—	457	5,975	115,703	**3.35 %**	**122,135**	3.35 %
2029	—	—	—	—	394	1,810	5,477	**5.20 %**	**7,681**	5.20 %
2030	—	—	—	—	—	1,410	9,230	**1.65 %**	**10,640**	1.65 %
Thereafter	—	—	—	—	—	11,921	17,763	**5.00 %**	**29,684**	5.00 %
	150,000	**175,000**	**125,000**	**90,000**	**2,941**	**91,786**	**356,033**	**3.66 %**	**990,760**	**3.55 %**
Fair value adjustments on acquired debt									**2,404**	
Less: Deferred financing costs									**(9,569)**	
Total debt									**983,595**	

Thousands of Canadian dollars, except interest rate

Notes:

1. The interest rate for the Series A Unsecured Debentures is 3.109%.
2. The interest rate for the Series B Unsecured Debentures is 3.450%.
3. The interest rate for the Series C Unsecured Debentures is 2.820%.
4. The weighted average interest rate for capitalized lease principal payments is 3.84% for each year.

The following tables are supplemental information and summarize the components of the Company's debt for our Equity-Accounted Joint Venture:

Thousands of Canadian dollars	**September 30, 2022**	December 31, 2021
Mortgages	**26,403**	—
Fair value adjustments on assumed debt	**(2,574)**	—
Less: Deferred financing costs	**(41)**	—
Total mortgages	**23,788**	—

Year	**Regular Principal Repayments**
2022	**226**
2023	**915**
2024	**936**
2025	**957**
2026	**978**
2027	**1,000**
2028	**1,023**
2029	**1,046**
2030	**1,069**
Thereafter	**18,253**
	26,403
Fair value adjustments on assumed debt	**(2,574)**
Less: Deferred financing costs	**(41)**
Total debt	**23,788**

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 Series B senior unsecured debentures were issued on October 2, 2020, and bear interest at a rate of 3.45% per annum, payable semi-annually in February and August of each year and mature on February 27, 2026 (the "**Series B Unsecured Debentures**").

The Series C senior unsecured debentures were issued on June 3, 2021, and bear interest at a rate of 2.82% per annum, payable semi-annually in March and September of each year and mature on March 31, 2027 (the "**Series C Unsecured Debentures**").

The balances related to the debentures are as follows:

Thousands of Canadian dollars	**September 30, 2022**	December 31, 2021
Series A Unsecured Debentures	**150,000**	150,000
Series B Unsecured Debentures	**175,000**	175,000
Series C Unsecured Debentures	**125,000**	125,000
Less: Deferred financing costs	**(2,080)**	(2,558)
	447,920	447,442

Unsecured Term Loan

The Company acquired a portfolio of assets through its joint venture on May 16, 2022. To finance its 50% share of the joint venture's acquisition, the Company entered into a credit agreement with a Canadian lender for an unsecured acquisition term loan facility of $90,000 maturing May 15, 2023. Borrowings under the unsecured term loan were at an interest rate of CDOR plus 145 bps per annum. The unsecured term loan is subject to certain customary financial and non-financial covenants.

Credit Facilities

The Company has a combined total borrowing capacity of $208,500 pursuant to its credit facilities as at September 30, 2022.

On March 19, 2020, the Company entered into a credit agreement for a $200 million Unsecured Revolving Credit Facility. The Unsecured Revolving Credit Facility matures on March 19, 2025 and may be extended for additional one-year term, 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 BAs at 145 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.

The Company has a non-revolving acquisition loan facility totaling $6,000 that matures on June 6, 2025. Borrowings under the credit facility are available by way of BAs at 175 bps per annum over the floating BA rate, or at the Canadian prime rate plus 75 bps per annum.

The Company has other property credit facilities totaling $2,500 that can be accessed for working capital purposes. Borrowings are available at the Canadian prime rate plus 50 bps per annum.

As at September 30, 2022, the Company had drawn $nil under the Unsecured Revolving Credit Facility (December 31, 2021 - $12,000).

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

Thousands of Canadian dollars	**September 30, 2022**	December 31, 2021
Credit facilities drawn	—	12,000
Less: Deferred financing costs	**(379)**	(493)
	(379)	11,507

On October 26, 2022, the Company increased its Unsecured Revolving Credit Facility by $100 million to $300 million and extended its maturity term by two years to March 2027. As a result of this increase, the Company's combined total borrowing capacity pursuant to its credit facilities increased to $308.5 million.

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 CMHC. As at September 30, 2022, 54% of the Company's total property-level mortgages were insured by CMHC, which is in-line with the same period last year.

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

Thousands of Canadian dollars	**September 30, 2022**	December 31, 2021
Mortgages at fixed rates	**306,899**	351,046
Mortgages at variable rates [1]	**140,920**	145,121
Fair value adjustments on acquired debt	**2,404**	2,683
Less: Deferred financing costs	**(7,110)**	(8,827)
	443,113	490,023

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

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

	September 30, 2022			December 31, 2021
	Fixed Rate	**Variable Rate**	**Total**	Total
Weighted average interest rate	3.67 %	4.96 %	**3.68 %**	3.60 %
Weighted average term to maturity (years)	4.6	0.2	**4.5**	5.2

Lease Liability

The lease liability as at September 30, 2022 of $2,942 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 Unsecured Debentures	DBRS	BBB	Stable
Series C Unsecured Debentures	DBRS	BBB	Stable

Financial Covenants

The Company is in compliance with all financial covenants on its borrowings as at September 30, 2022. 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. Adjusted EBITDA as referenced below, is presented in accordance with defined terms in certain covenant calculations. The interest coverage ratio is calculated as follows for the periods ended September 30:

	Three months ended		Nine months ended	
Thousands of Canadian dollars, except ratio	**2022**	2021	**2022**	2021
Net finance charges	**7,631**	7,619	**16,525**	20,494
Add (deduct):				
Redemption premium paid	**—**	—	**—**	(160)
Amortization of financing charges and fair value adjustments on acquired debt	**(635)**	(545)	**(1,772)**	(1,950)
Interest income on construction funding receivable	**208**	282	**693**	955
Interest expenses from Equity-Accounted Joint Venture	**147**	—	**220**	—
Other interest income	**324**	118	**608**	403
Fair value gain on interest rate swap contracts	**1,361**	877	**9,107**	5,147
Net finance charges, adjusted	**9,036**	8,351	**25,381**	24,889
Adjusted EBITDA	**29,506**	28,678	**84,737**	93,386
Interest coverage ratio	**3.3**	3.4	**3.3**	3.8

The following table represents the reconciliation of net income to EBITDA and Adjusted EBITDA for the periods ended September 30:

	Three months ended		Nine months ended	
Thousands of Canadian dollars	**2022**	2021	**2022**	2021
Net income (2)	**2,513**	4,533	**17,343**	15,994
Depreciation and amortization (1)	**15,567**	11,806	**42,216**	41,146
Net finance charges (1)	**7,828**	7,619	**16,832**	20,494
Provision for income taxes	**508**	1,662	**2,649**	5,806
Transaction costs (1)	**544**	501	**7,207**	1,576
Impairment loss	**—**	—	**12,788**	—
EBITDA	**26,960**	26,121	**99,035**	85,016
Proceeds from construction funding	**2,546**	2,557	**7,764**	8,370
SOAR program	**—**	—	**1,660**	—
Gain on disposal of properties	**—**	—	**(23,722)**	—
Adjusted EBITDA	**29,506**	28,678	**84,737**	93,386

Notes:

1. Includes the Company's proportionate share of Equity-Accounted Joint Venture.
2. 2021 comparative figures include retroactive pandemic funding recovery of $15,342 received in Q1 of 2021 for pandemic expenses incurred in year 2020.

