Report to Shareholders

Q3 2021 Sienna Senior Living Inc.

Sienna
SENIOR LIVING

Letter to Shareholders

Heading into the home stretch of 2021, we are in a very different place than we were a year ago. While we continue to assess and navigate the impacts of a changing world, recent months have been marked with general optimism for Sienna's path forward.

Improved Operating Environment

Our operating environment continued to improve as we saw the positive impact of high vaccination levels with a limited number of COVID-19 cases across our communities throughout the third quarter of 2021. As a result, pandemic-related expenses continued to decrease and we are encouraged by the improvements in occupancy in both our retirement and long-term care portfolios.

Our retirement portfolio benefitted from in-person tours, supported by numerous marketing and sales initiatives. In line with strong lead generation and a 44% increase in resident move-ins year over year in the third quarter, average same-property occupancy continued to improve during the quarter, from 79.3% in Q2 2021 to 82.1% in Q3 2021.

In our long-term care communities, admissions of new residents accelerated, which supported the increase in occupancy during Q3 2021, ending the quarter with an adjusted occupancy rate of 92.4%, excluding unavailable beds due to capacity limitations. We anticipate continued strong occupancy gains, given the long waiting list of approximately 40,000 long-term care beds in Ontario. The Government of Ontario has also extended the occupancy protection funding until January 2022, which provides additional support while the admission of new residents continues.

Recognizing Team Members through Launch of the Sienna Ownership and Reward Program ("SOAR") and Fair Compensation

Our team members are our most important asset, which inspired us to launch SOAR, the first employee ownership and reward program of its kind in the Canadian seniors living sector. Pursuant to the program, Sienna will provide every eligible employee with the opportunity to become a shareholder, with one-time grants of approximately $500 of common shares to full-time employees and approximately $300 of common shares to part-time employees. In addition, Sienna is introducing an employer matching program for employees who wish to further invest in and grow the Company together.

SOAR was launched to recognize the compassion, effort and dedication that team members bring to our residents and communities every day. With this new ownership and reward program, which will involve an initial investment of approximately $3 million, team members will be further invested in making Sienna a leader in delivering high quality care and services to seniors.

Furthermore, fair compensation and gender pay equity are important factors in our compensation models. Over 95% of Sienna's frontline team members earn more than the minimum wage, with approximately 80% being compensated at least 50% above minimum wage. We also support gender pay equity, with male and female frontline team members in similar positions receiving comparable compensation.

Strong Financial Foundation Supports Strategic Growth Plans and Asset Management

On October 7, 2021, DBRS confirmed Sienna's issuer rating and senior unsecured debenture ratings of "BBB" with stable trends. These ratings underscore the resiliency and strength of our business and support Sienna's $600 million redevelopment plan over the next five to seven years to modernize our older long-term care communities in Ontario, as well as our development and growth initiatives across our retirement portfolio.

We continued to make good progress at our joint venture development of a retirement residence in Niagara Falls and recently started construction at our Northern Heights Care Community, a previously announced long-term care redevelopment project in North Bay.

Our near-term redevelopment plans also include the redevelopment of our long-term care beds at Sienna's campus of care in Keswick, replacing the current 60 long-term care beds with 160 new beds, and the redevelopment of our 122-bed long-term care community in Brantford, replacing it with 160 new beds with a modern design and adding a new 147-suite retirement residence onsite to create an integrated campus of care. We expect to start construction of these two projects by mid-2022.

In line with our strategic asset management reviews, we are currently in the process of selling two assets, including a 138-suite retirement residence located in British Columbia and a 236-bed long-term care community located in Ontario for a combined selling price of approximately $53 million. We intend to invest the net proceeds from these dispositions to further grow our business through our development program.

An Optimistic Outlook in a Changing Seniors Living Landscape

Seniors living was undergoing change prior to the pandemic. Many of these changes were driven by a tight labour market, new technologies and the changing needs and preferences of seniors, all of which have been further accelerated during the pandemic. At Sienna, we understand what these evolving changes mean for our Company and how they will impact our business, our residents and our team members in a post-pandemic world. Many of our insights are gained through intensified stakeholder engagement and market research.

These insights have informed our decision to launch our retirement platform Aspira, with recent efforts being concentrated on team member training on the new resident-centric model of choice and marketing initiatives. We are also in the final stages of developing Aspira's brand design and identity, in time for the launch of a designated website for the Aspira brand in Q1 2022.

In addition, we are in the preliminary stages of developing a new long-term care platform aimed at providing holistic and integrated care at our communities to significantly enhance the quality of life of residents. As part of a new service model, we want to improve our residents' dining experience, enhance activities and programming, and find ways to bring the local community into our homes to create a better community experience for our residents.

As we further develop our new retirement and long-term care platforms, we continue to draw on the insights we gain from our residents, families and our team. Our desire to learn from and engage with our stakeholders is also reflected in our active participation in the Seniors Quality Leap Initiative, the launch of the Sienna Family and Resident Advisory Councils and our investment in building a stronger future for our employees by incentivising them to become owners in Sienna.

Through these and many other initiatives, we will collectively deepen the shared commitment to the Company's purpose – ensuring Canadian seniors age with the dignity and respect they deserve.

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 2021 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, 2021**. 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, 2021**. 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, 2020 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 Karen Hon, the Company's Chief Financial Officer and Senior Vice President, at 905-477-4006 or karen.hon@siennaliving.ca.

Review and Approval by the Board of Directors

This MD&A is dated as of November 11, 2021, the date this report was approved by the Board of Directors of the Company, and is based on information available to management of the Company as of that date.

Company Profile

The Company and its predecessors have been operating since 1972. The Company is a seniors' living provider serving the continuum of independent living ("**IL**"), independent supportive living ("**ISL**"), assisted living ("**AL**"), memory care ("**MC**") and long-term care (**"LTC"** or **"Long-term Care"**) through the ownership and operation of seniors' living residences in the Provinces of British Columbia and Ontario. The Company owns and operates a total of 70 seniors' living residences: 27 retirement residences ("**RRs**" or "**Retirement Residences**"); 35 LTC 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 by the Company, by business segment.

		Retirement (Suites)	Long-term Care (Beds)		Total[1]
Business Segment	**Residences**	**Private**	**Private**	**Funded**	**Beds / Suites**
Retirement	27	3,292	—	—	3,292
Long-term Care[2]	43	—	180	6,688	6,868
Total	**70**	**3,292**	**180**	**6,688**	**10,160**

Notes:

1. 82.6% and 17.4% of total beds/suites are located in Ontario and British Columbia, respectively.
2. 5.4% of total LTC beds and suites are partially owned, of which the Company owns 40% of Nicola Lodge and 77% of Glenmore Lodge as at September 30, 2021.

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 11, 2021, the Company had 67,039,123 common shares outstanding.

Non-IFRS Performance Measures

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

"**NOI**" is defined as property revenue and government assistance related to the pandemic net of property operating expenses.

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

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

"**AFFO**" is defined as OFFO plus the principal portion of construction funding received, less actual maintenance and unfunded 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." Please refer to the "Business Performance" section of this MD&A for a reconciliation of cash flow from operating activities to AFFO.

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

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

"**Maintenance capital expenditures**" are defined as capital investments made to 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.

"**Pandemic expenses**" are defined as extraordinary operating expenses incurred in prevention and control of COVID-19.

"**Pandemic capital expenditures**" are defined as capital investments directly contributing to improved IPAC to manage the pandemic.

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

Key Performance Indicators

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

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

development or redevelopment are considered "same property" once they are operating at stabilized occupancy levels.

- **Development and Other**: The development and other portfolio includes properties undergoing new development or redevelopment, and assets held for sale. Development properties are moved to same-property at the earlier of three years since completion or upon achieving stabilized occupancy levels.

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

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

Thousands of Canadian dollars, except occupancy, share and ratio data	Three Months Ended			Nine Months Ended		
	2021	2020	Change	**2021**	2020	Change
OCCUPANCY						
Retirement - Average same property occupancy(1)	**82.1 %**	81.8 %	0.3%	**80.2 %**	83.5 %	(3.3%)
Retirement - As at same property occupancy(1)	**85.4 %**	84.0 %	1.4%	**85.4 %**	84.0 %	1.4%
Retirement - Average total occupancy(1)	**80.3 %**	80.7 %	(0.4%)	**78.6 %**	82.3 %	(3.7%)
Retirement - As at total occupancy(1)	**83.6 %**	82.8 %	0.8%	**83.6 %**	82.8 %	0.8%
LTC - Average total occupancy(2)	**86.2 %**	87.4 %	(1.2%)	**82.7 %**	92.6 %	(9.9%)
LTC - Average private occupancy	**82.9 %**	86.3 %	(3.4%)	**80.2 %**	91.7 %	(11.5%)
FINANCIAL						
Revenue	**170,423**	166,850	3,573	**494,319**	495,399	(1,080)
Operating expenses, net	**137,020**	137,895	(875)	**385,624**	398,042	(12,418)
Same property NOI(3)	**32,991**	28,566	4,425	**107,562**	96,032	11,530
Acquisitions and development NOI	**412**	389	23	**1,133**	1,325	(192)
Total NOI(3)	**33,403**	28,955	4,448	**108,695**	97,357	11,338
EBITDA(4)	**26,121**	19,105	7,016	**85,016**	73,520	11,496
Net income (loss)	**4,533**	(6,484)	11,017	**15,994**	(15,758)	31,752
OFFO(5)	**18,265**	13,624	4,641	**58,734**	54,741	3,993
AFFO(6)	**15,671**	14,187	1,484	**56,203**	56,394	(191)
Total assets(7)	**1,606,834**	1,733,832	(126,998)	**1,606,834**	1,733,832	(126,998)
PER SHARE INFORMATION						
Net income per share, basic	**0.070**	(0.100)	0.170	**0.240**	(0.240)	0.480
Net income per share, diluted	**0.070**	(0.100)	0.170	**0.240**	(0.240)	0.480
OFFO per share(5)	**0.272**	0.203	0.069	**0.876**	0.817	0.059
AFFO per share(6)	**0.234**	0.212	0.022	**0.838**	0.842	(0.004)
Dividends per share	**0.234**	0.234	—	**0.702**	0.702	—
Payout ratio(8)	**100.0 %**	110.4 %	(10.4)%	**83.8 %**	83.4 %	0.4 %
FINANCIAL RATIOS						
Debt to enterprise value(9)	**50.2 %**	57.8 %	(7.6)%	**50.2 %**	57.8 %	(7.6%)
Debt to gross book value as at period end	**45.6 %**	47.3 %	(1.7)%	**45.6 %**	47.3 %	(1.7)%
Weighted average cost of debt as at period end	**3.4 %**	3.3 %	0.1%	**3.4 %**	3.3 %	0.1%
Debt to Adjusted EBITDA as at period end	**7.8**	8.9	(1.1)	**7.8**	8.9	(1.1)
Interest coverage ratio	**3.4**	2.5	0.9	**3.8**	3.2	0.6
Debt service coverage ratio	**2.2**	1.3	0.9	**2.2**	1.6	0.6
Weighted average term to maturity as at period end	**5.4**	4.0	(4.0)	**5.4**	4.0	(4.0)
CHANGE IN SAME PROPERTY NOI(4)						
Retirement			**(5.3%)**			(13.0%)
LTC			**34.5%**			33.2%
Total			**15.5%**			12.0%

Notes:

1. Retirement same property occupancy excludes the financial results of the 57-suite expansion at Island Park Retirement Residence, which opened in July 2019 and is in the lease-up period, and one non-core retirement residence classified as an asset held for sale. Retirement total average occupancy for the three and nine months ended September 30, 2021 was 80.3% and 78.6%, respectively (2020 - 80.7% and 82.3%, respectively).
2. Long-term care residences are receiving occupancy protection funding for vacancies caused by temporary closure of admissions due to an outbreak, including COVID-19, and for capacity limitations of two beds per room as residents cannot be placed in rooms with three or four beds.
3. NOI for the three and nine months ended September 30, 2021 includes net pandemic expenses (recovery) of $378 and $(7,240), respectively (2020 - $7,177 and $14,942, respectively) (as discussed in the "Our Operations Update" section of this MD&A).
4. EBITDA for the three and nine months increased by $7,016 to $26,121 and $11,496 to $85,016, respectively, over the comparative periods primarily due to an increase in NOI and lower administrative expenses.
5. Net income (loss) and OFFO for the three and nine months ended September 30, 2021 includes an after-tax net pandemic expense (recovery) of $725 and $(3,752), respectively (2020 - $7,150 and $15,063, respectively) and mark-to-market (recovery) expense on share-based compensation of $(144) and $(80), respectively (2020 - $647 and $(3,189), respectively). OFFO per share for the three and nine months ended September 30, 2021 excluding after-tax net pandemic expense (recovery) and mark-to-market adjustments on share-based compensation was $0.281 and $0.819, respectively (2020 - $0.320 and $0.994, respectively).
6. AFFO for the three and nine months ended September 30, 2021 includes net pandemic capital (recoveries) expenditures of $538 and $306, respectively (2020 - $411 and $(444), respectively), after-tax net pandemic expenses (recoveries) of $725 and $(3,752), respectively (2020 - $7,150 and $15,063, respectively) and mark-to-market (recovery) expense on share-based compensation of $(144) and $(80), respectively (2020 - $647 and $(3,189), respectively). AFFO per share for the three and nine months ended September 30, 2021 excluding net pandemic capital expenditures (recoveries) and after-tax net pandemic expense (recoveries) and mark-to-market adjustments on share-based compensation was $0.235 and $0.776, respectively (2020 - $0.323 and $1.025, respectively).
7. Property and equipment and intangible assets included in total assets are measured at cost less accumulated depreciation and amortization.
8. Payout ratio for the three and nine months ended September 30, 2021, excluding after-tax net pandemic impact and mark-to-market adjustments on share-based compensation, would be 99.7% and 90.4%, respectively (2020 - 72.6% and 68.5%, respectively).
9. Debt to enterprise value decreased to 50.2% as at September 30, 2021 from 57.8% as at September 30, 2020. The decrease is mainly due to the increase in Sienna's share price.

A significant number of Key Performance Indicators have been impacted by pandemic expenses, net of government assistance. The following table represents the Key Performance Indicators excluding net pandemic expenses (recoveries) for the periods ended September 30.

	Three Months Ended			Nine Months Ended		
Thousands of Canadian dollars, except occupancy, share and ratio data	**2021**	2020	Change	**2021**	2020	Change
FINANCIAL						
Operating expenses, excluding net pandemic expenses (recoveries)(1)	**136,644**	130,735	5,909	**385,248**	383,100	2,148
Same property NOI, excluding net pandemic expenses (recoveries)(1)	**33,369**	35,756	(2,387)	**100,322**	110,974	(10,652)
Total NOI, excluding net pandemic expenses (recoveries)(1)	**33,781**	36,131	(2,350)	**101,455**	112,299	(10,844)
EBITDA, excluding net pandemic expenses (recoveries)(2)	**27,108**	28,842	(1,734)	**79,907**	94,034	(14,127)
Net income (loss), excluding net pandemic expenses (recoveries)(3)	**5,258**	666	4,592	**12,242**	(695)	12,937
OFFO, excluding net pandemic expenses (recoveries) (3)(5)	**18,990**	20,774	(1,784)	**54,982**	69,804	(14,822)
AFFO, excluding net pandemic expenses (recoveries) (4)(5)	**15,858**	20,926	(5,068)	**52,145**	71,901	(19,756)
PER SHARE INFORMATION						
OFFO per share, excluding net pandemic expenses (recoveries)(3)(5)(6)	**0.283**	0.310	(0.027)	**0.820**	1.042	(0.222)
AFFO per share, excluding net pandemic expenses (recoveries) and net pandemic capital expenditures (recoveries)(4)(5)(7)	**0.237**	0.313	(0.076)	**0.777**	1.073	(0.296)
Payout ratio, excluding net pandemic expenses (recovery) and net pandemic capital expenditures (recoveries)(8)	**98.7 %**	74.8 %	23.9 %	**90.3 %**	65.4 %	24.9 %
FINANCIAL RATIOS						
Debt to Adjusted EBITDA as at period end, excluding net pandemic expenses (recoveries)(9)	**8.3**	7.2	1.1	**8.3**	7.2	1.1
Interest coverage ratio, excluding net pandemic expenses (recoveries)(9)	**3.6**	3.6	—	**3.5**	4.0	(0.5)
Debt service coverage ratio, expenses and net pandemic capital expenditures, excluding net pandemic (recoveries)(9)	**2.2**	1.8	0.4	**2.0**	2.0	—
CHANGE IN SAME PROPERTY NOI, excluding net pandemic (recoveries) expenses						
Retirement			**(7.8%)**			(12.5%)
LTC			**(5.9%)**			(7.3%)
Total			**(6.5%)**			(9.7%)

Notes:

1. Operating expenses, same property NOI and total NOI for the three and nine months ended September 30, 2021 exclude net pandemic expenses (recoveries) of $378 and $(7,240), respectively (2020 - $7,177 and $14,942 respectively).
2. EBITDA for the three and nine months ended September 30, 2021 excludes net pandemic expenses (recoveries) of $986 and $(5,109), respectively, (2020 - $9,737 and $20,514, respectively).
3. Net income (loss) and OFFO for the three and nine months ended September 30, 2021 exclude after-tax net pandemic expenses (recoveries) of $725 and $(3,752), respectively (2020 - $7,150 and $15,063, respectively).
4. AFFO for the three and nine months ended September 30, 2021 excludes net pandemic capital expenditures (recoveries) of $538 and $306, respectively (2020 - $411 and $(444), respectively) and after-tax net pandemic expenses (recoveries) of $725 and $(3,752), respectively (2020 - $7,150 and $15,063, respectively).
5. OFFO and AFFO for the three and nine months ended September 30, 2021 include an after-tax mark-to-market (recovery) expense on share-based compensation of $(144) and $(80), respectively (2020 - $647 and $(3,189), respectively).
6. OFFO per share for the three and nine months ended September 30, 2021 excluding after-tax net pandemic expenses (recoveries) and mark-to-market adjustments on share-based compensation was $0.281 and $0.819, respectively (2020 - $0.320 and $0.994, respectively).
7. AFFO per share for the three and nine months ended September 30, 2021 excluding net pandemic capital expenditures (recoveries) and after-tax net pandemic expenses (recoveries) and net mark-to-market adjustments on share-based compensation was $0.235 and $0.776, respectively (2020 - $0.323 and $1.025, respectively).
8. Payout ratio for the three and nine months ended September 30, 2021, excluding after-tax net pandemic impact and mark-to-market adjustments on share-based compensation, would be 99.7% and 90.4%, respectively (2020 - 72.6% and 68.5%, respectively).
9. Debt to Adjusted EBITDA, interest coverage ratio and debt coverage ratio exclude net pandemic expenses (recovery) for the three months and nine months ended September 30, 2021 of $987 and $(5,109), respectively (2020 - $9,737 and $20,514, respectively).

Third Quarter 2021 Summary

As outlined in detail under "Business Update" below, Sienna's operating environment continued to strengthen during the quarter. With high levels of vaccination and with a limited number of COVID-19 cases at our residences at any given time, pandemic-related expenses continued to decline, and occupancy improved in both Sienna's LTC and Retirement portfolios during Q3 2021.

The decline in pandemic-related expenses during the quarter was partially offset by increased costs pertaining to agency labour costs, utilities and insurance premiums. We expect continued cost pressures in these expenses over the next several quarters.

Occupancy - Average same property occupancy in the Retirement portfolio was 82.1% in Q3 2021, up 280 basis points ("**bps**") from 79.3% in Q2 2021. Based on total number of licensed beds, average occupancy in the LTC portfolio was 86.2% in Q3 2021, and ended the quarter at 87.8%, or 92.4% excluding the unavailable 3rd and 4th beds in multi-bed rooms due to capacity limitations. LTC continued to be fully funded for vacancies. The Government of Ontario extended the occupancy protection funding until January 31, 2022, at which time occupancy targets of 97% for long-stay beds and 90% for interim short-stay beds, excluding unavailable beds mainly as a result of capacity limitations in multi-bed rooms, will be reinstated. We expect that our LTC communities will reach the average annual occupancy target required for full funding for 2022.

The following table provides an update on the monthly average same property occupancy and rent collections in our Retirement portfolio.

	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021
Retirement same property occupancy (average)	80.2 %	81.0 %	82.1 %	83.1 %	84.0 %
Retirement rent collection (%)	98.9 %	98.9 %	99.3 %	99.0 %	99.2 %

During and subsequent to Q3 2021, Retirement monthly same property average occupancy further improved from 80.2% in June to 83.1% in September and 84.0% in October, reflecting the results of numerous marketing and sales initiatives and realization of lead indicators. Rent collections remained high and are consistent with pre-pandemic levels.

Revenue increased by 2.1% in Q3 2021, or $3,573, to $170,423, compared to Q3 2020. In the Retirement segment, revenues remained consistent with Q3 2020. LTC's revenues for Q3 2021 increased by $3,594 compared to Q3 2020, primarily due to annual inflationary funding increases, partially offset by lower preferred accommodation revenue from lower occupancy in private and semi-private rooms.

Operating Expenses, net decreased by $875 in Q3 2021, or 0.6%, to $137,020, compared to Q3 2020, primarily due to the substantial decrease in net pandemic costs, offset by higher costs of labour, utilities, insurance premiums and increased repairs and maintenance due to deferrals from the prior year.

Net Pandemic Expenses decreased by $8,750 to $986 in Q3 2021, compared to Q3 2020. The decrease was mainly due to moderation of pandemic costs and timing of government assistance to support pandemic expenses.

There are various programs and financial assistance provided by the governments to support pandemic expenses. The following table summarizes the government assistance to Sienna and expenses recognized related to COVID-19 included in net operating expenses in the Company's consolidated statements of operations for the three and nine months ended September 30, 2021:

	Three Months Ended September 30, 2021				Nine Months Ended September 30, 2021			
Thousands of Canadian dollars	**RET**	**LTC**	**Admin**	**Total**	**RET**	**LTC**	**Admin**	**Total**
Government assistance - temporary pandemic pay	139	5,659	—	5,798	895	16,271	—	17,166
Government assistance	459	13,865	—	14,324	2,415	64,633	—	67,048
Total government assistance	**598**	**19,524**	**—**	**20,122**	**3,310**	**80,904**	**—**	**84,214**
Pandemic labour - temporary pandemic pay	139	5,659	—	5,798	895	16,271	—	17,166
Pandemic labour	524	10,570	—	11,094	3,354	44,871	—	48,225
Personal protective equipment	106	1,516	—	1,622	640	4,398	—	5,038
Other	220	1,766	608	2,594	500	6,045	2,131	8,676
Total pandemic expense	**989**	**19,511**	**608**	**21,108**	**5,389**	**71,585**	**2,131**	**79,105**
Total net pandemic expenses (recoveries)	**391**	**(13)**	**608**	**986**	**2,079**	**(9,319)**	**2,131**	**(5,109)**

	Three Months Ended September 30, 2020				Nine Months Ended September 30, 2020			
Thousands of Canadian dollars	RET	LTC	Admin	Total	RET	LTC	Admin	Total
Government assistance - temporary pandemic pay	1,856	11,776	—	13,632	3,285	22,716	—	26,001
Government assistance	738	13,129	—	13,867	1,450	25,776	—	27,226
Total government assistance	2,594	24,905	—	27,499	4,735	48,492	—	53,227
Pandemic labour - temporary pandemic pay	1,856	11,776	—	13,632	3,285	22,716	—	26,001
Pandemic labour	972	15,508	—	16,480	2,459	28,035	—	30,494
Personal protective equipment	506	1,559	—	2,065	877	5,082	—	5,959
Other	48	2,451	2,560	5,059	288	5,427	5,572	11,287
Total pandemic expense	3,382	31,294	2,560	37,236	6,909	61,260	5,572	73,741
Total net pandemic expenses	788	6,389	2,560	9,737	2,174	12,768	5,572	20,514

In addition to the government assistance and pandemic expenses listed in the table above, for the three and nine months ended September 30, 2021, the Company recognized pandemic capital expenditures in its interim consolidated statements of financial position of $203 and $9,860, respectively, offset by government assistance of $18 and $9,443, respectively, which have not been included in the table above. There were no pandemic capital expenditures incurred or related government assistance recognized during the comparative prior year periods.

Pandemic expenses are mainly related to additional staffing and PPE. Other pandemic expenses for the Retirement and LTC communities include investments in cleaning supplies for IPAC, meals and accommodations to support team members. Furthermore, other pandemic expenses recorded in administrative costs include advisory fees to support the management of the pandemic.

During Q3 2021, the Company received retroactive pandemic funding of $1,894 to support the pandemic expenses incurred during Q1 2021. Excluding this retroactive pandemic funding, the net pandemic expenses for Q3 2021 were $2,880, representing a decrease of $933 compared to Q2 2021.

Furthermore, during Q1 2021, the Government of Ontario announced additional pandemic funding to support long-term care communities with infection prevention and control efforts for the period April 1, 2020 to December 31, 2020, for which the Company received $15,342 in Q1 2021 to support the pandemic expenses incurred during the year ended December 31, 2020. If the $15,342 of retroactive pandemic funding was recognized in the year ended December 31, 2020, the LTC segment's net pandemic expenses in 2020 would have decreased to $2,638.

The following table summarizes the retroactive pandemic funding received in Q1 2021 and the impact thereof if recognized in the year ended December 31, 2020:

Thousands of Canadian dollars	
Total net pandemic expenses in LTC segment incurred during the year ended December 31, 2020	17,980
Government assistance received in Q1 2021 for pandemic expenses incurred during the year ended December 31, 2020	15,342
Total net pandemic expenses in LTC segment if government assistance received in Q1 2021 was recognized in the year ended December 31, 2020	**2,638**

NOI increased by $4,448 in Q3 2021, or 15.4%, to $33,403, compared to Q3 2020, mainly due to annual inflationary funding increases in the LTC segment, timing of government assistance to support pandemic expenses and moderation of pandemic costs, partially offset by higher costs of labour, utilities and insurance premiums.

Net income was $4,533 for Q3 2021, representing an increase of $11,017 compared to Q3 2020. The increase was primarily due to the increase in NOI, lower amortization on intangible assets, lower administrative expenses, lower interest expense on long-term debt, partially offset by higher income tax expense and transaction costs. Excluding after-tax net pandemic expenses, net income was $5,258 for Q3 2021, representing an increase of $4,592 compared to Q3 2020.

OFFO increased by 34.1% in Q3 2021, or $4,641, to $18,265 compared to Q3 2020. OFFO per share increased by 34.0% in Q3 2021, or $0.069, to $0.272. The increase was primarily due to higher NOI, lower administrative expenses, lower interest expense on long-term debt, partially offset by lower current income tax recovery. Excluding after-tax net pandemic expense, OFFO would be lower by 8.6% in Q3 2021, or $1,784, to $18,990, over Q3 2020. OFFO per share, excluding after-tax net pandemic expenses, would be lower by 8.7% in Q3 2021, or $0.027 to $0.283 over Q3 2020.

AFFO increased by 10.5% in Q3 2021, or $1,484, to $15,671 compared to Q3 2020. AFFO per share increased 10.4% in Q3 2021, or $0.022, to $0.234. The increase was primarily related to the increase in OFFO noted above, partially offset by higher maintenance capital expenditures due to spend deferral from prior year, and one-time capital improvements at our LTC Class C communities. Excluding the after-tax net impact from pandemic expenses and net pandemic capital expenditures, AFFO would be lower by 24.2% in Q3 2021, or $5,068 compared to $15,858 in Q3 2020. AFFO per share, excluding after-tax net pandemic expenses and net pandemic capital expenditures, would decrease by 24.4% in Q3 2021, or $0.076, to $0.237 over Q3 2020.