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. 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 September 30:

	Three months ended		Nine months ended	
Thousands of Canadian dollars, except ratio	**2022**	2021	**2022**	2021
Net finance charges, adjusted (1)	**9,036**	8,351	**25,381**	24,889
Principal repayments (1)(2)	**4,995**	5,074	**15,053**	15,909
Total debt service (1)	**14,031**	13,425	**40,434**	40,798
Adjusted EBITDA	**29,506**	28,678	**84,737**	93,386
Deduct:				
Maintenance capital expenditures	**(3,718)**	(5,407)	**(8,276)**	(10,252)
Net pandemic capital (expenditures) recoveries	**—**	538	**—**	306
Cash income tax (paid) refunded	—	5,936	**(2,200)**	6,105
Adjusted EBITDA (for covenant calculations)	**25,788**	29,745	**74,261**	89,545
Debt service coverage ratio	**1.8**	2.2	**1.8**	2.2

Notes:

1. Includes the Company's proportionate share of Equity-Accounted Joint Venture.
2. Debt repayments on maturity and voluntary payments towards the Company's credit facilities have 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 Annualized Adjusted EBITDA below is annualized using the Adjusted EBITDA for the nine months ended September 30, 2022.

Thousands of Canadian dollars, except ratio	September 30 2022	2021
Total indebtedness		
Series A Unsecured Debentures	**150,000**	150,000
Series B Unsecured Debentures	**175,000**	175,000
Series C Unsecured Debentures	**125,000**	125,000
Unsecured Term Loan	**90,000**	—
Credit facilities	**—**	19,000
Mortgages	**447,819**	501,462
Mortgages related to Equity-Accounted Joint Venture	**26,403**	—
Lease liability	**2,942**	1,416
	1,017,164	971,878
Annualized Adjusted EBITDA	**112,983**	124,515
Debt to Annualized Adjusted EBITDA	**9.0**	7.8

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.

Thousands of Canadian dollars, except ratio	September 30 2022	2021
Total indebtedness		
Series A Unsecured Debentures	**150,000**	150,000
Series B Unsecured Debentures	**175,000**	175,000
Series C Unsecured Debentures	**125,000**	125,000
Unsecured Term Loan	**90,000**	—
Credit facilities	**—**	19,000
Mortgages	**447,819**	501,462
Mortgages related to Equity-Accounted Joint Venture	**26,403**	—
Lease liability	**2,942**	1,416
Total indebtedness	**1,017,164**	971,878
Total assets (1)	**1,764,326**	1,606,834
Accumulated depreciation on property and equipment (1)	**390,452**	335,954
Accumulated amortization on intangible assets (1)	**193,295**	188,507
Gross book value (1)	**2,348,073**	2,131,295
Debt to gross book value	**43.3 %**	45.6 %

Note:
1. includes the Company's proportionate share of Equity-Accounted Joint Venture.

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:

Thousands of Canadian dollars, except shares	Common shares	Amount
Balance, January 1, 2021	67,039,123	878,516
Long-term incentive plan, net of loans receivable	—	187
Share purchase loan	—	325
Balance, December 31, 2021	67,039,123	879,028
Long-term incentive plan, net of loans receivable	—	411
Common shares issued pursuant to bought deal, net of share issuance costs	5,750,000	82,945
Common shares issued pursuant to SOAR program	110,386	1,660
Balance, September 30, 2022	**72,899,509**	**964,044**

On June 15, 2022, the Company received approval from the TSX on its notice of intention to renew its 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 3,644,975 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 83,079 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 Company had the option to purchase shares beginning on June 20, 2022. The NCIB will terminate on June 19, 2023.

No common shares were purchased pursuant to the Company's normal course issuer bids.

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 September 30:

	Three Months Ended			Nine Months Ended		
Thousands of Canadian dollars	**2022**	2021	Change	**2022**	2021	Change
Cash flows from operating activities	**19,172**	14,123	5,049	**91,120**	66,592	24,528
AFFO	**16,564**	15,671	893	**50,172**	56,203	(6,031)
Dividends declared	**(17,059)**	(15,687)	(1,372)	**(50,250)**	(47,061)	(3,189)
Cash flows from operating activities over dividends declared	**2,113**	(1,564)	3,677	**40,870**	19,531	21,339
AFFO retained	**(495)**	(16)	(479)	**(78)**	9,142	(9,220)

The Company believes that its current dividend level is sustainable. However, cash dividends are not guaranteed and may fluctuate with the performance of the Company.

The Company has suspended its dividend reinvestment plan.

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. In February 2022, the Company extended the lease for a further period of five years, commencing on November 1, 2024 and expiring on October 31, 2029.

The Company has various leases for office and other equipment that expire over the next two 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, 2021. New or changes in accounting policies are identified in Note 3 of the Company's condensed interim consolidated financial statements for the three and nine months ended September 30, 2022. Please refer to those condensed 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, 2021. Changes in significant judgments and estimates are identified in Note 3 of the Company's condensed interim consolidated financial statements for the three and nine months ended September 30, 2022. Please refer to those condensed interim consolidated financial statements for further details.

Risk Factors

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

Developments Related to Pay Equity

The Company along with a number of other industry participants and the Ontario Government are currently engaged in proceedings with two unions regarding pay equity maintenance for employees at long-term care facilities, for which wages and benefits are typically funded by the MLTC. In October 2021, the Supreme Court of Canada denied leave to appeal and upheld the appellate court ruling that the proxy method should be used and comparisons should be made to an outside sector. The Company and the other participants in the long-term care sector are working with the unions and government to assess the impact of the ruling and establish a framework for pay equity suitable for the sector. Initial preliminary meetings have begun with one of the Unions.

Given the current status of the proceedings and significant number of judgements required in establishing the pay equity framework, including ongoing discussions with the unions, that will impact the measurement of any potential provision, management has assessed the conditions required for a provision and have concluded that it is not possible to reliably measure the potential outflow of resources, and accordingly no provision has been recorded in the Condensed Interim Consolidated Financial Statements as at September 30, 2022.

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 impact of the COVID-19 pandemic on Sienna's operations and financial condition, the seniors' living sector, the potential efficacy and availability of COVID-19 vaccines, the completion of acquisitions and financing activities relating thereto, and statements with respect to the Company's ability to refinance debt maturities, that could cause actual results to differ from those that are disclosed in or implied by such forward-looking statements. The words "plan", "expect", "schedule", "estimates", "intends", "budgets", "anticipate", "projects", "forecasts", "believes", "continue", 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 latest AIF.

Consolidated Financial Statements

Q3 2022 Report to Shareholders

Condensed Interim Consolidated Financial Statements

Condensed Interim Consolidated Statements of Financial Position (Unaudited)

Thousands of Canadian dollars

	Notes	September 30, 2022	December 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents		**50,913**	29,053
Accounts receivable and other receivables		**21,737**	21,469
Prepaid expenses and deposits		**11,307**	10,483
Government funding receivable		**9,471**	7,745
Construction funding receivable	4, 7	**7,065**	8,987
Derivative assets		**2,006**	—
Assets held for sale	5	**—**	18,005
		102,499	95,742
Non-current assets			
Government funding receivable		**14,740**	18,999
Derivative assets		**3,403**	501
Restricted cash	6	**3,817**	4,047
Construction funding receivable	4, 7	**12,082**	17,231
Investment in joint ventures	24	**162,503**	6,297
Property and equipment	8	**1,080,428**	1,102,791
Intangible assets	9	**191,944**	195,915
Goodwill	11	**164,903**	167,666
Total assets		**1,736,319**	1,609,189
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	12	**137,713**	126,789
Government funding payable		**86,237**	50,721
Current portion of long-term debt	4, 13	**157,425**	51,150
Income taxes payable		**3,075**	904
Derivative liabilities		**4**	905
		384,454	230,469
Non-current liabilities			
Long-term debt	4, 13	**826,171**	899,134
Deferred income taxes	15	**50,131**	53,050
Government funding payable		**7,918**	7,520
Share-based compensation liability	18	**8,050**	10,247
Derivative liabilities		**1,633**	2,916
Total liabilities		**1,278,357**	1,203,336
EQUITY			
Shareholders' equity		**457,962**	405,853
Total equity		**457,962**	405,853
Total liabilities and equity		**1,736,319**	1,609,189