Debt The Company's debt to gross book value decreased by 170 bps and 260 bps to 45.6% in Q3 2021 from 47.3% as at Q3 2020, and from 48.2% as at Q4 2020, respectively; debt to adjusted EBITDA improved to 7.8 years in Q3 2021 from 8.9 years in Q3 2020; interest coverage ratio improved to 3.4 times in Q3 2021 from 2.5 times in Q3 2020; and debt service coverage ratio increased to 2.2 times in Q3 2021 from 1.3 times in Q3 2020. Excluding net pandemic expenses, debt to adjusted EBITDA increased to 8.3 years from 7.2 years in Q3 2020; interest coverage ratio remained consistent at 3.6 times in Q3 2021 compared to Q3 2020; and debt service coverage ratio improved to 2.2 times in Q3 2021 from 2.1 times in Q3 2020. The Company's weighted average cost of debt increased slightly to 3.4% in Q3 2021 compared to 3.3% in Q3 2020.

Our debt is well distributed between unsecured debentures, credit facilities, conventional mortgages and Canada Mortgage and Housing Corporation (**"CMHC"**) insured mortgages.

Equity - With respect to the Company's equity, we continue to suspend our dividend reinvestment plan.

Business Update

Recent months have been marked with general optimism for Sienna's path forward. Sienna's operating environment continued to strengthen and many restrictions relating to the seniors living sector have been eased, allowing residents to enjoy more social connections with their loved ones and social activities in their residences. In addition, we have been able to offer in-person tours for prospective residents at our retirement residences, and resident admissions accelerated across many of our long-term care residences, resulting in significant occupancy improvements during the quarter.

Pandemic expenses continued to decline during the third quarter as a result of the improved operating environment with a limited number of COVID-19 cases at our communities at any given time. During Q3 2021, Sienna incurred $1.0 million of net pandemic expenses, which included retroactive government assistance in the amount of $1.9 million with respect to pandemic expenses incurred in Q1 2021 in excess of available funding, representing a decline of $2.8 million compared to Q2 2021 and $8.8 million compared to Q3 2020. We expect pandemic expenses to continue to moderate in the coming quarters as the pandemic subsides.

However, we anticipate continued cost pressures from higher agency labour costs as a result of a very tight labour market, increased insurance premiums and higher utility rates.

Vaccinations

We continue to see the positive impact of vaccinations with a limited number of COVID-19 cases across our residences during and subsequent to the third quarter of 2021.

As of November 10, 2021, Sienna had one residence with active COVID-19 cases across its 83 owned and managed residences.

On August 26, 2021, Sienna, together with a group of Canada's largest seniors care providers, announced mandatory COVID-19 vaccinations for all staff across Canada as of October 12, 2021. This announcement, which was in line with the Government of British Columbia's vaccination policy in long-term care settings, was followed by government-mandated vaccination requirements announced by the Government of Ontario, effective as of November 15, 2021.

Sienna's vaccination efforts have been well-supported by team members, residents and their families. Starting in August, many of our residents have received booster shots, with over 70% of Sienna's long-term care residents and over 40% of our retirement residents having received a third dose of the vaccine to date.

High vaccination rates supported the re-opening of the sector and further easing of restrictions during the third quarter; however, we remain vigilant with respect to our infection prevention and control (**"IPAC"**) protocols.

While we strongly believe that the vaccine is our best line of defense against this pandemic, its overall effectiveness will ultimately depend on numerous factors, including vaccination rates across the wider community, the effectiveness of the vaccines with respect to new variants of the virus, and waning of immunity, to name a few.

Retirement Operations Update

Sienna's Retirement portfolio, which comprises 3,292 suites across Ontario and British Columbia, contributed approximately 41% to the Company's NOI in Q3 2021, excluding the impact of net pandemic expenses. During Q3 2021, Sienna incurred $0.9 million of pandemic expenses in the Retirement segment, for which it received $0.5 million in pandemic funding for the period, excluding flow-through pandemic pay for frontline staff. This represented a 59%, or $0.6 million, decrease in net pandemic expenses in Q3 2021 compared to Q2 2021.

Our sales and marketing teams continued with intensified sales activities across our Retirement portfolio, connecting with thousands of prospective residents. In-person tours resumed across our entire portfolio and were further supported by a large-scale marketing campaign which included referral programs and an enhanced sales training of the management teams in each of our retirement residences.

All of these efforts resulted in a 26% increase in rent deposits and a 44% increase in move-ins compared to Q3 2020. In line with strong lead generation and deposits, average same-property occupancy continued to improve during the quarter, from 79.3% in Q2 2021 to 82.1% in Q3 2021, representing an increase of 280 bps quarter over quarter.

New Retirement Platform "Aspira"

In August 2021, we announced the launch of Sienna's new Retirement platform, Aspira, aimed at making the retirement brand within the Sienna business line more distinctive and differentiating our offerings with a personalized resident experience and more choices. At the centre of our new brand is the conviction that seniors should be able to live the life they desire and deserve with an increased emphasis on being a vital part of the local community.

A key aim of creating this brand is to target prospective residents who are currently living at home to pro-actively consider retirement living as a better alternative. The main draw for this sizeable market will be a retirement experience that is focused on convenience, safety and increased mobility. Ultimately, Aspira retirement living will foster a personalized experience with more choices in an active and vital community.

Initially, we will focus on enhancing key service offerings such as dining and various resident programs. Our culinary experience will feature more choices, carefully curated ingredients, healthier options, vibrant presentations and a greater emphasis on local products. Through the deployment of technology and the addition of sophisticated signature programming, our resident engagement programs will focus on motivating residents to explore more possibilities, to get stronger and healthier, and to be more engaged within their local communities. In addition, our wellness programs will be expanded and communicated more effectively to better position us to offer support when needed.

During the third quarter, our efforts were concentrated on the development of our resident-centric model of choice for residents, which emphasizes personalization and expanded choices and included team member training on the new resident experience model and marketing initiatives. We are also in the final-stages of developing the brand design and identity for a dedicated website for the Aspira brand. The website's features include a centralized lead management system, chat options, webinar series and transparent pricing, all of which will further support brand awareness, lead generation and occupancy growth.

In addition, we are continuing the development of the platform's brand awareness strategy, which includes both online and offline marketing initiatives specific to the local communities as well as a wide-spread communications campaign. We are also developing new programming, which will support the brand's promise of a refined culinary program and enhanced resident programming. We are currently piloting various concepts at select retirement residences.

Ultimately, we expect our new retirement brand and service offerings will support occupancy growth and contribute to improved financial performance.

Long-term Care Operations Update

In Q3 2021, the Company's long-term care portfolio, which comprises 6,868 beds in Ontario and British Columbia, contributed approximately 59% to the Company's overall NOI, excluding the impact of net pandemic expenses.

Development of New LTC Platform

The Company is in the early stages of developing a new LTC platform aimed at providing holistic and integrated care at our communities, which will significantly enhance the quality of life of residents.

As part of a new service model at our long-term care communities, we want to improve our residents' dining experience, enhance activities and programming and find ways to bring the local community into our homes to create a better community experience for residents. The platform design is based on best practices and the input from our residents and families.

As we further develop this platform and refine our LTC strategy, we will continue to draw on the insights we gain from our residents, families and our team, including feedback from the Sienna Family and Resident Advisory Councils and satisfaction surveys. Completion of the platform development is expected in Q2 2022.

Focus on Quality of Life and Care

In our care communities, 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. We also continue to collaborate with the Seniors Quality Leap Initiative ("**SQLI**") to better understand quality outcomes and opportunities for improvement. Our performance based on quality of care indicators remains in line with SQLI members and international benchmarks.

Building on our commitment to partner with residents and families, we recently formed the Sienna Family Advisory Group. This group is comprised of individuals who regularly advocate for positive changes at our care communities and are interested in sharing their ideas to support the resident and family experience. To date, the Family Advisory Group has met four times since June 2021, adding the family and resident lens to inform decisions and improve our processes across Sienna.

In September, we conducted our annual resident and family satisfaction survey. Preliminary results indicate that 80% of our residents and 90% of their family members would recommend Sienna's LTC communities. The Company anticipates results from the annual retirement resident surveys to be available soon.

In addition, according to our recently completed team member engagement survey, 84% of Sienna's team members feel that they are able to do meaningful work every day.

Proposed New Government Legislation

In October 2021, the Ontario government proposed new legislation, Bill 37, *Providing More Care, Protecting Seniors, and Building More Beds Act, 2021* (Bill 37), which, if enacted, will replace the *Long Term Care Homes Act, 2007* and amend the *Retirement Homes Act, 2010*. The most significant aspects of Bill 37 are an heightened profile for palliative care, continuous quality improvement and infection prevention and control, the establishment of direct hours of care targets, and protecting residents with increased transparency, compliance and enforcement tools. Specifically, Bill 37 proposes to increase average hours of direct care per resident per day to four hours by March 31, 2025 and increases the fines for offenses committed under the legislation. The proposed amendments to the *Retirement Homes Act* similarly include enhanced resident protection and compliance measures.

Government Funding – Pandemic Expenses

During Q3 2021, Sienna incurred $19.5 million of pandemic expenses in the LTC segment, for which it received $17.6 million in government funding for the period. LTC's net pandemic expenses of $1.9 million for Q3 2021, before retroactive funding, represents a 23% or $0.6 million decrease compared to Q2 2021.

In addition, the Company received retroactive government assistance in the amount of $1.9 million during the quarter with respect to pandemic expenses incurred in Q1 2021 in excess of available funding. This amount was recognized in Q3 2021 and led to the recovery of a portion of the net pandemic expenses incurred earlier in 2021.

For the quarter ended September 30, 2021, the temporary pandemic pay for front-line staff in Ontario and British Columbia amounted to $5.7 million for the Company's LTC communities, which was fully funded by the Governments of Ontario and British Columbia. On October 28, 2021, the Government of Ontario announced that it will extend its temporary wage enhancements of $3/hour for personal support workers in long-term care until March 31, 2022.

As outlined under the "Third Quarter 2021 Summary" section in this MD&A, certain pandemic expenses are not funded or exceed the funding provided by the various governments and have been reflected in the Company's results.

Government Funding – Operations

On October 6, 2021, the Ontario government announced additional flow-through funding of $270 million from November 2021 to March 2022 to hire and retain staff in order to increase the daily direct care received by residents. This additional funding is expected to support the increase of residents’ direct care from 2.8 hours per day to 3.0 hours per day by March 2022, an important step towards the Government of Ontario’s previously announced plan to provide 4.0 hours of direct resident care by 2025.

Government Funding – Occupancy Protection

For LTC communities in both Ontario and British Columbia, the Company continues to receive full funding for vacancies caused by the temporary closure of admissions due to an outbreak, including COVID-19. The Government of Ontario extended its occupancy protection funding for vacancies, including vacancies as a result of capacity limitations and the provision of isolation rooms, until January 31, 2022. Starting in February 2022, occupancy targets required for full funding will be reinstated, requiring the Company to reach an average annual occupancy rate of 97% by the end of 2022. As at September 30, 2021, approximately 500 beds were unavailable mainly as a result of capacity limitations and isolation requirements, of which approximately 380 represented the 3rd and 4th beds in multi-bed rooms.

We have made good progress with respect to new resident admissions, ending Q3 2021 with an occupancy rate of 87.8% based on the total number of licensed beds, or 92.4% excluding the 3rd and 4th beds in multi-bed rooms.

The current occupancy funding protection does not compensate for the loss of preferred accommodation premiums from private and semi-private room vacancies. The impact of the loss of preferred accommodation revenues was $0.3 million for the three months ended September 30, 2021, as compared to the same period in 2020.

Given the long waiting list of approximately 40,000 for LTC beds across Ontario and the resumption of admissions of residents, we anticipate the achievement of the average annual occupancy target required for full funding at our care communities in 2022.

Capital Upgrades

In addition to our long-term care development and redevelopment plans, we have been making immediate upgrades at older Class C LTC communities slated for redevelopment in the coming years. These include improvements to common areas, such as lobbies, staff rooms and recreation rooms, to elevate the experience of our residents and the work environment for our team members. We have invested approximately $1.8 million in capital upgrades to date in 2021, and plan to invest another $0.2 million during the remainder of the year, on top of our regular annual maintenance capital expenditures.

Staffing Update

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 and to address the attrition of some team members as a result of the mandatory vaccination policy that came into effect on October 12, 2021. Approximately 2% of our team members have been impacted by this policy.

In addition to attracting new talent, we were able to bring back former team members who were affected by the single-site directive, restricting them to work at a single location. Since the lifting of the single-site directive in Ontario in April 2021, approximately 330 team members had returned to Sienna by the end of Q3 2021.

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. During the third quarter of 2021, Sienna's collaboration with 50 colleges and universities supported the placement of approximately 350 students.

*Sienna Ownership and Reward (**"SOAR"**) Program*

On August 19, 2021, we announced the launch of the SOAR program, which will award common shares of the Company to all permanent employees who have been with the Company for one year or longer. Pursuant to the program, Sienna will provide every eligible employee with the opportunity to become a shareholder, with full-time employees awarded a one-time grant of approximately $500 of common shares and part-time employees awarded a one-time grant of approximately $300 of common shares.

As the only such employee ownership and reward plan in the Canadian seniors living sector, the SOAR program is an investment in building a stronger future for our employees. SOAR is expected to involve an approximate $3.0 million initial investment in connection with the issuance of new common shares to eligible employees. As part of this program, we will be offering educational opportunities to support their participation and financial literacy. Sienna is also introducing an employer matching program for employees who wish to further invest in and grow the Company together. The implementation of the SOAR program and awards of common shares to team members require, and are subject to, the Toronto Stock Exchange and shareholder approval. We expect to receive this approval during Q2 2022.

Cost Pressures under Current Market Conditions

The past two years have seen cost pressures on agency staffing costs due to a tight labour market, increased insurance premiums in the senior housing sector, and rising utilities costs in line with the overall market.

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. We forecast that agency staffing costs for 2021 will total approximately $44 million, compared to $35 million in 2020 and $19 million in 2019. With a significant portion of the added staffing costs covered by government flow-through funding, the estimated impact on NOI from additional agency staffing costs is approximately $2 million for 2021 compared to 2020, or $4 million compared to 2019. We believe that agency staffing costs will moderate as more healthcare workers re-enter the workforce and as we start to see the impact of the government's enhanced focus on training of personal support workers and nurses to address the current labour shortage.

We have also experienced a significant increase in insurance premiums of approximately $1.8 million and $3.5 million compared to 2020 and 2019, respectively.

With respect to utilities, market rate increases with respect to gas and hydro impacted NOI. For the nine months ended 2021, utilities increased by $1.0 million, representing an approximate 8% increase over the comparative prior year period.

To offset the cost pressures, we expect continued occupancy gains in our Retirement portfolio and an improving operating environment to support our operating margins in 2022 and beyond. We will continue to advocate for funding levels in the long-term care sector that address rising costs proportionately.

Development Update

Development and Redevelopment of Long-Term Care in Ontario

On November 4, 2021, the Government of Ontario committed to invest an additional $3.7 billion for the development of new long-term care beds and upgrades of existing beds to modern design standards, bringing the total investment announced to date to approximately $6.4 billion over the next four years. This commitment is expected to lead to more than 30,000 net new beds by 2028 in addition to 28,000 upgraded 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 cover upfront costs.

Sienna's development plans include over $600 million in capital investments to redevelop its Ontario Class C long-term care portfolio through new and upgraded facilities over the next five to seven years. This is a major opportunity for Sienna and its shareholders to invest with purpose in order to enhance the quality of life for the seniors we serve and enrich the work environment of our team members. It is also an opportunity to address climate change in both our existing residences and our 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 Company's development and redevelopment plans include a number of projects in Ontario. At the beginning of November 2021, construction commenced at our Northern Heights Care Community in North Bay, a 160-bed development which will replace 148 older Class C beds. We are monitoring current cost escalations, which we expect will impact our original cost estimate of approximately $55 million.

In addition, we are in advanced stages of planning and approval with regulatory and local authorities on several other projects, including the redevelopment of our long-term care beds at Sienna's campus of care in Keswick, replacing the current 60 long-term care beds with a 160-bed facility. We further plan to redevelop our 122-bed long-term care community in Brantford, replacing it with 160 new beds with a modern design and adding a new 147-suite retirement residence to create an integrated campus of care onsite. We expect construction of these two projects to start during the first half of 2022.

Development of a Joint Venture Retirement Residence

Sienna's development of a 150-suite retirement residence in Niagara Falls is progressing well with construction having commenced during Q2 2021. 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 Senior Housing is 70%. The total capital investment to date is $6.8 million.

Subsequent to September 30, 2021, Sienna, together with its joint venture partner, entered into a construction loan agreement for financing of this project for up to $40.7 million for a 5-year term with two one-year renewal options at an interest rate of CDOR plus 215 bps per annum or the Canadian prime rate plus 65 bps per annum.

DBRS Rating Renewal

On October 7, 2021, DBRS confirmed Sienna’s issuer rating and senior unsecured debenture ratings of “BBB” with stable trends. These ratings underscore the resiliency and strength of our business and support Sienna’s $600 million redevelopment plan, over the next five to seven years, to modernize our older long-term care communities in Ontario, as well as our development and growth initiatives across our retirement portfolio.

Significant Events

Sale of a retirement residence

On August 30, 2021, the Company entered into an agreement to sell one retirement residence with 138 suites in British Columbia for a selling price of $33,250. This property has been classified as an asset held for sale as at September 30, 2021. The closing of the sale is expected to be completed in Q1 2022, and is subject to regulatory approval, financing and other customary closing conditions.

Sale of a long-term care community

Subsequent to September 30, 2021, the Company entered into an agreement to sell one long-term care community with 236 beds in Ontario for an estimated net selling price of $19,875. The closing of the sale is expected to be completed at the end of Q1 2022, and is subject to regulatory approval, financing and other customary closing conditions.

In the regular course of our business, we will review of our asset base to add value through capital recycling. Net proceeds from current and future dispositions are expected to be used to invest in our development program.

Outlook

The operating environment continued to improve in recent months and we saw the positive impact of high vaccination levels with a limited number of COVID-19 cases across our residences.

With the resumption of in-person tours at our retirement residences and increased admissions to our long-term care communities, occupancy continued to improve across Sienna's portfolio. At the same time, incremental pandemic-related expenses continued to decline during the third quarter and we anticipate further improvements as the pandemic subsides, while related government funding declines gradually. We also expect continued timing differences between the incurrence of pandemic expenses and recognition of related government funding and we anticipate a certain level of unfunded pandemic expenses to remain for some time.

We also anticipate continued cost pressures due to higher agency labour costs as a result of a tight labour market, increased insurance premiums consistent across the seniors' living sector and higher utility rates in line with the overall market.

In Sienna's Retirement portfolio, we forecast continued gradual occupancy improvements, based on the assumption that residences will remain open for in-person tours, supported by pent-up demand and our continued investment in sales, marketing and rebranding initiatives. The return to historical seasonality in residents moving in is yet to be determined. Based on our current projections, we anticipate to return to occupancy levels reaching between approximately 87% to 89% by the end of 2022, assuming that the operating environment remains stable.

In Sienna's LTC portfolio, admissions of new residents accelerated and supported strong occupancy gains during the third quarter. We anticipate continued improvements in the coming quarters, given the long waiting list of approximately 40,000 for long-term care beds in Ontario. The Government of Ontario announced the extension of the occupancy protection funding until January 31, 2022. With the continued admission of new residents, the Company expects to achieve the average annual occupancy target of 97%, excluding unavailable beds, required for full funding at our residences in 2022. Sienna anticipates it will receive continued funding for unavailable beds resulting primarily from capacity limitations and the provision of isolation rooms.

Although it is difficult to ascertain the ultimate impacts of COVID-19 on the Company's operating results for 2022, the positive impact of high vaccination rates on the overall economy and the seniors living sector and an improved and more stable operating environment support a strengthening outlook for the Company.

Our Vision, Mission and Values

Our Vision

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

Our Mission

To help you live fully, every day.

Our Values

Respect

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

Passion

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

Teamwork

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

Responsibility

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

Growth

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

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

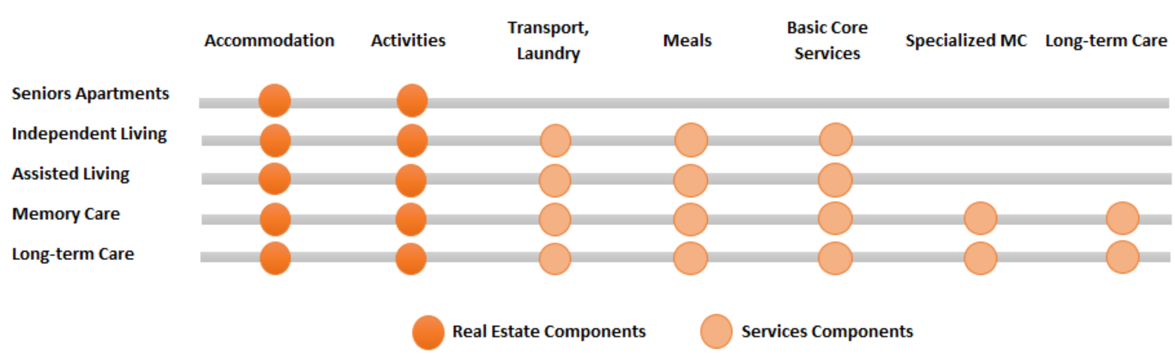
- **Independent Living ("IL")**: IL provides the privacy and freedom of home combined with the convenience and security of on-call assistance and a maintenance-free environment. Residents typically have the option of purchasing à la carte services including meal packages, housekeeping, transportation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

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

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

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

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



Source: NIC Investment Guide.

Company Strategy and Objectives

Strong Operating Platform:

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

- Rebranding Sienna's retirement platform to Aspira, to distinguish its product and service offerings from competitors;
- 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 and 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 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 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 the launch of a new retirement platform;
- Investing in existing assets through preventative maintenance and ongoing capital improvements;
- Continuing to invest in Sienna's team culture and operating platform to deliver quality resident experiences; and
- Investing in comprehensive communications and marketing programs.

Acquisition and Development:

- Redevelopment of older LTC communities in key Ontario markets with both new and upgraded facilities;
- Strategic and disciplined acquisitions of high-quality seniors' living residences in key markets in Canada;
- Developing free-standing retirement residences with joint venture partners in markets with adequate projected demand;
- Expanding seniors' living capacity in existing Retirement Residences with excess land; and
- Entering into strategic partnerships to develop LTC campuses providing integrated care.

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.

Earlier this year, Sienna established an ESG Committee comprising senior leaders of the Company and published its first ESG Report, followed by a Mid-Year 2021 Update. For more information on Sienna's ESG initiatives, please refer to the ESG section on Sienna's website under https://www.siennaliving.ca. While this marked the beginning of a more structured and proactive approach, ESG practices across Sienna's operations have long been integrated into our overall strategy and daily business practices.

With the goal to better communicate our ESG journey, we are committed to providing interim updates on specific topics.

Our People

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. Throughout 2021, we continued our focus on bringing together a multitude of perspectives. 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.

A Diverse and Inclusive Workforce

Gender - In line with industry norms, Sienna's total workforce is predominantly female, with approximately 85% 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 380 leadership positions being held by women. Gender parity at the executive level, with 50% of Sienna's senior executives being female, further demonstrates our commitment to gender diversity.

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.

BIPOC - 30% of the Company's senior executives identify as Black, Indigenous or People of Colour ("BIPOC").

Fair Compensation and Gender Pay Equity

Over 95% of Sienna's frontline team members earn more than the minimum wage.

Furthermore, approximately 80% of Sienna's frontline team members are compensated at least 50% 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.

SOAR

On August 19, 2021, we announced the launch of the SOAR program, which will award common shares of the Company to all permanent employees who have been with the Company for one year or longer. Pursuant to the program, which will involve an initial investment of approximately $3.0 million, Sienna will provide every eligible employee with the opportunity to become a shareholder by awarding a one-time grant of approximately $500 of common shares to full-time employees and approximately $300 of common shares to part-time employees. In addition, Sienna is also introducing an employer matching program for employees who wish to further invest in and grow the Company together.

SOAR was launched to recognize the compassion, effort and dedication that team members bring to Sienna's residents and communities every day. With this new ownership and reward program, team members will be 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.

Indigenous Relations and Reconciliation

During the third quarter, enhanced emphasis was placed on Indigenous Relations and Reconciliation. Sienna has partnered with Reconciliation Education, an Indigenous-owned organization, to provide resources for all team members. To mark Canada's first National Day for Truth and Reconciliation on September 30, 2021, team members were encouraged to support reconciliation through various initiatives. In addition, team members were provided with a learning session covering the Colonial Lens, Treaties, Residential Schools, and Indigenous Relations and Reconciliation. Sienna is committed to ensure 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.

Union Representation

Labour rights are an important consideration with respect to Sienna's human capital management 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 83 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 approximately 60 collective bargaining units and an 86% unionization rate among our team members.

Excluding management positions, this number would be even higher with 93% 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. In connection with an enhanced focus on supporting mental health and wellness in the communities we serve, Sienna made a $250 thousand donation to Scarborough Health Network (**"SHN"**) in support of its new mental health hub which will provide quality care to seniors.

CaRES Fund

The CaRES Fund, which was launched by Sienna and a number of sector peers in 2020, has helped nearly 800 frontline staff who have been impacted by the pandemic with over $2.4 million in emergency financial assistance to date. In October 2021, the CaRES Fund announced that it has reopened the application process for additional frontline team members to receive financial assistance.

Resident, Family and Team Member Satisfaction

Our desire to learn from and engage with our stakeholders is reflected in the strong results from recently completed resident and family satisfaction surveys, indicating that over 80% of our residents and nearly 90% of their families recommend Sienna's LTC communities. We anticipate results from the annual retirement resident surveys to be available soon.

In addition, 84% of Sienna's team members feel they are able to do meaningful work every day.

We will continue to listen and learn from our residents, families and our team in order to build a stronger future for all.

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.

Industry Overview

Please refer to the Company's MD&A and AIF for the year ended December 31, 2020 for a discussion of the Industry Overview.

Business of the Company

Please refer to the Company's AIF for the year ended December 31, 2020 for a discussion of the Business Overview.

Quarterly Financial Information

Thousands of Canadian dollars, except occupancy, per share and ratio data	2021 Q3	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4
Revenue	170,423	162,668	161,228	168,834	166,850	162,922	165,627	172,160
Operating expenses, net	137,020	131,643	116,961	140,181	137,895	131,031	129,116	134,303
Income (loss) before net finance charges, transaction costs and provision for (recovery of) income taxes	14,315	10,956	18,599	(962)	(295)	1,152	14,405	11,693
Net income (loss)	4,533	1,318	10,143	(8,729)	(6,484)	(6,778)	(2,496)	1,112
Per share basic and diluted	0.07	0.020	0.151	(0.130)	(0.097)	(0.101)	(0.037)	0.017
OFFO	18,265	15,126	25,343	14,156	13,624	16,699	24,418	22,754
Per share basic	0.272	0.226	0.378	0.211	0.203	0.249	0.365	0.340
OFFO, excluding net pandemic expenses (recoveries)	18,990	17,925	18,068	19,820	20,774	24,513	24,517	22,754
Per share, excluding net pandemic expenses (recoveries)	0.283	0.268	0.269	0.296	0.310	0.366	0.366	0.340
AFFO	15,671	14,102	26,430	13,174	14,187	16,623	25,584	20,883
Per share basic	0.234	0.210	0.394	0.196	0.212	0.248	0.382	0.313
AFFO, excluding net pandemic expenses (recoveries)	15,858	16,715	19,572	18,895	20,926	24,437	25,683	20,883
Per share, excluding net pandemic expenses (recoveries)	0.237	0.249	0.292	0.281	0.313	0.365	0.383	0.313
Dividends declared	15,687	15,687	15,687	15,687	15,687	15,687	15,671	15,626
Per share	0.234	0.234	0.234	0.234	0.234	0.234	0.234	0.234
Occupancy								
Retirement - Average total occupancy	80.3 %	77.7 %	77.7 %	80.7 %	80.7 %	82.2 %	84.2 %	85.0 %
Retirement - As at total occupancy	83.6 %	80.1 %	78.2 %	79.2 %	82.8 %	80.8 %	83.6 %	84.7 %
LTC - Average total occupancy	86.2 %	81.6 %	80.3 %	84.8 %	87.4 %	92.6 %	97.9 %	98.2 %
LTC - Average private occupancy	82.9 %	79.3 %	78.2 %	83.3 %	86.3 %	91.6 %	97.3 %	97.9 %
Debt to enterprise value as at period end	46.5 %	46.5 %	50.1 %	52.1 %	57.8 %	63.9 %	55.6 %	43.7 %
Debt to gross book value as at period end	45.6 %	45.5 %	46.0 %	48.2 %	47.3 %	48.5 %	46.9 %	46.0 %
Debt to Adjusted EBITDA as at period end	7.8	7.4	6.2	9.4	8.9	8.6	6.8	6.7
Debt to Adjusted EBITDA, excluding net pandemic expenses (recoveries), as at period end	8.3	8.2	8.4	7.5	7.2	7.9	6.8	6.7
Interest coverage ratio	3.4	3.1	4.7	2.8	2.5	3.0	4.2	3.7
Interest coverage ratio, excluding net pandemic expenses (recoveries)	3.6	3.5	3.5	3.7	3.6	4.1	4.3	3.7
Total assets[1]	1,606,834	1,592,009	1,616,357	1,678,129	1,733,832	1,834,675	1,718,716	1,692,600
Total debt	971,878	958,212	964,873	1,032,624	1,028,854	1,096,902	996,126	956,312
Weighted average shares outstanding	67,039,123	67,039,123	67,039,123	67,039,123	67,039,123	67,039,123	66,940,538	66,749,273

Notes:

1. Property and equipment and intangible assets included in total assets are measured at cost less accumulated depreciation and amortization.