Commitments and contingencies (Note 25)

See accompanying notes

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

"Shelly Jamieson"	"Stephen Sender"
Shelly Jamieson	Stephen Sender
Chair and Director	Director

Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited)

Thousands of Canadian dollars

	Notes	**Share capital**	**Contributed surplus**	**Shareholders' deficit**	**Total shareholders' equity**
Balance, January 1, 2022		**879,028**	**203**	**(473,378)**	**405,853**
Issuance of shares, net of share issuance costs	16	**84,605**	**—**	**—**	**84,605**
Net income		**—**	**—**	**17,343**	**17,343**
Long-term incentive plan	16	**411**	**—**	**—**	**411**
Dividends	17	**—**	**—**	**(50,250)**	**(50,250)**
Balance, September 30, 2022		**964,044**	**203**	**(506,285)**	**457,962**

	Notes	Share capital	Contributed surplus	Shareholders' deficit	Total shareholders' equity
Balance, January 1, 2021		878,516	203	(431,277)	447,442
Net income		—	—	15,994	15,994
Long-term incentive plan	16	174	—	—	174
Share purchase loan	16	325	—	—	325
Dividends	17	—	—	(47,061)	(47,061)
Balance, September 30, 2021		879,015	203	(462,344)	416,874

See accompanying notes.

Condensed Interim Consolidated Statements of Net Income and Comprehensive Income (Unaudited)

Thousands of Canadian dollars, except share and per share data

		Three months ended September 30,		Nine months ended September 30,	
	Notes	**2022**	2021	**2022**	2021
Revenue	20, 23	**181,893**	170,423	**532,720**	494,319
Expenses and other items					
Operating expenses, net of government assistance		**148,672**	137,020	**434,006**	385,624
Depreciation and amortization		**11,681**	11,806	**35,582**	41,146
Administrative	21	**8,060**	7,282	**26,063**	23,671
Share of net loss in joint ventures	24	**2,336**	—	**7,845**	8
Impairment loss	10	**—**	—	**12,788**	—
Net finance charges	14	**7,631**	7,619	**16,525**	20,494
Transaction costs		**492**	501	**3,641**	1,576
Gain on disposal of properties	5	**—**	—	**(23,722)**	—
	22	**178,872**	164,228	**512,728**	472,519
Income before provision for (recovery of) income taxes		**3,021**	6,195	**19,992**	21,800
Provision for (recovery of) income taxes					
Current		**517**	(95)	**4,372**	2,708
Deferred		**(9)**	1,757	**(1,723)**	3,098
	15	**508**	1,662	**2,649**	5,806
Net income and comprehensive income		**2,513**	4,533	**17,343**	15,994
Net income per share (basic and diluted)	16	**$0.03**	$0.07	**$0.24**	$0.24
Weighted average number of common shares outstanding	16	**72,899,509**	67,039,123	**71,142,467**	67,039,123

See accompanying notes.

Condensed Interim Consolidated Statements of Cash Flows (Unaudited)

Thousands of Canadian dollars

	Notes	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
OPERATING ACTIVITIES					
Net income		**2,513**	4,533	**17,343**	15,994
Add (deduct) items not affecting cash					
Depreciation of property and equipment	8	**11,249**	11,326	**34,189**	34,237
Amortization of intangible assets	9	**432**	480	**1,393**	6,909
Current income tax expense (recovery)		**517**	(95)	**4,372**	2,708
Deferred income tax expense (recovery)		**(9)**	1,757	**(1,723)**	3,098
Share of net loss in joint ventures	24	**2,336**	—	**7,845**	8
Share-based compensation expense	18	**625**	(60)	**1,738**	1,097
Share issuance under Sienna Ownership and Reward program	16	**—**	—	**1,660**	—
Net finance charges	14	**7,631**	7,619	**16,525**	20,494
Impairment loss	10	**—**	—	**12,788**	—
Gain on disposal of properties	5	**—**	—	**(23,722)**	—
		25,294	25,560	**72,408**	84,545
Non-cash changes in working capital					
Accounts receivable and other receivables		**(2,595)**	(1,216)	**343**	(1,241)
Prepaid expenses and deposits		**1,679**	(5,001)	**(824)**	(4,793)
Accounts payable and other liabilities		**10,791**	(2,403)	**9,318**	(1,279)
Government funding, net, and excluding government assistance related to pandemic expenses		**(10,987)**	(21,746)	**(40,579)**	(87,396)
		(1,112)	(30,366)	**(31,742)**	(94,709)
Interest paid on long-term debt		**(10,344)**	(8,197)	**(25,408)**	(22,698)
Net settlement receipt (payment) on interest rate swap contracts		**96**	(686)	**(964)**	(2,088)
Income taxes (paid) refunded		**—**	5,936	**(2,200)**	6,105
Government assistance related to pandemic expenses		**5,238**	21,876	**79,026**	95,437
Cash provided by operating activities		**19,172**	14,123	**91,120**	66,592
INVESTING ACTIVITIES					
Purchase of property and equipment		**(18,151)**	(6,736)	**(46,293)**	(22,875)
Government assistance related to capital expenditures		**7,384**	18	**23,069**	9,443
Proceeds from disposal of properties		**—**	—	**49,789**	—
Purchase of intangible assets	9	**(548)**	(466)	**(1,224)**	(893)
Amounts received from construction funding	7	**2,546**	2,557	**7,764**	8,370
Interest received	14	**324**	118	**608**	403
Investment in joint ventures	24	**—**	(1,306)	**(164,050)**	(4,442)
Change in restricted cash	6	**(49)**	(82)	**230**	(554)
Cash used in investing activities		**(8,494)**	(5,897)	**(130,107)**	(10,548)
FINANCING ACTIVITIES					
Net proceeds from issuance of common shares	16	**(86)**	—	**81,748**	—
Repayment of long-term debt	13	**(4,770)**	(42,333)	**(68,452)**	(252,430)
Proceeds from long-term debt	13	**—**	56,000	**98,000**	181,000
Deferred financing costs		**—**	(26)	**(656)**	(790)
Dividends paid	17	**(17,059)**	(15,687)	**(49,793)**	(47,061)
Cash from (used in) financing activities		**(21,915)**	(2,046)	**60,847**	(119,281)
Increase (decrease) in cash and cash equivalents during the period		**(11,237)**	6,180	**21,860**	(63,237)
Cash and cash equivalents, beginning of period		**62,150**	26,260	**29,053**	95,677
Cash and cash equivalents, end of period		**50,913**	32,440	**50,913**	32,440

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, Saskatchewan, and Ontario. As at September 30, 2022, the Company owns and operates a total of 80 seniors' living residences: 38 retirement residences ("**RRs**", "**Retirement Residences**" or "**RET**") (including the Company's joint venture interest in 12 residences in Ontario and Saskatchewan); 34 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 September 30, 2022, the Company had outstanding 72,899,509 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, 2021, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). Certain of the subtotals in the comparative period have been updated to reflect the presentation and subtotals in the period.

The condensed interim consolidated financial statements were approved by the Board of Directors on November 9, 2022.

3 Summary of significant accounting policies, judgments and estimation uncertainty

In preparing these condensed 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, 2021.