The Company's quarterly financial results are impacted by various factors including, but not limited to, pandemic related funding and 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 past acquisitions, and capital market and financing activities. For the three and nine months ended September 30, 2021, the Company's results have been impacted by the timing of government assistance received related to pandemic expenses and capital costs, lower occupancy, increased costs pertaining to labour, including higher agency staffing costs, and higher utilities and insurance premiums, mark-to-market adjustments on share-based compensation and fair value adjustments on interest rate swap contracts.

The Company's total asset base has decreased from $1,678,129 as at Q4 2020 to $1,606,834 as at Q3 2021, and its debt to gross book value decreased from 48.2% as at Q4 2020 to 45.6% as at Q3 2021. Due to net pandemic recovery of expenses for the nine months ended September 30, 2021, the debt to adjusted EBITDA improved to 7.8 years as at Q3 2021 from 8.9 years as at Q3 2020.

A discussion of the operating results for the three and nine months ended September 30, 2021 compared to the same period in the prior year is provided in the section "Operating Results".

Operating Results

Retirement

The Company's Retirement portfolio consists of 27 Retirement Residences, five of which are located in British Columbia and 22 of which are located in Ontario. Our Retirement portfolio operates in well located markets and generated 21.8% of the Company's total revenues and 40.7% of its total NOI excluding net pandemic expenses in Q3 2021.

Long-term Care

The Company's LTC portfolio consists of 43 LTC communities, eight of which are located in British Columbia and 35 of which are located in Ontario. Our LTC portfolio contributed 78.2% of the Company's total revenues and generated 59.3% of its total NOI excluding net pandemic expenses in Q3 2021.

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

	Three Months Ended			Nine Months Ended		
Thousands of Canadian dollars	**2021**	2020	Change	**2021**	2020	Change
Revenue	**170,423**	166,850	3,573	**494,319**	495,399	(1,080)
Expenses						
Operating, net	**137,020**	137,895	(875)	**385,624**	398,042	(12,418)
Depreciation and amortization	**11,806**	19,400	(7,594)	**41,146**	58,258	**(17,112)**
Administrative	**7,282**	9,792	(2,510)	**23,671**	23,608	63
Share of net loss in joint venture	—	58	(58)	**8**	229	(221)
	156,108	167,145	(11,037)	**450,449**	480,137	(29,688)
Income before net finance charges, transaction costs and provision for (recovery of) income taxes	**14,315**	(295)	14,610	**43,870**	15,262	28,608
Net finance charges	**7,619**	8,826	(1,207)	**20,494**	35,763	(15,269)
Transaction costs	**501**	83	418	**1,576**	1,480	96
Total net finance charges and transaction costs	**8,120**	8,909	(789)	**22,070**	37,243	(15,173)
Income (loss) before provision for (recovery of) income taxes	**6,195**	(9,204)	15,399	**21,800**	(21,981)	43,781
Provision for (recovery of) income taxes						
Current	**(95)**	(2,404)	2,309	**2,708**	(2,650)	5,358
Deferred	**1,757**	(316)	2,073	**3,098**	(3,573)	6,671
	1,662	(2,720)	4,382	**5,806**	(6,223)	12,029
Net income (loss)	**4,533**	(6,484)	11,017	**15,994**	**(15,758)**	31,752
Total assets	**1,606,834**	1,834,675	(227,841)	**1,606,834**	**1,834,675**	(227,841)
Total debt (net of principal reserve fund)	**962,353**	**1,096,902**	(134,549)	**962,353**	**1,096,902**	(134,549)

Net Operating Income Consolidated

The following table represents the Company's consolidated net operating income for the periods ended September 30:

	Three Months Ended			Nine Months Ended		
Thousands of Canadian dollars	**2021**	2020	Change	**2021**	2020	Change
Revenue						
Same property	**169,130**	165,389	3,741	**490,436**	490,952	(516)
Development and other[1]	**1,293**	1,461	(168)	**3,883**	4,447	(564)
Total Revenue	**170,423**	**166,850**	3,573	**494,319**	**495,399**	(1,080)
Operating Expenses, net						
Same property	**135,743**	129,679	6,064	**390,114**	380,144	9,970
Net pandemic expenses (recoveries) [2]	**378**	7,177	(6,799)	**(7,240)**	14,942	(22,182)
Development and other[1]	**899**	1,039	(140)	**2,750**	2,956	(206)
Total Operating Expenses, net	**137,020**	**137,895**	(875)	**385,624**	**398,042**	(12,418)
NOI						
Same property[2]	**32,991**	28,566	4,425	**107,562**	96,032	11,530
Development and other[1]	**412**	389	23	**1,133**	1,325	(192)
Total NOI	**33,403**	**28,955**	4,448	**108,695**	**97,357**	11,338

Notes:

1. Includes the financial results of the 57-suite expansion at Island Park Retirement Residence, which opened in July 2019 and is in the lease-up period, and one retirement residence classified as an asset held for sale.
2. For Q3 2021, includes government assistance related to the pandemic of $20,122 (2020 - $27,499) and incremental pandemic related expenses of $20,500 (2020 - $34,676), resulting in net pandemic expenses of $378 (2020 - $7,177). For the nine months ended September 30, 2021, includes government assistance related to the pandemic of $84,214 (2020 - $53,227) and incremental pandemic related expenses of $76,974 (2020 - $68,169), resulting in net pandemic (recoveries) expense of ($7,240) (2020 - $14,942). Government assistance related to the pandemic is recognized to the extent that eligible expenses have been incurred and funding allocations are determined.

Third Quarter 2021 Operating Results

The Company's total same property revenues for Q3 2021 increased by $3,741 to $169,130, compared to Q3 2020. Retirement's same property revenues for Q3 2021 increased by $147 to $35,837, compared to Q3 2020, primarily due to annual rental rate increases in line with market conditions. Retirement's development and other revenues (comprised of one development property and one held for sale property) were $1,293 for Q3 2021 (2020 - $1,461). LTC's revenues for Q3 2021 increased by $3,594 to $133,293, compared to Q3 2020, primarily due to annual inflationary funding increases, partially offset by lower LTC preferred accommodation revenue from lower occupancy in private and semi-private rooms, and $871 of government funding, which would have typically been included in LTC revenues, has been recorded against eligible operating expenses related to the pandemic.

The Company's total same property operating expenses, excluding net pandemic expenses of $378, for Q3 2021 increased by $6,064 to $135,743, compared to Q3 2020. Retirement's same property operating expenses, excluding net pandemic expenses of $391, for Q3 2021 increased by $1,216 to $22,527, compared to Q3 2020, primarily due to higher agency staffing costs, utilities and insurance premiums. Retirement's development and other operating expenses were $899 for Q2 2021 (2020 - $1,039). LTC's operating expenses, excluding net pandemic recovery of expenses of $13, for Q3 2021 increased by $4,848 to

$113,216, compared to Q3 2020, mainly due to annual inflationary labour cost increases, higher utilities costs and insurance premiums, and increased repairs and maintenance due to deferrals from prior year.

The Company's total same property NOI for Q3 2021 increased by $4,425 to $32,991, compared to Q3 2020. Retirement's same property NOI for Q3 2021 decreased by $723 to $12,901, primarily due to higher agency staffing costs, utilities and insurance premiums, partially offset by annual rental rate increases and decreases in net pandemic expenses. Retirement's development Q3 2021 NOI was $412 (2020 - $389). LTC's NOI for Q3 2021 increased by $5,148 to $20,090 compared to Q3 2020, primarily due to annual inflationary funding increases and lower net pandemic expenses, partially offset by lower preferred accommodation revenue, annual inflationary labour cost increases, higher utilities costs, insurance premiums and repairs and maintenance.

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, and readers should not rely on net operating margin calculations herein.

Nine Months Ended September 30, 2021 Operating Results

The Company's total same property revenues for the nine months ended September 30, 2021 decreased by $516 to $490,436, compared to the nine months ended September 30, 2020. Retirement's same property revenues for the nine months ended September 30, 2021 decreased by $2,675 to $105,529, over the comparative period, primarily due to lower occupancy, partially offset by annual rental rate increases in line with market conditions. Retirement's development and other revenues were $3,883 for the nine months ended September 30, 2021 (2020 - $4,447). LTC's revenues for the nine months ended September 30, 2021 increased by $2,159 to $384,907, over the comparative period, primarily due to annual inflationary funding increases, partially offset by lower preferred accommodation revenue from lower occupancy in private and semi-private rooms, and $3,521 of government funding, which would have typically been included in LTC revenues, has been recorded against eligible operating expenses related to the pandemic.

The Company's total same property operating expenses, excluding net pandemic recoveries of $7,240, for the nine months ended September 30, 2021, increased by $9,970 to $390,114, over the comparative period. Retirement's same property operating expenses, excluding net pandemic expenses of $2,079, for the nine months ended September 30, 2021 increased by $3,053 to $65,368, over the comparative period, mainly due to higher agency staffing costs, utilities and insurance premiums. Retirement's development operating expenses were $2,750 for the nine months ended September 30, 2021 (2020 - $2,956). LTC's operating expenses, excluding net pandemic recoveries of $9,319, for the nine months ended September 30, 2021 increased by $6,917 to $324,746, over the comparative period, mainly due to annual inflationary labour cost increases, higher utilities costs, increased insurance premiums and increased repairs and maintenance due to deferrals from prior year.

The Company's total same property NOI for the nine months ended September 30, 2021 increased by $11,530 to $107,562, over the comparative period, driven by $15,342 in retroactive pandemic funding received in Q1 2021 related to pandemic expenses incurred in excess of available funding during the year ended December 31, 2020. Retirement's same property NOI for the nine months ended September 30, 2021 decreased by $5,715 to $38,166, over the comparative period, primarily due to lower occupancy and higher agency staffing costs, utilities and insurance premiums, partially offset by annual rental rate increases. Retirement's development and other NOI for the nine months ended September 30, 2021 was $1,049 (2020 $1,325). LTC's NOI for the nine months ended September 30, 2021 increased by $17,329 to $69,480, over the comparative period, primarily due to the $15,342 in retroactive pandemic funding received in Q1 2021 and annual inflationary funding increases, partially offset by lower preferred accommodation revenue, higher utilities costs, higher insurance premiums and increased repairs and maintenance due to deferrals from the prior year.

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, and readers should not rely on net operating margin calculations herein.

Net Operating Income by Segment

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

Retirement

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

	Three Months Ended			Nine Months Ended		
Thousands of Canadian dollars	**2021**	2020	Change	**2021**	2020	Change
Retirement Revenue						
Same property	**35,837**	35,690	147	**105,529**	108,204	(2,675)
Development and other[1]	**1,293**	1,461	(168)	**3,883**	4,447	(564)
Total Retirement Revenue	**37,130**	37,151	(21)	**109,412**	112,651	(3,239)
Retirement Expenses, net						
Same property	**22,527**	21,311	1,216	**65,368**	62,315	3,053
Net pandemic expenses[2]	**391**	788	(397)	**2,079**	2,174	(95)
Development and other[1]	**899**	1,039	(140)	**2,750**	2,956	(206)
Total Retirement Expenses, net	**23,817**	23,138	679	**70,197**	67,445	2,752
Retirement NOI						
Same property[2]	**12,901**	13,624	(723)	**38,166**	43,881	(5,715)
Development and other[1]	**412**	389	23	**1,049**	1,325	(276)
Total Retirement NOI	**13,313**	14,013	(700)	**39,215**	45,206	(5,991)

Notes:

1. Includes the financial results of the 57-suite expansion at Island Park Retirement Residence, which opened in July 2019 and is in the lease-up period, and one retirement residence classified as an asset held for sale.
2. For Q3 2021, includes government assistance related to the pandemic of $598 (2020 - $2,594) and incremental pandemic related expenses of $989 (2020 - $3,382), resulting in net pandemic expenses of $391 (2020 - $788). For the nine months ended September 30, 2021, includes government assistance related to the pandemic of $3,310 (2020 - $4,735) and incremental pandemic related expenses of $5,389 (2020 - $6,909), resulting in net pandemic expenses of $2,079 (2020 - $2,174). Government assistance related to the pandemic is recognized to the extent that eligible expenses have been incurred and funding allocations are determined.

Third Quarter 2021 Retirement Results

Retirement's same property revenues for Q3 2021 increased by $147 to $35,837, compared to Q3 2020, primarily attributable to annual rental rate increases in line with market conditions.

Retirement's same property operating expenses, excluding net pandemic expenses, for Q3 2021 increased by $1,216 to $22,527 compared to Q3 2020, primarily due to higher agency staffing costs, utilities and insurance premiums. Net pandemic expenses for Q3 2021 were $391 (2020 - $788).

Retirement's same property NOI for Q3 2021 decreased by $723 to $12,901, compared to Q3 2020. Excluding net pandemic expenses, Retirement's same property NOI for Q3 2021 decreased by $1,120 to $13,292, compared to Q3 2020.

Nine Months Ended September 30, 2021 Retirement Results

Retirement's same property revenues for the nine months ended September 30, 2021 decreased by $2,675 to $105,529, compared to the nine months ended September 30 2020, primarily due to lower occupancy, partially offset by annual rental rate increases.

Retirement's same property operating expenses, excluding net pandemic expenses, for the nine months ended September 30, 2021 increased by $3,053 to $65,368, over the comparative period, mainly due to higher agency staffing costs, utilities and insurance premiums. Net pandemic expenses for the nine months ended September 30, 2021 were $2,079 (2020 - $2,174).

Retirement's same property NOI for the nine months ended September 30, 2021 decreased by $5,715 to $38,166, over the comparative period. Excluding net pandemic expenses, Retirement's same property NOI for the nine months ended September 30, 2021 decreased by $5,810 to $40,245, over the comparative period.

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	**2021**	2020	Change	**2021**	2020	Change
Long-term Care Revenue						
Same property	**133,293**	129,699	3,594	**384,907**	382,748	2,159
Total Long-term Care Revenue	**133,293**	129,699	3,594	**384,907**	382,748	2,159
Long-term Care Expenses, net						
Same property	**113,216**	108,368	4,848	**324,746**	317,829	6,917
Net pandemic (recoveries) expenses(1)	**(13)**	6,389	(6,402)	**(9,319)**	12,768	(22,087)
Total Long-term Care Expenses, net	**113,203**	114,757	(1,554)	**315,427**	330,597	(15,170)
Long-term Care NOI						
Same property(1)	**20,090**	14,942	5,148	**69,480**	52,151	17,329
Total Long-term Care NOI	**20,090**	14,942	5,148	**69,480**	52,151	17,329

Notes:

1. For Q3 2021, includes government assistance related to the pandemic of $19,524 (2020 - $24,905) and incremental pandemic related expenses of $19,511 (2020 - $31,294), resulting in net pandemic (recoveries) expenses of $(13) (2020 - $6,389). For the nine months ended September 30, 2021, includes the government assistance related to the pandemic of $80,904 (2020 - $48,492) and incremental pandemic related expenses of $71,585 (2020 - $61,260), resulting in net pandemic (recoveries) expense of $(9,319) (2020 - $12,768). Government assistance related to the pandemic is recognized to the extent that eligible expenses have been incurred and funding allocations are determined.

Third Quarter 2021 Long-term Care Results

LTC's revenues for Q3 2021 increased by $3,594 to $133,293, compared to Q3 2020, primarily due to annual inflationary funding increases, partially offset by lower preferred accommodation revenue from lower occupancy in private and semi-private rooms, and $871 of government funding, which would have typically been included in LTC revenues, has been recorded against eligible operating expenses related to the pandemic.

Excluding net recovery of pandemic expenses, LTC's operating expenses for Q3 2021 increased by $4,848 to $113,216, compared to Q3 2020, mainly due to annual inflationary labour cost increases, higher utilities costs, and increased repairs and maintenance due to deferrals from prior year. Net pandemic (recoveries) expenses for Q3 2021 was $(13) (2020 - $6,389).

LTC's NOI for Q3 2021 increased by $5,148 to $20,090, compared to Q3 2020. Excluding net pandemic expenses, LTC's NOI for Q3 2021 decreased by $1,254 to $20,077, compared to Q3 2020.

Nine Months Ended September 30, 2021 Long-term Care Results

LTC's revenues for the nine months ended September 30, 2021 increased by $2,159 to $384,907, compared to the nine months ended September 30 2020, primarily due to annual inflationary funding increases, partially offset by lower preferred accommodation revenue, and $3,521 of government funding, which would have typically been included in LTC revenues, has been recorded against eligible operating expenses related to the pandemic.

Excluding net pandemic recoveries (expenses) LTC's operating expenses for the nine months ended September 30, 2021 increased by $6,917 to $324,746, over the comparative period, mainly due to annual inflationary labour cost increases, higher utilities costs, higher insurance premiums and increased repairs and maintenance due to deferrals from prior year. Net pandemic (recoveries) expenses for the nine months ended September 30, 2021 were $(9,319) (2020 - $12,768).

LTC's NOI for the nine months ended September 30, 2021 increased by $17,329 to $69,480, over the comparative period. Excluding net recovery of pandemic expenses, LTC's NOI for the nine months ended September 30, 2021 decreased by $4,758 to $60,161, over the comparative period.

Depreciation and Amortization

Third Quarter 2021

Depreciation and amortization for Q3 2021 decreased by $7,594 to $11,806, compared to Q3 2020, due to completion of amortization, in Q1 2021, of the in-place leases acquired in 2017.

Nine Months Ended September 30, 2021

Depreciation and amortization for the nine months ended September 30, 2021 decreased by $17,112 to

$41,146, compared to the comparative period, due to completion of amortization, in Q1 2021, of the in-place leases acquired in 2017.

Administrative Expenses

	Three months Ended September 30,			Nine months ended September 30,		
Thousands of Canadian dollars	**2021**	2020	Change	**2021**	2020	Change
General and administrative expenses	**6,734**	5,274	1,460	**20,443**	16,554	3,889
Restructuring costs	**-**	782	(782)	**-**	4,648	(4,648)
Pandemic expenses	**608**	2,560	(1,952)	**2,131**	5,572	(3,441)
Share-based compensation	**(60)**	1,176	(1,236)	**1,097**	(3,166)	4,263
Total administrative expenses	**7,282**	9,792	(2,510)	**23,671**	23,608	63

Third Quarter 2021

Administrative expenses for Q3 2021 decreased by $2,510 to $7,282, compared to Q3 2020, primarily due to a decrease in pandemic expenses and one-time restructuring costs compared to Q3 2020, and a decrease in share-based compensation expense from mark-to-market adjustments, partly offset by increases in general and administrative expenses to strengthen the company's operating platform to deliver a quality resident and team member experience.

Nine Months Ended September 30, 2021

Administrative expenses for the nine months ended September 30, 2021 increased by $63 to $23,671, compared to the comparative period, primarily due to an increase in share-based compensation expenses from mark-to-market adjustments, and increases in general and administrative expenses to strengthen the company's operating platform, partially offset by decreased pandemic expenses and one-time restructuring costs.

Share of Net Loss in Joint Venture

Third Quarter 2021

For Q3 2021, the Company's share in a joint venture related to the development of a retirement residence in Niagara Falls, Ontario was $nil (2020 - $58) as costs have began to be capitalized during the construction phase of the project.

Nine Months Ended September 30, 2021

For the nine months ended September 30, 2021, the Company's share of net loss in a joint venture of $8 (2020 - $229) is related to the development of a retirement residence in Niagara Falls, Ontario.

Net Finance Charges

Thousands of Canadian dollars	Three months ended September 30, 2021	2020	Change	Nine months ended September 30, 2021	2020	Change
Finance costs						
Interest expense on mortgages	**3,841**	4,130	(289)	**11,746**	13,279	(1,533)
Interest expense on debentures	**3,586**	3,686	(100)	**9,163**	11,025	(1,862)
Interest expense on credit facilities	**224**	746	(522)	**1,845**	1,681	164
Interest expense on right-of-use assets	**14**	20	(6)	**47**	65	(18)
Redemption premium paid	**—**	—	—	**160**	—	160
Amortization of financing charges and fair value adjustments on acquired debt	**545**	580	(35)	**1,950**	1,632	318
Amortization of loss on bond forward contract	**—**	223	(223)	**—**	658	(658)
Net settlement payment on interest rate swap contracts	**686**	525	161	**2,088**	1,083	1,005
Fair value (gain) loss on interest rate swap contracts	**(877)**	(377)	(500)	**(5,147)**	8,808	(13,955)
	8,019	9,533	(1,514)	**21,852**	38,231	(16,379)
Finance income						
Interest income on construction funding receivable	**282**	415	(133)	**955**	1,322	(367)
Other interest income	**118**	292	(174)	**403**	1,146	(743)
	400	707	(307)	**1,358**	2,468	(1,110)
Net finance charges	**7,619**	8,826	(1,207)	**20,494**	35,763	(15,269)

Third Quarter 2021

Net finance charges for Q3 2021 decreased by $1,207 to $7,619, compared to Q3 2020, primarily attributable to a decrease in the average debt principal outstanding and higher fair value gains on interest rate swap contracts.

Nine Months Ended September 30, 2021

Net finance charges for the nine months ended September 30, 2021 decreased by $15,269 to $20,494, over the comparative period, primarily attributable to the refinancing of existing debt at lower interest rates, reduced average debt principal outstanding and higher fair value gains on interest rate swap contracts.

Transaction Costs

Third Quarter 2021

Transaction costs for Q3 2021 increased by $418 to $501 compared to Q3 2020 primarily attributable to the increase in development activities.

Nine Months Ended September 30, 2021

Transaction costs for the nine months ended September 30, 2021 increased by $96 to $1,576, over the comparative period, due to the increase in development activities.

Income Taxes

Third Quarter 2021

Income tax expense for Q3 2021 increased by $4,382 to $1,662, compared to Q3 2020. The current income tax recovery for Q3 2021 decreased by $2,309 to $95 compared to Q3 2020, primarily attributable to an increase in NOI and a decrease in administrative expenses. The current income tax recovery has been calculated at the weighted average combined corporate tax rate of 26.57% (2020 - 26.57%). The deferred income tax expense for Q3 2021 increased by $2,073 to $1,757, compared to Q3 2020, primarily attributable to timing of depreciation between tax and accounting.

Nine months ended September 30, 2021

Income tax expense for the nine months ended September 30, 2021 increased by $12,029 to $5,806, over the comparative period. The current income tax expense for nine months ended September 30, 2021 increased by $5,358 to $2,708, primarily attributable to an increase in NOI and mark-to-market adjustments on share-based compensation. The current income tax expense has been calculated at the weighted average combined corporate tax rate of 26.57% (2020 - 26.57%). The deferred income tax expense for the nine months ended September 30, 2021 increased by $6,671 to $3,098, compared to the nine months ended September 30, 2020, primarily attributable to fair value adjustments on interest rate swap contracts, timing of depreciation between tax and accounting, partially offset by mark-to-market adjustments on share-based compensation.

Business Performance

Adjusted Funds from Operations

The IFRS measure most directly comparable to FFO and OFFO is "net income". The following table represents the reconciliation of "net income" to FFO and OFFO for the periods ended September 30. The reconciliation from FFO to AFFO is provided as supplementary information.

	Three Months Ended			Nine Months Ended		
Thousands of Canadian dollars, except share and per share data	**2021**	2020	Change	**2021**	2020	Change
Net income (loss)	**4,533**	(6,484)	11,017	**15,994**	(15,758)	31,752
Deferred income tax expense (recovery)	**1,757**	(316)	2,073	**3,098**	(3,573)	6,671
Depreciation and amortization	**10,948**	18,474	(7,526)	**38,473**	55,445	(16,972)
Transaction costs	**501**	83	418	**1,576**	1,480	96
Net settlement payment on interest rate swap contracts	**686**	525	161	**2,088**	1,083	1,005
Fair value (gain) loss on interest rate swap contracts	**(877)**	(377)	(500)	**(5,147)**	8,808	(13,955)
Funds from operations (FFO)	**17,548**	11,905	5,643	**56,082**	47,485	8,597
Depreciation and amortization - corporate	**858**	926	(68)	**2,673**	2,813	(140)
Amortization of financing charges and fair value adjustments on acquired debt	**545**	580	(35)	**1,950**	1,632	318
Amortization of loss on bond forward contract	—	223	(223)	—	658	(658)
Net settlement payment on interest rate swap contracts	**(686)**	(525)	(161)	**(2,088)**	(1,083)	(1,005)
Tax shield due to the settlement of the bond-lock hedge	—	(59)	59	—	(177)	177
Restructuring costs	—	574	(574)	—	3,413	(3,413)
Redemption premium paid	—	—	—	**117**	—	117
Operating funds from operations (OFFO)	**18,265**	13,624	4,641	**58,734**	54,741	3,993
Construction funding	**2,275**	2,743	(468)	**7,415**	8,153	(738)
Maintenance capital expenditures	**(5,407)**	(2,591)	(2,816)	**(10,252)**	(6,056)	(4,196)
Net pandemic capital expenditures (recoveries)	**538**	411	127	**306**	(444)	750
Adjusted funds from operations (AFFO)	**15,671**	14,187	1,484	**56,203**	56,394	(191)
Adjusted funds from operations (AFFO)	**15,671**	14,187	1,484	**56,203**	56,394	(191)
Dividends declared	**(15,687)**	(15,687)	—	**(47,061)**	(47,045)	(16)
AFFO retained	**(16)**	(1,500)	1,484	**9,142**	9,349	(207)
FFO per share	**0.262**	0.178	0.084	**0.837**	0.709	0.128
OFFO per share	**0.272**	0.203	0.069	**0.876**	0.817	0.059
AFFO per share	**0.234**	0.212	0.022	**0.838**	0.842	(0.004)
Weighted average common shares outstanding	**67,039,123**	67,039,123		**67,039,123**	67,006,381	

Third Quarter 2021 Performance

For Q3 2021, FFO increased by $5,643 to $17,548, compared to Q3 2020. The increase was primarily due to higher NOI driven by lower net pandemic expenses, lower interest expense on long-term debt, lower administration expenses, partially offset by lower recovery of current income taxes.

For Q3 2021, OFFO increased by $4,641 to $18,265, compared to Q3 2020. The increase was primarily attributable to increase in FFO noted above, partially offset by one-time after-tax restructuring costs of $574 that were incurred in 2020.

For Q3 2021, AFFO increased by $1,484 to $15,671, compared to Q3 2020. The increase was primarily related to the increase in OFFO noted above, partially offset by higher maintenance capital expenditures due to spend deferral from prior year and one-time capital improvements at our LTC Class C communities, and lower construction funding principal.

Nine Months Ended September 30, 2021 Performance

FFO for the nine month ended September 30, 2021 increased by $8,597 to $56,082, over the comparative period. The increase was primarily due to an increase in NOI, driven by $15,342 of retroactive pandemic funding received in 2021 related to pandemic expenses incurred in excess of available funding during the year ended December 31, 2020, lower interest expense on long-term debt partially offset by higher current income taxes.