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

4 Financial instruments

The following financial instruments are measured at amortized cost and the corresponding fair values as at September 30, 2022 and December 31, 2021 are disclosed in the table below:

	As at September 30, 2022		As at December 31, 2021	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Current and long-term portion of construction funding receivable	**19,147**	**18,680**	26,218	27,230
Financial Liabilities				
Current and long-term portion of debt	**983,596**	**949,252**	950,284	974,298

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 September 30, 2022. 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 September 30, 2022, the Company had negative working capital (current assets less current liabilities) of $281,955 (December 31, 2021 - $134,727), which is primarily related to the principal amount of maturing debt of $146,156 and timing of settling accounts payable. To support the Company's working capital deficiency, the Company has available cash from operations, access to multiple sources of financing (Note 13), and a history of successfully refinancing debt.

5 Assets held for sale

The Company completed the sale of Rideau Retirement Residence with 138 suites in British Columbia on January 31, 2022. During the three and nine months ended September 30, 2022, the Company recognized a pre-tax gain on disposal of $nil and $12,690, respectively.

The Company completed the sale of Camilla Care Community with 236 Class C beds in Ontario on March 31, 2022. During the three and nine months ended September 30, 2022, the Company recognized a pre-tax gain on disposal of $nil and $11,032, respectively.

6 Restricted cash

Restricted cash comprises the capital maintenance reserve funds required for certain property-level mortgages.

7 Construction funding receivable

As at September 30, 2022, the Company is eligible to receive funding from the Government of Ontario of approximately $19,147 (December 31, 2021 - $26,218) 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 September 30, 2022, the condition for the funding has been met.

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

As at September 30, 2022, the weighted average remaining term of the construction funding is approximately 6.2 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, 2021	35,998
Add: Interest income earned	1,269
Less: Construction funding payments received	(11,049)
As at December 31, 2021	26,218
Add: Interest income earned	693
Less: Construction funding payments received	(7,764)
As at September 30, 2022	19,147
Less: Current portion	(7,065)
	12,082

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, 2022	132,353	1,213,371	76,841	2,178	14,235	1,271	5,498	3,072	1,448,819
Disposals	(1,339)	(3,785)	(5)	—	—	—	—	—	(5,129)
Additions [2]	—	10,040	3,832	337	1,336	8	7,670	1,977	25,200
As at September 30, 2022	131,014	1,219,626	80,668	2,515	15,571	1,279	13,168	5,049	1,468,890
Accumulated depreciation									
As at January 1, 2022	—	293,485	41,162	1,226	7,318	977	—	1,860	346,028
Disposals	—	(3,071)	(45)	—	(1)	—	—	—	(3,117)
Impairment loss [3]		11,197	64		1		100		11,362
Charges for the period	—	25,849	5,904	184	1,643	191	—	418	34,189
As at September 30, 2022	—	327,460	47,085	1,410	8,961	1,168	100	2,278	388,462
Net book value as at September 30, 2022	**131,014**	**892,166**	**33,583**	**1,105**	**6,610**	**111**	**13,068**	**2,771**	**1,080,428**
Net book value as at December 31, 2021	132,353	919,886	35,679	952	6,917	294	5,498	1,212	1,102,791

[1] Includes right-of-use building and related accumulated depreciation of $4,227 and $1,449, respectively (December 31, 2021 - $2,250 and $1,157, respectively), and the right-of-use equipment and related accumulated depreciation of $822 and $829, respectively (December 31, 2021 - $822 and $703, respectively).

[2] Includes pandemic capital expenditures for the three and nine months ended September 30, 2022 of $7,384 (2021 - $203) and $23,069 (2021 - $9,860), respectively, reduced by related government assistance for the three and nine months ended September 30, 2022 of $7,384 (2021 - $18) and $23,069 (2021 - $9,443), respectively.

[3] Relates to a Q2 impairment at one of our properties totaling $11,362. Refer to Note 10 for more details.

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

9 Intangible assets

	Indefinite life	Finite life			
	Licences	Resident relationships	Service contracts	Computer software	Total
Cost					
As at January 1, 2022	190,945	167,572	10,968	15,446	384,931
Disposals	(2,376)	(3,179)	—	(6)	(5,561)
Additions		—	—	1,224	1,224
As at September 30, 2022	188,569	164,393	10,968	16,664	380,594
Accumulated amortization					
As at January 1, 2022	—	167,572	10,945	10,499	189,016
Disposals	—	(3,179)	—	(6)	(3,185)
Impairment loss (1)	1,426	—	—	—	1,426
Charges for the period	—	—	23	1,370	1,393
As at September 30, 2022	1,426	164,393	10,968	11,863	188,650
Net book value as at September 30, 2022	**187,143**	**—**	**—**	**4,801**	**191,944**
Net book value as at December 31, 2021	190,945	—	23	4,947	195,915

(1) Relates to a Q2 impairment at one of our properties totaling $1,426. Refer to Note 10 for more details.

10 Impairment of assets

In Q2 2022, the Company carried out a review of the recoverable amount of one of its properties and associated intangible assets within the long-term care segment which requires significant building remediation in light of increasing cost estimates and revisions to the scope of the prevention work. The cash-generating unit is one long-term care home location as this is the lowest level that generates independent cash inflows. The review led to the recognition of an impairment loss of $12,788 which has been recognized in net income and is comprised of impairment of property and equipment, and indefinite lived intangibles, license, of $11,362 and $1,426, respectively. The Company estimated the fair value of the property less costs of disposal to be greater than the value in use and hence the recoverable amount of the relevant assets have been determined on the basis of their fair value less costs of disposal. The estimated fair value of the property was based on recent market prices of comparable land in the vicinity, adjusting the prices to account for differences in size, shape and location. The fair value measurement of the cash-generating unit is categorized as level 3 of the fair value hierarchy. The cash-generating unit was impaired to its recoverable amount of $5,000 in Q2 2022.

11 Goodwill

	September 30, 2022
Cost and carrying value, at January 1, 2022	167,666
Derecognition of goodwill related to disposal of properties in Q1 2022	(2,763)
Cost and carrying value, at September 30, 2022	**164,903**

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

12 Accounts payable and other liabilities

	September 30, 2022	December 31, 2021
Accounts payable and other liabilities [1]	**63,002**	53,946
Accrued wages and benefits	**65,324**	62,702
Accrued interest payable	**3,701**	4,912
Dividends payable (Note 17)	**5,686**	5,229
Total	**137,713**	126,789

[1] Includes a remediation provision of $11,000 and a corresponding asset in property and equipment for one of its long-term care communities which was recognized in Q3 2021.

13 Long-term debt

	Interest rate	Maturity date	September 30, 2022	December 31, 2021
Series A Unsecured Debentures	3.109%	November 4, 2024	**150,000**	150,000
Series B Unsecured Debentures	3.450%	February 27, 2026	**175,000**	175,000
Series C Unsecured Debentures	2.820%	March 31, 2027	**125,000**	125,000
Unsecured Term Loan	Floating	May 15, 2023	**90,000**	—
Credit facilities	Floating	March 19, 2025	—	12,000
Mortgages at fixed rates	1.65% - 5.80%	2022-2041	**306,899**	351,046
Mortgages at variable rates	Floating	2022-2029	**140,920**	145,121
Lease liability	3.39% - 3.87%	2023-2029	**2,942**	1,312
			990,761	959,479
Fair value adjustments on acquired debt			**2,404**	2,683
Less: Deferred financing costs			**(9,569)**	(11,878)
Total debt			**983,596**	950,284
Less: Current portion			**(157,425)**	(51,150)
			826,171	**899,134**

Credit facilities

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

	September 30, 2022	December 31, 2021
Credit facilities available	**208,500**	208,500
Amounts drawn under credit facilities	—	12,000
Remaining available balance under credit facilities	**208,500**	196,500

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 September 30, 2022:

	Mortgages			
Year	Regular principal payments	Principal due at maturity	**Total**	% of Total
2022	4,392	20,752	**25,144**	5.6 %
2023	16,922	60,824	**77,746**	17.4 %
2024	15,123	50,104	**65,227**	14.6 %
2025	11,557	41,065	**52,622**	11.8 %
2026	11,643	—	**11,643**	2.6 %
2027	11,033	35,115	**46,148**	10.3 %
2028	5,975	115,703	**121,678**	27.1 %
2029	1,810	5,477	**7,287**	1.6 %
2030	1,410	9,230	**10,640**	2.4 %
Thereafter	11,921	17,763	**29,684**	6.6 %
	91,786	356,033	**447,819**	100 %

14 Net finance charges

	Three months ended September 30,		**Nine months ended September 30,**	
	2022	2021	**2022**	2021
Finance costs				
Interest expense on mortgages	**4,231**	3,841	**11,633**	11,746
Interest expense on debentures	**3,585**	3,586	**10,640**	9,163
Interest on unsecured term loan	**985**	—	**1,321**	—
Interest expense on credit facilities	**155**	224	**532**	1,845
Interest expense on right-of-use assets	**29**	14	**71**	47
Redemption premium paid	**—**	—	**—**	160
Amortization of financing charges and fair value adjustments on assumed debt	**635**	545	**1,772**	1,950
Net settlement payment on interest rate swap contracts	**(96)**	686	**964**	2,088
Fair value gain on interest rate swap contracts	**(1,361)**	(877)	**(9,107)**	(5,147)
	8,163	8,019	**17,826**	21,852
Finance income				
Interest income on construction funding receivable	**208**	282	**693**	955
Other interest income	**324**	118	**608**	403
	532	400	**1,301**	1,358
Net finance charges	**7,631**	7,619	**16,525**	20,494

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

15 Income taxes

Total income tax expense for the period can be reconciled to the consolidated statements of net income and comprehensive income as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
Income before provision for income taxes	**3,021**	6,195	**19,992**	21,800
Canadian combined income tax rate	**26.57 %**	26.57 %	**26.57 %**	26.57 %
Income tax expense	**803**	1,646	**5,312**	5,792
Adjustments to income tax provision:				
Non-deductible items	**51**	27	**(2,289)**	96
Book to filing adjustment	**(327)**	—	**(327)**	(79)
Other items	**(19)**	(11)	**(47)**	(3)
Provision for income taxes	**508**	1,662	**2,649**	5,806

The following are the deferred tax assets (liabilities) recognized by the Company and movements thereon during the nine months ended September 30, 2022:

	Depreciable tangible and intangible assets	Share issuance	Construction funding interest	Other	Total
As at January 1, 2021	(53,450)	1,144	1,236	3,085	(47,985)
Charge to net income	(1,283)	(701)	(337)	(3,049)	(5,370)
Book to filing adjustment	269	—	—	36	305
As at December 31, 2021	(54,464)	443	899	72	(53,050)
Charge to net income	2,683	(511)	(184)	(293)	1,695
Book to filing adjustment	(93)	—	—	121	28
Credit to equity	—	1,196	—	—	1,196
As at September 30, 2022	**(51,874)**	**1,128**	**715**	**(100)**	**(50,131)**

16 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	Amount
Balance, January 1, 2021	67,039,123	878,516
Long-term incentive plan, net of loans receivable	—	187
Share purchase loan	—	325
Balance, December 31, 2021	67,039,123	879,028
Long-term incentive plan, net of loans receivable	—	411
Common shares issued pursuant to bought deal, net of share issuance costs	5,750,000	82,945
Common shares issued pursuant to SOAR program (as defined below)	110,386	1,660
Balance, September 30, 2022	**72,899,509**	**964,044**

On March 23, 2022 the Company issued an additional 5,750,000 common shares. On April 28, 2022 and May 26, 2022, 74,409 and 35,977 shares were issued, respectively, to team members under the Sienna Ownership and Reward (**"SOAR"**) program. For the three and nine months ended September 30, 2022, the weighted average of total shares outstanding was 72,899,509 and 71,142,467, respectively (2021 - 67,039,123 and 67,039,123).

Normal course issuer bid

On June 15, 2022, the Company received approval from the TSX on its notice of intention to renew its 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 3,644,975 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 83,079 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 Company had the option to purchase shares beginning on June 20, 2022. The NCIB will terminate on June 19, 2023.

No common shares were purchased pursuant to the Company's normal course issuer bids.

Net income per share

Net income per share is calculated using the weighted average number of common shares outstanding during the period.

17 Dividends

For the three and nine months ended September 30, 2022**,** the Company paid monthly dividends of $0.078 per common share totaling $17,059 and $49,793, respectively (2021 - $15,687 and $47,061, respectively). Dividends payable of $5,686 are included in accounts payable and other liabilities as at September 30, 2022 (December 31, 2021 - $5,229). Subsequent to September 30, 2022, the Board of Directors declared dividends of $0.078 per common share for October 2022 totaling $5,686.

18 Share-based compensation

The Company has share-based compensation plans, which are described below.

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

During the three and nine months ended September 30, 2022, nil and 153,604 restricted share units ("**RSUs**") (2021 - 44,123 and 96,608) were granted pursuant to the RSUP. Total expenses related to the RSUP for the three and nine months ended September 30, 2022 were $255 and $655, respectively (2021 - $26 and $277, respectively), including mark-to-market adjustments, which were recognized in administrative expenses. During the nine months ended September 30, 2022, 15,477 RSUs vested (2021 - 9,712) and were settled in cash, resulting in a decrease of $230 (2021 - $135) in the share-based compensation liability. The total liability recorded as part of the share-based compensation liability as at September 30, 2022 was $1,075 (December 31, 2021 - $650).

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

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

	Number of RSUs
Outstanding, January 1, 2021	43,543
Granted	96,608
Forfeited	(4,687)
Dividend reinvested	5,215
Settled in cash	(9,712)
Outstanding, December 31, 2021	130,967
Granted	153,604
Forfeited	(15,651)
Dividend reinvested	10,667
Settled in cash	(15,477)
Outstanding, September 30, 2022	**264,110**

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

During the three and nine months ended September 30, 2022, 12,044 and 33,455 deferred share units ("**DSUs**") (2021 - 12,989 and 32,056) were granted pursuant to the DSUP. Total (recovery) expenses related to the DSUP for the three and nine months ended September 30, 2022 were $(349) and $(802), respectively (2021 - $(585) and $829, respectively), 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 September 30, 2022 was $6,027 (December 31, 2021 - $6,829). 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.

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

	Number of DSUs
Outstanding, January 1, 2021	386,000
Granted	42,140
Dividends reinvested	26,239
Outstanding, December 31, 2021	454,379
Granted	33,455
Dividends reinvested	23,813
Outstanding, September 30, 2022	**511,647**

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

During the three and nine months ended September 30, 2022, nil and 27,243 (2021 - nil and 30,672) executive deferred share units ("**EDSUs**") were granted. Total expenses (recovery) related to the EDSUP for the three and nine months ended September 30, 2022 were nil and $70, respectively (2021 - $(440) and $124, respectively) including mark-to-market adjustments, which were recognized in administrative expenses. During the nine months ended September 30, 2022, 137,198 EDSUs vested (2021 - 103,948) and were settled in cash, resulting in a decrease of $1,888 (2021 - $1,389) in the share-based compensation liability. The total liability recorded related to the EDSUP as a part of the share-based compensation liability as at September 30, 2022 was $948 (December 31, 2021 - $2,768). The value of each vested EDSU is measured at each reporting date and is equivalent to the fair value of a common share at the reporting date.