OFFO for the nine months ended September 30, 2021 increased by $3,993 to $58,734, over the comparative period. The increase was primarily attributable to the increase in FFO noted above, partially offset by one-time after-tax restructuring costs of $3,413 incurred in 2020 and net settlement on interest rate swaps.

AFFO for the nine months ended September 30, 2021 decreased by $191 to $56,203, over the comparative period. The decrease in AFFO was principally related to higher maintenance capital expenditures due to spend deferral from prior year and one-time capital improvements at our LTC Class C communities, and decrease in construction funding, partially offset by the increase in OFFO noted above and timing of government assistance for pandemic capital expenditures.

Construction Funding

The Company receives construction funding subsidies from the Government of Ontario on a per bed per diem basis to support the costs of developing or redeveloping an eligible LTC home. There are several eligibility requirements, including receiving approval from the Ministry of Long-Term Care (**"MLTC"**) 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, 2021, 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, 2021 through 2024, and thereafter, the Company estimates that the construction funding amount will be as follows:

Thousands of Canadian dollars	Construction funding interest income[1]	Construction funding principal[2]	Total construction funding to be received
2021	1,235	9,779	11,014
2022	875	9,104	9,979
2023	553	6,236	6,789
2024	356	3,084	3,440
2025	263	1,879	2,142
Thereafter	854	5,916	6,770
	4,136	**35,998**	**40,134**

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, 2021, interest income on construction funding of $282 and $955, respectively (2020 - $415 and 1,322, respectively) was recognized, and an adjustment of $2,275 and $7,415, respectively (2020 - $2,743 and $8,153, 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	**2021**	2020	**2021**	2020
Building maintenance	**188**	665	**1,521**	1,945
Mechanical and electrical	**1,409**	575	**2,215**	1,062
Suite renovations and common area upgrades	**3,170**	852	**4,530**	1,791
Communications and information systems	**81**	93	**144**	201
Furniture, fixtures and equipment	**559**	406	**1,842**	1,057
Total maintenance capital expenditures	**5,407**	2,591	**10,252**	6,056

Included in the above are capital upgrades on top of our annual regular maintenance capital expenditures of $717 and $1,772 for the three and nine months ended September 30, 2021, respectively, for IPAC enhancements and capital improvements to elevate the experience of our residents and the work environment for our team members at our Class C LTC communities.

Building Maintenance

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

Mechanical and Electrical

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

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.

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	**2021**	2020	Change	**2021**	2020	Change
Cash provided by operating activities	**14,123**	(5,523)	19,646	**66,592**	43,797	22,795
Construction funding principal	**2,275**	2,743	(468)	**7,415**	8,153	(738)
Transaction costs	**501**	83	418	**1,576**	1,480	96
Tax shield due to settlement of the bond-lock hedge	**—**	(59)	59	**—**	(177)	177
Maintenance capital expenditures	**(5,407)**	(2,591)	(2,816)	**(10,252)**	(6,056)	(4,196)
Net pandemic capital expenditures	**538**	411	127	**306**	(444)	750
Net change in working capital, interest and taxes	**3,615**	18,500	(14,885)	**(9,829)**	6,201	(16,030)
Restricted share units recovery	**26**	49	(23)	**277**	27	250
Restructuring costs	**—**	574	(574)	**—**	3,413	(3,413)
Redemption premium	**—**	—	—	**117**	—	117
Adjusted funds from operations (AFFO)	**15,671**	14,187	1,484	**56,202**	56,394	(192)
Adjusted funds from operations (AFFO)	**15,671**	14,187	1,484	**56,203**	56,394	(191)
Dividends declared	**(15,687)**	(15,687)	—	**(47,061)**	(47,045)	(16)
AFFO retained	**(16)**	(1,500)	1,484	**9,142**	9,349	(207)
Dividend reinvestment	**—**	—	—	**—**	3,393	(3,393)
AFFO retained after dividend reinvestment	**(16)**	(1,500)	1,484	**9,142**	12,742	(3,600)

The AFFO for the three months ended September 30, 2021 is largely in line with the dividends declared during the quarter.

The excess of AFFO retained over dividends declared for the nine months ended September 30, 2021 is primarily due to net pandemic recovery of expenses, as a result of the timing of government assistance received related to pandemic expenses incurred in the prior year.

Refer to the "Cash Flow Analysis" section for details on the change from Q3 2020 to Q3 2021 on cash flow used in operating activities.

Financial Position Analysis

Balance Sheet Analysis

The following table summarizes the significant changes in assets, liabilities and equity as at September 30, 2021 compared to December 31, 2020.

Thousands of Canadian dollars	**2021**	2020	Change
Total assets	**1,606,834**	1,678,129	(71,295)
Total liabilities	**1,189,960**	1,230,687	(40,727)
Total equity	**416,874**	447,442	(30,568)

Total assets decreased by $71,295 to $1,606,834 primarily due to decreases in cash and cash equivalents, accounts receivable, depreciation of property and equipment, fully amortized resident relationships and income tax recoverable, partially offset by increases in government funding receivable and prepaid expenses.

Total liabilities decreased by $40,727 to $1,189,960 primarily due to a decrease in long-term debt, including $252,000 of repayment on secured and unsecured credit facilities and property-level mortgages, partially offset by proceeds from long-term debt of $181,000 and increases in government funding payable.

Total equity decreased by $30,568 to $416,874 primarily due to the payment of dividends and partially offset by the Company's net income for the nine months ended September 30, 2021.

Cash Flow Analysis

The following table represents the summary of cash flows for the periods ended September 30, 2021:

	Three Months Ended			Nine Months Ended		
Thousands of Canadian dollars	**2021**	2020	Change	**2021**	2020	Change
Cash (used in) provided by:						
Operating activities	**14,123**	(5,523)	19,646	**66,592**	43,797	22,795
Investing activities	**(5,897)**	(322)	(5,575)	**(10,548)**	(3,049)	(7,499)
Financing activities	**(2,046)**	(84,316)	82,270	**(119,281)**	27,271	(146,552)
Increase (decrease) in cash and cash equivalents during the period	**6,180**	(90,161)	96,341	**(63,237)**	68,019	(131,256)
Cash and cash equivalents, end of period	**32,440**	88,795	(56,355)	**32,440**	88,795	(56,355)

Third Quarter 2021

Cash flows provided by operating activities for the three months ended September 30, 2021 increased by $19,646 to $14,123 primarily due to income tax refunds, lower interest paid on long-term debt and timing of government funding and assistance.

Cash flows used in investing activities for the three months ended September 30, 2021 increased by $5,575 to $5,897 primarily due to additions to property and equipment and investment in joint venture as construction began.

Cash flows used in financing activities for the three months ended September 30, 2021 decreased by $82,270 to $2,046 primarily due to proceeds from net drawdown on credit facilities and less repayments of debt compared to Q3 2020.

Nine Months Ended September 30, 2021

Cash flows provided by operating activities for the nine months ended September 30, 2021 increased by $22,795 to $66,592 primarily due to timing of government funding and assistance, income taxes refunds and lower interest paid on long-term debt, partially offset by timing of accounts payable payments.

Cash flows used in investing activities for the nine months ended September 30, 2021 increased by $7,499 to $10,548 primarily due to purchase of property and equipment and increase in investment in joint venture.

Cash flows used in financing activities for the nine months ended September 30, 2021 increased by $146,552 to $119,281 primarily due to repayment of secured and unsecured credit facilities and property-level mortgages, partially offset by the issuance of the Series C Unsecured Debentures.

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 2021 and beyond, including required working capital, capital expenditures, and currently scheduled interest payments on debt through fiscal 2021 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, 2021, the Company's liquidity was $221,940, as follows:

Thousands of Canadian dollars	**September 30, 2021**	December 31, 2020
Cash and cash equivalents	**32,440**	95,677
Available funds from credit facilities	**189,500**	121,500
Total	**221,940**	217,177

As at September 30, 2021, the Company had drawn $19,000 from its available credit facilities. The Company's liquidity was $215,129 as at November 11, 2021.

The Company had a working capital deficiency (current liabilities less current assets) of $90,417 as at September 30, 2021, including the current portion of long-term debt of $37,271. 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 $1,101,000 as at September 30, 2021, representing an increase of $261,000 from $840,000 as at December 31, 2020, that can provide financial flexibility.

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 equivalent to $96,235 as at September 30, 2021. 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, 2021**	December 31, 2020
Series A Unsecured Debentures	**150,000**	150,000
Series B Unsecured Debentures	**175,000**	175,000
Series C Unsecured Debentures	**125,000**	—
Credit facilities	**19,000**	187,000
Mortgages	**501,462**	529,492
Lease liability	**1,416**	1,817
	971,878	1,043,309
Fair value adjustments on acquired debt	**2,779**	3,177
Less: Deferred financing costs	**(12,304)**	(13,862)
Total debt	**962,353**	1,032,624

The Company's total debt as at September 30, 2021 was $962,353 (December 31, 2020 - $1,032,624). The decrease of $70,271 was primarily related to the repayment of the Secured Credit Facility (defined in the "Significant Events" section of this MD&A), the Unsecured Revolving Credit Facility (defined in the "Credit Facilities" section of this MD&A) and property-level mortgages, offset by the issuance of the Series C Unsecured Debentures.

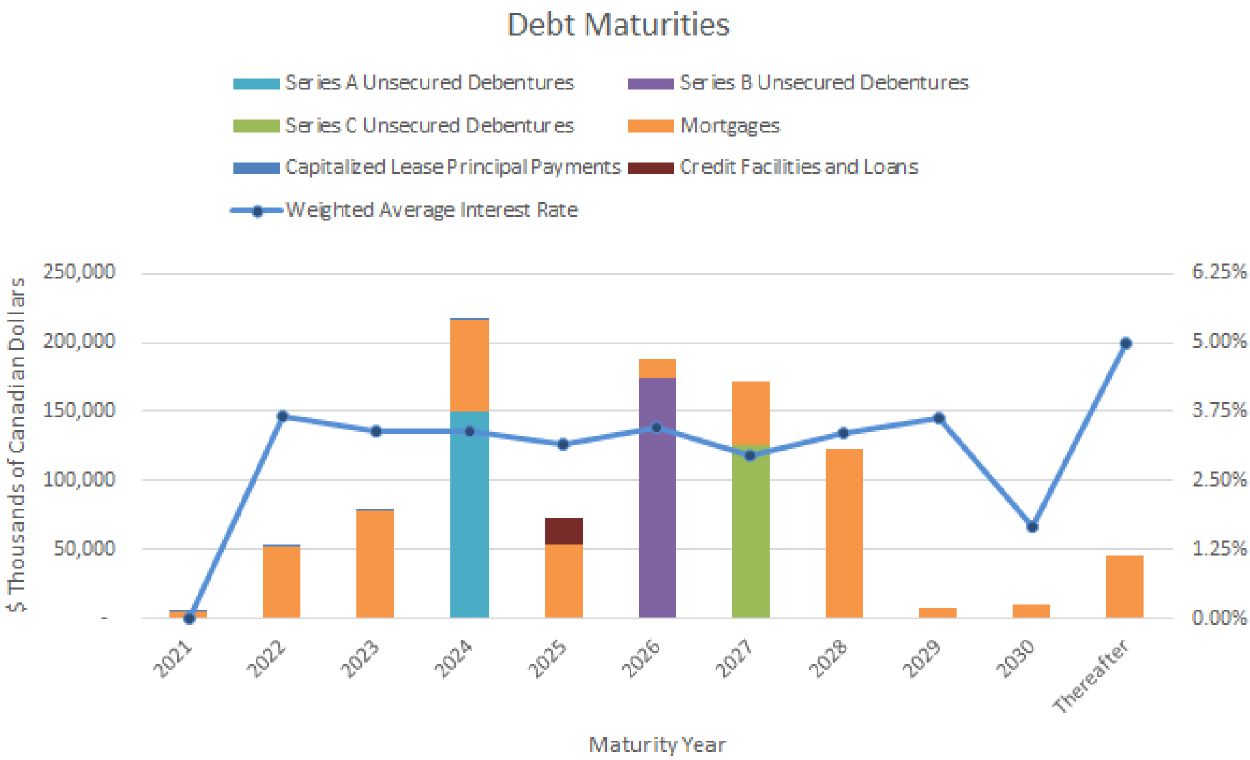
The following table summarizes the scheduled principal maturities of the Company's long-term debt commitments as at September 30, 2021:

Thousands of Canadian dollars, except interest rate						Mortgages				
Year	Series A Unsecured Debentures[1]	Series B Unsecured Debentures[2]	Series C Unsecured Debentures[3]	Credit Facilities	Capitalized Lease Principal Payments[4]	Regular Principal Repayments	Principal Due at Maturity	Weighted Average Interest Rate on Maturing Mortgages	**Total**	Consolidated Weighted Average Interest Rate on Maturing Debt
2021	—	—	—	—	129	5,265	—	**—%**	**5,394**	—%
2022	—	—	—	—	494	19,992	31,970	**3.66%**	**52,456**	3.66%
2023	—	—	—	—	435	17,837	60,824	**3.38%**	**79,096**	3.38%
2024	150,000	—	—	—	358	16,049	50,104	**4.10%**	**216,511**	3.39%
2025	—	—	—	19,000	—	12,511	41,065	**3.78%**	**72,576**	3.17%
2026	—	175,000	—	—	—	12,544	—	**—%**	**187,544**	3.45%
2027	—	—	125,000	—	—	11,844	35,115	**3.30%**	**171,959**	2.96%
2028	—	—	—	—	—	6,809	115,703	**3.35%**	**122,512**	3.35%
2029	—	—	—	—	—	2,379	5,477	**3.63%**	**7,856**	3.63%
2030	—	—	—	—	—	1,410	9,230	**1.65%**	**10,640**	1.65%
Thereafter	—	—	—	—	—	11,921	33,413	**5.00%**	**45,334**	5.00%
	150,000	**175,000**	**125,000**	**19,000**	**1,416**	**118,561**	**382,901**	3.60%	**971,878**	3.36%
Fair value adjustments on acquired debt									**2,779**	
Less: Deferred financing costs									**(12,304)**	
Total Debt									**962,353**	

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 3.87% for each year.