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

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

	Number of EDSUs
Outstanding, January 1, 2021	306,594
Granted	30,672
Forfeited	(5,858)
Dividends reinvested	2,795
Settled in cash	(103,948)
Outstanding, December 31, 2021	230,255
Granted	27,243
Forfeited	(2,503)
Dividends reinvested	4,871
Settled in cash	(137,198)
Outstanding, September 30, 2022	**122,668**

Total Return Swap contracts and mark-to-market adjustments on share-based compensation

Share-based compensation expense (recovery), under Notes 18 and 19, includes a fair value loss (gain) on Total Return Swap contracts for the three and nine months ended September 30, 2022 of $719 and $1,816, respectively, (2021 - $939 and $(133), respectively), and mark-to-market (recovery) expense on share-based compensation liability for the three and nine months ended September 30, 2022 of $(740) and $(2,022) (2021 - $(1,135) and $24, respectively).

19 Key management compensation

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

	Three months ended September 30,		**Nine months ended September 30,**	
	2022	2021	**2022**	2021
Salaries and short-term employee benefits	**1,433**	1,249	**4,815**	3,938
Share-based compensation expense (Note 18)	**531**	(98)	**1,461**	1,059
	1,964	1,151	**6,276**	4,997

20 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. In addition, the Company has received government assistance to support pandemic related expenses for LTC and Retirement Residences which is recorded against operating expenses. Funding for incremental COVID-19 costs is provided in addition to ongoing long-term care funding, all of which are subject to periodic reconciliations with the regulatory authorities. Funding for incremental COVID-19 costs is required to be spent entirely on resident care, with any excess amounts not allocated to direct resident care or pandemic expenses required to be returned to the regulatory authorities. During the three and nine months ended September 30, 2022, the Company received approximately $116,987 and $467,635, respectively (2021 - $133,533 and $460,103, respectively) in respect of these licences and pandemic related funding.

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

21 Administrative expenses

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
General and administrative expenses	**7,381**	6,734	**22,367**	20,443
SOAR program	**—**	—	**1,660**	—
Pandemic related expenses	**54**	608	**298**	2,131
Share-based compensation expense	**625**	(60)	**1,738**	1,097
Total administrative expenses	**8,060**	7,282	**26,063**	23,671

22 Expenses by category

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
Salaries, benefits and people costs	**113,536**	106,061	**333,653**	305,533
Depreciation and amortization	**11,681**	11,806	**35,582**	41,146
Impairment loss	**—**	—	**12,788**	—
Food	**8,487**	7,902	**24,217**	22,391
Purchased services and non-medical supplies	**6,447**	6,132	**19,311**	17,993
Utilities	**5,309**	4,696	**15,426**	13,601
Net finance charges	**7,631**	7,619	**16,525**	20,494
Property taxes	**3,221**	3,589	**10,833**	11,210
Share of net loss in joint venture	**2,336**	—	**7,845**	8
Transaction costs	**492**	501	**3,641**	1,576
SOAR program	**—**	—	**1,660**	—
Share-based compensation expense	**625**	(60)	**1,738**	1,097
Other	**17,746**	14,996	**47,307**	42,579
Total expenses before net pandemic expenses	**177,511**	163,242	**530,526**	**477,628**
Pandemic labour	**9,008**	16,892	**43,492**	65,391
Personal protective equipment	**1,540**	1,622	**3,320**	5,038
Other pandemic related expenses [1]	**1,050**	2,594	**6,459**	8,676
Government assistance [2]	**(10,237)**	(20,122)	**(47,347)**	(84,214)
Net pandemic expenses (recovery)	**1,361**	986	**5,924**	(5,109)
Gain on disposal of properties	—	—	(23,722)	—
Total expenses and other items	**178,872**	164,228	**512,728**	**472,519**

[1] Other pandemic expenses are primarily cleaning supplies for infection prevention and control, meals and accommodations to support team members, and advisory fees to support the management of the pandemic.

[2] There are various programs and financial assistance provided by the government to support COVID-19 related expenses. During the three and nine months ended September 30, 2022, the LTC segment received additional retroactive pandemic funding of $1,899 and $4,121 for pandemic expenses incurred during 2020 and 2021.

23 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 accounting policies of the business segments are the same as those for the Company and is presented on a proportionate share basis in the manner which our chief operation decision maker reviews the financial information. The "**Adjustments for Joint Venture**" column shows the adjustments to account for Sienna-Sabra LP using the equity method, as applied in these condensed consolidated interim financial statements.

The Company is comprised of the following main business segments:

- Retirement - this segment consists of 38 RRs, of which five retirement residences are located in Saskatchewan, four of which are located in British Columbia and 29 of which are located in Ontario, and the RR management services business;
- LTC - this segment consists of 34 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 allocated to the segments.

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

	Three months ended September 30, 2022				
	Retirement [1]	LTC	Corporate, eliminations and other	Adjustments for Joint Venture [4]	Total
Gross revenue	46,380	146,615	17,309	(7,299)	203,005
Less: Internal revenue	—	3,803	17,309	—	21,112
Net revenue	46,380	142,812	—	(7,299)	181,893
Operating expense, net of government assistance[2]	29,410	124,762	—	(5,500)	148,672
Depreciation and amortization	9,281	5,451	835	(3,886)	11,681
Administrative expense [2]	—	—	8,060	—	8,060
Share of net loss in joint venture	—	—	22	2,314	2,336
Finance costs	1,690	1,572	5,101	(200)	8,163
Finance income	(3)	(233)	(299)	3	(532)
Transaction costs	47	(420)	895	(30)	492
Provision for income taxes	—	—	508	—	508
Net income (loss)	5,955	11,680	(15,122)	—	2,513
Purchase of property and equipment, net of disposals [3]	932	7,742	4,069	—	12,743
Purchase of intangible assets, net of disposals	—	—	548	—	548

[1] For the three months ended September 30, 2022, the Retirement segment recognized accommodation revenues of $22,262 and service revenues of $24,118.

[2] Includes net pandemic expense (recovery) of $521 for Retirement, $786 for LTC and $54 for Corporate, eliminations and other.

[3] Includes pandemic capital expenditures in the LTC segment for the three months ended September 30, 2022 of $7,384, fully funded by related government assistance.

[4] Adjustments to present Sienna-Sabra LP using the equity method, as applied in the condensed consolidated interim financial statements.

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

	Three months ended September 30, 2021				
	Retirement [1]	LTC	Corporate, eliminations and other	Adjustments for Joint Venture	Total
Gross revenue	37,130	137,657	15,896	—	190,683
Less: Internal revenue	—	4,364	15,896	—	20,260
Net revenue	37,130	133,293	—	—	170,423
Operating expense, net of government assistance [2]	23,817	113,203	—	—	137,020
Depreciation and amortization	5,459	5,457	890	—	11,806
Administrative expense [2]	—	—	7,282	—	7,282
Share of net loss in joint venture	—	—	—	—	—
Finance costs	2,312	1,696	4,011	—	8,019
Finance income	—	(301)	(99)	—	(400)
Transaction costs	—	—	501	—	501
Provision for income taxes	—	—	1,662	—	1,662
Net income (loss)	5,542	13,238	(14,247)	—	4,533
Purchase of property and equipment [3]	2,261	3,386	1,071	—	6,718
Purchase of intangible assets	—	—	466	—	466

(1) For the three months ended September 30, 2021, the Retirement segment recognized accommodation revenues of $18,194 and service revenues of $18,936.

(2) Includes net pandemic expense of $391 for Retirement, $1,882 for LTC and $608 for Corporate, eliminations and other.

(3) Includes pandemic capital expenditures in the LTC segment for the three months ended September 30, 2021 of $203, offset by government assistance for the three months ended September 30, 2021 of $18.

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

	Nine months ended September 30, 2022				
	Retirement [1]	LTC	Corporate, eliminations and other	Adjustments for Joint Venture [4]	Total
Gross revenue	127,982	427,655	51,753	(10,905)	596,485
Less: Internal revenue	—	12,012	51,753	—	63,765
Net revenue	127,982	415,643	—	(10,905)	532,720
Operating expense, net of government assistance [2]	80,690	361,559	—	(8,243)	434,006
Depreciation and amortization	22,947	16,741	2,529	(6,635)	35,582
Administrative expense [2]	—	—	26,063	—	26,063
Share of net loss in joint venture	—	—	22	7,823	7,845
Finance costs	678	4,017	13,441	(310)	17,826
Finance income	(3)	(777)	(524)	3	(1,301)
Transaction costs	3,648	435	3,101	(3,543)	3,641
Impairment loss	—	12,788	—	—	12,788
Gain on disposal of properties	(12,690)	(11,032)	—	—	(23,722)
Provision for income taxes	—	—	2,649	—	2,649
Net income (loss)	32,712	31,912	(47,281)	—	17,343
Purchase of property and equipment, net of disposals [3]	5,437	12,659	1,975	—	20,071
Purchase of intangible assets, net of disposals	—	(5,561)	1,224	—	(4,337)

[1] For the nine months ended September 30, 2022, the Retirement segment recognized accommodation revenues of $61,431 and service revenues of $66,551.
[2] Includes net pandemic expense of $1,196 for Retirement, $4,430 for LTC and $298 for Corporate, eliminations and other.
[3] Includes pandemic capital expenditures for the nine months ended September 30, 2022 of $23,069, which were fully funded by related government assistance.
[4] Adjustments to present Sienna-Sabra LP using the equity method, as applied in the condensed consolidated interim financial statements.

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

	Nine months ended September 30, 2021				
	Retirement [1]	LTC	Corporate, eliminations and other	Adjustments for Joint Venture	Total
Gross revenue	109,412	397,800	47,834	—	555,046
Less: Internal revenue	—	12,893	47,834	—	60,727
Net revenue	109,412	384,907	—	—	494,319
Operating expense, net of government assistance [2]	70,197	315,427	—	—	385,624
Depreciation and amortization	21,620	17,220	2,306	—	41,146
Administrative expense [2]	—	—	23,671	—	23,671
Share of net loss in joint venture	—	—	8	—	8
Finance costs	4,982	4,830	12,040	—	21,852
Finance income	—	(1,032)	(326)	—	(1,358)
Transaction costs	—	—	1,576	—	1,576
Provision for income taxes	—	—	5,806	—	5,806
Net income (loss)	12,613	48,462	(45,081)	—	15,994
Purchase of property and equipment [3]	4,513	6,933	1,986	—	13,432
Purchase of intangible assets	—	—	893	—	893

[1] For the nine months ended September 30, 2021, the Retirement segment recognized accommodation revenues of $53,612 and service revenues of $55,800.

[2] Includes net pandemic expense (recovery) of $2,079 for Retirement, $(9,319) for LTC and $2,131 for corporate, eliminations and other.

[3] Includes pandemic capital expenditures for the nine months ended September 30, 2021 of $9,860, reduced by related government assistance for the nine months ended September 30, 2021 $9,443.

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

	As at September 30, 2022				
	Retirement	**LTC**	**Corporate, eliminations and other**	**Adjustments for Joint Venture [1]**	**Total**
Total assets	**921,892**	**808,716**	**33,718**	**(28,007)**	**1,736,319**

	As at December 31, 2021				
	Retirement	LTC	Corporate, eliminations and other	Adjustments for Joint Venture	Total
Total assets	740,655	847,762	20,772	—	1,609,189

[1] Adjustments to present Sienna-Sabra LP using the equity method, as applied in the condensed interim consolidated financial statements.

	As at September 30, 2022				
	Retirement	**LTC**	**Corporate, eliminations and other**	**Adjustments for Joint Venture [1]**	**Total**
Total liabilities	**317,107**	**362,840**	**626,417**	**(28,007)**	**1,278,357**

	As at December 31, 2021				
	Retirement	LTC	Corporate, eliminations and other	Adjustments for Joint Venture	Total
Total liabilities	321,299	332,487	549,550	—	1,203,336

[1] Adjustments to present Sienna-Sabra LP using the equity method, as applied in the condensed interim consolidated financial statements.

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

24 Joint arrangements

A joint arrangement can be a joint venture or a joint operation. In a joint venture, the parties that have joint control of the arrangement have the rights to the net assets of the arrangement. In a joint operation, the parties that have joint control of the arrangement have the rights to the assets, and obligations for the liabilities, relating to the arrangement. The following are the Company's joint arrangements as at September 30, 2022:

Joint Arrangements	Number of properties	Sienna ownership	Joint arrangement type	Accounting treatment	Investment in joint venture balance	Share of net loss from joint ventures balance	
					September 30, 2022	Three months ended September 30, 2022	Nine months ended September 30, 2022
Sienna-RSH Niagara Falls LP [1]	0	70%	Joint venture	Equity	6,275	(22)	(22)
Sienna-Sabra LP	12	50%	Joint venture	Equity	156,228	(2,314)	(7,823)
Sienna Baltic Development LP [2]	2	40%/77%	Joint operation	Proportionate	N/A	N/A	N/A
					162,503	(2,336)	(7,845)

[1] The property of Sienna-RSH Niagara Falls LP is currently in development stage as of September 30, 2022.

[2] Sienna Baltic Development LP owns 40% of Nicola Lodge Care Community and 77% of Glenmore Lodge Care Community.

Joint ventures

Sienna-RSH Niagara Falls LP

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 has 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 this joint venture, and the Company's share of the joint venture's net loss.

Investment in Joint Venture as at January 1, 2021	2,323
Contributions to joint venture	4,004
Share of net loss in joint venture	(30)
Investment in joint venture as at December 31, 2021	**6,297**
Share of net loss in joint venture	(22)
Investment in joint venture as at September 30, 2022	**6,275**

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

Joint Venture's Statement of Financial Position	September 30, 2022	December 31, 2021
Current assets	—	354
Long-term assets	**22,636**	12,520
Total assets	**22,636**	12,874
Current liabilities	**2,235**	1,095
Long-term liabilities	**11,437**	2,783
Total liabilities	**13,672**	3,878
Net assets	**8,964**	8,996
Sienna's share of net investment in joint venture (70%)	**6,275**	6,297

Joint Venture's Statements of Net Income	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
Expenses	**31**	—	**31**	11
Net loss	**(31)**	—	**(31)**	(11)
Sienna's share of net loss in joint venture (70%)	**(22)**	—	**(22)**	(8)

*Sienna-Sabra LP ("**SSLP**")*

On January 25, 2022, the Company formed a joint venture with a third party for the purpose of owning and operating retirement residences. The Company owns 50% interest in this joint venture. The joint venture first acquired a portfolio of 11 seniors' living assets in Ontario and Saskatchewan on May 16, 2022, and subsequently acquired another retirement residence in Saskatchewan on June 1, 2022. The Company has 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 this joint venture, and the Company's share of the joint venture's net loss.

Investment in Joint Venture as at January 1, 2022	—
Contributions to joint venture in the second quarter	164,051
Share of net loss in joint venture	(7,823)
Investment in Joint Venture as at September 30, 2022	**156,228**

Joint Venture's Statements of Financial Position	September 30, 2022
Current assets	**7,566**
Long-term assets	**360,905**
Total assets	**368,471**
Current liabilities	**8,850**
Long-term liabilities	**47,164**
Total liabilities	**56,014**
Net assets	**312,457**
Sienna's share of net investment in joint venture (50%)	**156,228**

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

Joint Venture's Statements of Net Income	Three months ended September 30,	Nine months ended September 30,
	2022	**2022**
Revenue	**14,598**	**21,810**
Operating expenses	**11,002**	**16,488**
Depreciation and amortization	**7,770**	**13,269**
Net finance charges	**396**	**615**
Transaction costs and other expenses	**57**	**7,084**
Net loss	**(4,627)**	**(15,646)**
Sienna's share of net loss in joint venture (50%)	**(2,314)**	**(7,823)**

Acquisitions by Sienna-Sabra LP

On May 16, 2022, SSLP, of which the Company owns 50% interest in, acquired a portfolio of 11 seniors' living assets in Ontario and Saskatchewan consisting of 1,048 private-pay suites, with Sienna as the manager of the property.

On June 1, 2022, SSLP acquired The Village at Stonebridge, Saskatoon, Saskatchewan consisting of 186 private-pay suites, with Sienna as the manager of the property.

The net purchase prices for these two acquisitions were $250.4 million and $70.6 million, respectively, and were allocated to the assets and liabilities of the joint venture on a preliminary basis. Transaction costs for the acquisitions for the nine months ended September 30, 2022 were $6,731 and $373, respectively.

Related party transactions occur between Sienna and its joint ventures. These related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to between the related parties. Except as disclosed elsewhere in these condensed interim consolidated financial statements, the related party balances are included in accounts receivable and payable, and in management fee revenue, as applicable. As of September 30, 2022, $3,223 (December 31, 2021 - $nil) of the Company's accounts receivable related to its investments in joint ventures. For the three and nine months ended September 30, 2022, $401 and $600, respectively (2021 - $nil and $nil) of the Company's management fees related to its investment in joint ventures.

Joint operations

Sienna Baltic Development LP

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 condensed interim consolidated financial statements.

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

	September 30, 2022	December 31, 2021
Current assets	**6,880**	3,853
Long-term assets	**95,464**	97,322
Total assets	**102,344**	101,175
Current liabilities	**11,490**	6,694
Long-term liabilities	**61,229**	62,280
Total liabilities	**72,719**	68,974
Net assets	**29,625**	32,201
Share of net assets	**15,084**	16,479

As at September 30, 2022, the Company's share of net assets in Nicola Lodge and Glenmore Lodge was $8,378 and $6,706, respectively (December 31, 2021 - $9,016 and $7,463, respectively).

	Three months ended September 30,		**Nine months ended September 30,**	
	2022	2021	**2022**	2021
Revenue	**9,814**	8,422	**26,091**	23,393
Expenses				
Operating, net [(1)]	**7,902**	6,438	**21,857**	18,180
Depreciation and amortization	**641**	658	**1,943**	1,985
Net finance charges	**686**	714	**2,115**	2,151
Net income	**585**	612	**176**	1,077
Share of net income	**336**	284	**91**	653

[(1)] Includes net pandemic (recovery) expenses for the three and nine months ended September 30, 2022 of $(324) and $740, respectively (2021 - $(43) and $1,070, respectively).

For the three months ended September 30, 2022, the Company's share of net income in Nicola Lodge and Glenmore Lodge was $125 and $211, respectively (2021 - $203 and $81 respectively).

For the nine months ended September 30, 2022, the Company's share of net income in Nicola Lodge and Glenmore Lodge was $48 and $43, respectively (2021 - $193 and $460, respectively).

25 Commitments and contingencies

The Company has a 10-year lease with respect to its Markham corporate office, which expires on October 31, 2024. On February 10, 2022, the Company signed a lease extension for a further period of five years, commencing on November 1, 2024 and expiring on October 31, 2029.

The Company has various leases for office and other equipment that expire over the next two years.

The Company has been named as a defendant in litigation related to its handling of the COVID-19 pandemic in its residences. There is risk that further litigation could be commenced by, or on behalf of, persons impacted by an outbreak at a Company residence which, even if not meritorious and even if covered by the Company’s insurance, could result in increased operating costs to the Company.

In May 2020, the Company became aware of a statement of claim in respect of a proposed class action alleging, among other things, negligence, breach of contract and breach of fiduciary duties in respect of the care and treatment of residents at the Company’s residences during the COVID-19 pandemic. The claim is brought against the Company and certain of its subsidiaries on behalf of residents residing at all of the Company’s owned and managed long-term care residences in Ontario during the pandemic, as well as the families of those residents, and seeks damages in the aggregate amount of $120 million. The claim is a joint claim against the Company and another senior living operator.

Between June and September 2020, the Company became aware of statements of claim in respect of four proposed class actions alleging, among other things, negligence, breach of contract and breach of fiduciary duties in respect of the care and treatment of residents at Altamont Care Community, Woodbridge Vista Care Community, Weston Terrace Care Community and Camilla Care Community during the COVID-19 pandemic. These claims are brought against the Company and certain of its subsidiaries on behalf of all residents residing at each of these respective residences during the pandemic, as well as the families of those residents, and seeks damages in the aggregate amount of $20 million, $16 million, $16 million and $25 million, respectively.

In September 2020, the Company became aware of a statement of claim in respect of a proposed class action alleging, among other things, negligence and breach of fiduciary duties in respect of the care and treatment of residents residing at various long-term care residences in Ontario, including nine Company owned and managed residences, during the COVID-19 pandemic. This claim is a joint claim against the Company, certain of its subsidiaries as well as other defendants, including the Province of Ontario, the City of Toronto and other senior living operators, on behalf of residents and their families and seeks damages in the aggregate amount of $600 million.

On January 21, 2022, the Superior Court of Justice made an order consolidating the above proposed class actions in the form ordered by the Court. The aggregate amount of damages claimed in the consolidated claim is $260 million. The Court ordered that the proposed class actions, other than the consolidated claim, be stayed pending the outcome of the certification motion on the consolidated claim and that no other class proceedings may be commenced in Ontario in relation to the subject matter of the consolidated claim without leave of the Court. The consolidated claim, in effect, replaces all of the other proposed class actions.

None of the above proposed class action claims, including the consolidated claim, have been certified as a class action. The Company is currently reviewing the consolidated claim and will respond in due course through the appropriate court process.

Given the status of the proceedings, management is unable to assess the potential impact of any of these proposed class actions, including the consolidated claim, on the Company’s financial results.

On November 20, 2020, the Government of Ontario enacted the Supporting Ontario's Recovery Act (the **"Recovery Act"**). The Recovery Act provides civil liability protection to organizations that made a good faith effort to follow public health guidance and COVID-19 related laws, and did not act with gross negligence. The Recovery Act also deems existing civil proceedings related to COVID-19 exposure to be dismissed without costs and will bar future proceedings from being brought, as long as the defendant acted in good faith and not with gross negligence.

Pay Equity Claim Proceedings

The Company along with a number of other industry participants and the Ontario Government are currently engaged in proceedings with two unions regarding pay equity maintenance for employees at long-term care facilities, for which wages and benefits are typically funded by the MLTC. In October 2021, the Supreme Court of Canada denied leave to appeal and upheld the appellate court ruling that the proxy method should be used and comparisons should be made to an outside sector. The Company and the other participants in the long-term care sector are working with the unions and government to assess the impact of the ruling and establish a framework for pay equity suitable for the sector. Initial preliminary meetings have started with Union representatives.

Given the current status of the proceedings and significant number of judgements required in establishing the pay equity framework, including ongoing discussions with two unions amongst the parties, that will impact the measurement of any potential provision, management has assessed the conditions required for a provision and have concluded that it is not possible to reliably measure the potential outflow of resources, and accordingly no provision has been recorded in the Condensed Interim Consolidated Financial Statements as at September 30, 2022.

26 Subsequent Event

On October 26, 2022, the Company amended its credit agreement on its $200,000 senior unsecured revolving credit facility (the "Unsecured Revolving Credit Facility"). The amendments included increasing the capacity of the facility from $200,000 to $300,000, while maintaining the ability to further increase the capacity up to $50 million during the remaining term of the facility, subject to certain conditions. The maturity of the Unsecured Revolving Credit Facility was also extended for an additional two-year term to March 19, 2027, while maintaining the ability to extend for an additional one-year term, subject to certain conditions.

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