The following graph provides a breakdown of the Company's debt maturities as at September 30, 2021:



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 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, 2021**	December 31, 2020
Series A Unsecured Debentures	**150,000**	150,000
Series B Unsecured Debentures	**175,000**	175,000
Series C Unsecured Debentures	**125,000**	—
Less: Deferred financing costs	**(2,546)**	(2,137)
	447,454	322,863

Credit Facilities

The Company has a combined total borrowing capacity of $208,500 pursuant to its credit facilities and, as at September 30, 2021, has drawn $19,000 from the facilities.

On March 19, 2020, the Company entered into a credit agreement for a $200 million senior unsecured revolving credit facility (the **"Unsecured Revolving Credit Facility"**). The Unsecured Revolving Credit Facility matures on March 19, 2025 and may be extended for additional one-year terms, subject to certain conditions. The capacity of the Unsecured Revolving Credit Facility may be increased by up to $50 million during the term of the facility, subject to certain conditions. Borrowings under the Unsecured Revolving Credit Facility can take place by way of 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 other secured credit facilities totaling $8,500 that can be accessed for general corporate purposes.

As at September 30, 2021, the Company had drawn $19,000 under the Unsecured Revolving Credit Facility (December 31, 2020 - $87,000).

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

Thousands of Canadian dollars	**September 30, 2021**	December 31, 2020
Credit facilities drawn	**19,000**	87,000
Less: Deferred financing costs	**(482)**	(1,092)
	18,518	85,908

As at November 11, 2021, the Company's borrowing capacity was $208,500 and amounts drawn from its credit facilities were $12,000.

On June 4, 2021, the Company repaid its $100,000 Secured Credit Facility. The Company repaid the Secured Credit Facility using proceeds from the Series C Unsecured Debentures.

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, 2021, 56% 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, 2021**	December 31, 2020
Mortgages at fixed rates	**351,069**	374,248
Mortgages at variable rates	**150,393**	155,244
Fair value adjustments on acquired debt	**2,779**	3,177
Less: Deferred financing costs	**(9,276)**	(10,633)
	494,965	522,036

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

	September 30, 2021			December 31, 2020
	Fixed Rate[1]	**Variable Rate**	**Total**	Total
Weighted average interest rate	3.62 %	1.71 %	**3.60 %**	3.56 %
Weighted average term to maturity (years)	5.5	1.2	**5.4**	6.0

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

Lease Liability

The lease liability as at September 30, 2021 of $1,416 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

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.

Financial Covenants

The Company is in compliance with all financial covenants on its borrowings as at September 30, 2021. 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.

The Company's interest coverage ratio, debt service coverage ratio and debt to Adjusted EBITDA ratio includes net pandemic expenses (recoveries) for the three and nine months ended September 30, 2021 of $986 and $(5,109), respectively (2020 - $9,737 and $20,514, respectively).

Interest Coverage Ratio

The Interest Coverage Ratio is a common measure used to assess an entity's ability to service its debt obligations. In general, higher ratios indicate a lower risk of default. The interest coverage ratio is calculated as follows for the periods ended September 30:

	Three Months Ended		Nine Months Ended	
Thousands of Canadian dollars, except ratio	**2021**	2020	**2021**	2020
Net finance charges	**7,619**	8,826	**20,494**	35,763
Add (deduct):				
Redemption premium paid	**—**	—	**(160)**	—
Amortization of financing charges and fair value adjustments on acquired debt	**(545)**	(580)	**(1,950)**	(1,632)
Amortization of loss on bond forward contract	**—**	(223)	**—**	(658)
Interest income on construction funding receivable	**282**	415	**955**	1,322
Other interest income	**118**	292	**403**	1,146
Fair value gain (loss) on interest rate swap contracts	**877**	377	**5,147**	(8,808)
Net finance charges, adjusted	**8,351**	9,107	**24,889**	27,133
Adjusted EBITDA	**28,678**	23,045	**93,386**	87,643
Interest coverage ratio	**3.4**	2.5	**3.8**	3.2
Interest coverage ratio, excluding net pandemic expenses (recoveries)	**3.6**	3.6	**3.5**	4.0

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

	Three Months Ended		Nine Months Ended	
Thousands of Canadian dollars	**2021**	2020	**2021**	2020
Net income (loss)	**4,533**	(6,484)	**15,994**	(15,758)
Net finance charges	**7,619**	8,826	**20,494**	35,763
Provision for (recovery of) income taxes	**1,662**	(2,720)	**5,806**	(6,223)
Depreciation and amortization	**11,806**	19,400	**41,146**	58,258
Transaction costs	**501**	83	**1,576**	1,480
Restructuring costs	**—**	782	**—**	4,648
Proceeds from construction funding	**2,557**	3,158	**8,370**	9,475
Adjusted EBITDA	**28,678**	23,045	**93,386**	87,643
Adjusted EBITDA, excluding net pandemic expenses (recoveries)	**29,666**	32,782	**88,277**	108,157

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	**2021**	2020	**2021**	2020
Net finance charges, adjusted	**8,351**	9,107	**24,889**	27,133
Principal repayments[1]	**5,074**	5,291	**15,909**	16,332
Principal reserve fund	**—**	2,135	**—**	5,518
Total debt service	**13,425**	16,533	**40,798**	48,983
Adjusted EBITDA	**28,678**	23,045	**93,386**	87,643
Deduct:				
Maintenance capital expenditures	**(5,407)**	(2,591)	**(10,252)**	(6,056)
Net pandemic capital recoveries (expenditures)	**538**	411	**306**	(444)
Cash income tax refunded (paid)	**5,936**	—	**6,105**	(1,800)
Adjusted EBITDA (for covenant calculations)	**29,745**	20,865	**89,545**	79,343
Debt service coverage ratio	**2.2**	1.3	**2.2**	1.6
Debt service coverage ratio, excluding net pandemic expenses (recoveries) and net pandemic capital recoveries (expenditures)	**2.2**	1.8	**2.0**	2.0

Note:

1. During the three and nine months ended September 30, 2021, the Company made voluntary payments of $nil (2020 - $60,000) and $187,000 (2020 - $97,000) towards its credit facilities, which have been excluded from the debt service coverage ratio calculation. Debt repayments on maturity have also been excluded from the debt service coverage ratio calculation.

Debt to Adjusted EBITDA Ratio

The Debt to Adjusted EBITDA ratio is an indicator of the approximate number of years required for current cash flows to repay all indebtedness. The Adjusted EBITDA below is annualized using the Adjusted EBITDA for the nine months ended September 30, 2021.

	September 30	
Thousands of Canadian dollars, except ratio	**2021**	2020
Total indebtedness		
Series A Unsecured Debentures	**150,000**	150,000
Series B Unsecured Debentures	**175,000**	—
Series B Secured Debentures	**—**	287,000
Series B Secured Debentures - Principal reserve fund	**—**	(40,969)
Series C Unsecured Debentures	**125,000**	—
Credit facilities	**19,000**	107,000
Mortgages	**501,462**	534,753
Lease liability	**1,416**	1,981
	971,878	1,039,765
Adjusted EBITDA	**124,515**	116,857
Debt to Adjusted EBITDA	**7.8**	8.9
Debt to Adjusted EBITDA, excluding net pandemic (recovery) expenses	**8.3**	7.2

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.

	September 30	
Thousands of Canadian dollars, except ratio	**2021**	2020
Total indebtedness		
Series A Unsecured Debentures	**150,000**	150,000
Series B Unsecured Debentures	**175,000**	—
Series B Secured Debentures	**—**	287,000
Series B Secured Debentures - Principal reserve fund	**—**	(40,969)
Series C Unsecured Debentures	**125,000**	—
Credit facilities	**19,000**	107,000
Mortgages	**501,462**	534,753
Lease liability	**1,416**	1,981
Total indebtedness	**971,878**	1,039,765
Total assets	**1,606,834**	1,733,832
Accumulated depreciation on property and equipment	**335,954**	292,286
Accumulated amortization on intangible assets	**188,507**	174,013
Gross book value	**2,131,295**	2,200,131
Debt to gross book value	**45.6 %**	47.3 %

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, 2020	66,839,013	875,051
Dividend reinvestment plan	200,110	3,393
Long-term incentive plan, net of loans receivable	—	46
Share-based compensation	—	26
Balance, December 31, 2020	67,039,123	878,516
Long-term incentive plan, net of loans receivable	—	174
Share-based compensation	—	325
Balance, September 30, 2021	**67,039,123**	**879,015**

On March 31, 2021, the Company received approval from the TSX to renew its notice of intention to make a normal course issuer bid ("**NCIB**") for a portion of the Company's common shares. Pursuant to the notice, the Company has the authority to acquire up to a maximum of 3,351,956 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 88,089 common shares, subject to the Company's ability to make one block purchase of its common shares per calendar week that exceeds such limits. All common shares purchased by the Company under the NCIB will be cancelled upon purchase. The NCIB commenced on April 5, 2021 and will terminate on April 4, 2022, or such earlier time as the Company completes its purchases pursuant to the NCIB.

No common shares were purchased pursuant to the Company's normal course issuer bid during the quarter.

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.

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

The following table summarizes the dividends declared in relation to cash flows from operating activities and AFFO for the periods ended September 30:

Thousands of Canadian dollars	Three Months Ended 2021	2020	Change	Nine Months Ended 2021	2020	Change
Cash flows from operating activities	**14,123**	(5,523)	19,646	**66,592**	43,797	22,795
AFFO	**15,671**	14,187	1,484	**56,203**	56,394	(191)
Dividends declared	**(15,687)**	(15,687)	—	**(47,061)**	(47,045)	(16)
Cash flows from operating activities over dividends declared	**(1,564)**	(21,210)	19,646	**19,531**	(3,248)	22,779
AFFO retained	**(16)**	(1,500)	1,484	**9,142**	9,349	(207)

The shortfall or excess of cash flows from operating activities over dividends declared or increase/decrease in AFFO retained for the three and nine months ended September 30, 2021 is primarily attributable to timing of government assistance received related to pandemic expenses, higher maintenance capital expenditures, seasonality in the Company's operating results and changes in working capital balances. 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.

Capital Disclosure

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

The Company's objectives when managing capital are to:

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

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

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

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

Contractual Obligations and Other Commitments

Leases

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

Critical Accounting Estimates and Accounting Policies

The accounting policies and estimates that are critical to the understanding of the Company's business operations and results of operations are identified in Note 3 of the Company's annual audited consolidated financial statements for the year ended December 31, 2020. New or changes in accounting policies are identified in Note 3 of the Company's interim consolidated financial statements for the three and nine months ended September 30, 2021. Please refer to those interim consolidated financial statements for further details.

Significant Judgments and Estimates

The critical accounting estimates used by management in applying the Company's accounting policies and the key sources of estimation uncertainty are identified in Note 3 of the Company's annual audited consolidated financial statements for the year ended December 31, 2020. Changes in significant judgments and estimates are identified in Note 3 of the Company's interim consolidated financial statements for the three and nine months ended September 30, 2021. Please refer to those 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

Sienna along with a number of other industry participants and the Ontario government are currently engaged in litigation with two unions regarding pay equity maintenance for employees at long-term care facilities. The principle issue in the litigation was how comparisons should be done to determine equal pay for employees in the long-term care sector. The Pay Equity Tribunal found in favour of the Ontario Government. The appellate court found in favour of the unions and referred the matter back to the Tribunal. In October 2021, the Supreme Court of Canada recently 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. Sienna 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.

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, 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 2021 Report to Shareholders

Condensed Interim Consolidated Financial Statements

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited):

Condensed Interim Consolidated Statements of Financial Position (Unaudited)

Thousands of Canadian dollars

	Notes	**September 30, 2021**	December 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents		**32,440**	95,677
Accounts receivable and other assets		**20,006**	18,092
Prepaid expenses and deposits		**11,743**	6,950
Government funding receivable	5	**6,008**	5,732
Construction funding receivable	5, 8	**9,284**	9,667
Assets held for sale	6	**16,247**	—
Financial instruments	5	**25**	—
Income taxes recoverable		**—**	7,503
		95,753	143,621
Non-current assets			
Government funding receivable	5	**11,593**	908
Restricted cash	7	**3,965**	3,411
Construction funding receivable	5, 8	**19,299**	26,331
Investment in joint venture	23	**6,757**	2,323
Property and equipment	9	**1,106,019**	1,132,071
Intangible assets	10	**195,782**	201,798
Goodwill		**167,666**	167,666
Total assets		**1,606,834**	1,678,129
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	11	**120,198**	108,692
Government funding payable	5	**26,029**	18,540
Current portion of long-term debt	5, 12	**37,271**	135,707
Income taxes payable		**1,313**	—
Financial instruments	5	**1,359**	2,226
		186,170	265,165
Non-current liabilities			
Long-term debt	5, 12	**925,082**	896,917
Deferred income taxes	14	**51,083**	47,985
Government funding payable	5	**14,184**	2,671
Share-based compensation liability	17	**9,388**	9,682
Financial instruments	5	**4,053**	8,267
Total liabilities		**1,189,960**	1,230,687
EQUITY			
Shareholders' equity		**416,874**	447,442
Total equity		**416,874**	447,442
Total liabilities and equity		**1,606,834**	1,678,129

See accompanying notes.

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

"Dino Chiesa"
Dino Chiesa
Chair and Director

" Janet Graham"
Janet Graham
Director

Condensed Interim Consolidated Statements of Changes in Equity (Unaudited)

Thousands of Canadian dollars

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

	Notes	Share capital	Contributed surplus	Shareholders' deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
Balance, January 1, 2020		875,051	203	(344,058)	(711)	530,485
Issuance of shares	15	3,393	—	—	—	3,393
Net loss		—	—	(15,758)	—	(15,758)
Other comprehensive income		—	—	—	463	463
Long-term incentive plan	15	35	—	—	—	35
Share purchase loan	15	20	—	—	—	20
Dividends	15, 16	—	—	(47,045)	—	(47,045)
Balance, September 30, 2020		878,499	203	(406,861)	(248)	471,593

See accompanying notes.

Condensed Interim Consolidated Statements of Operations
(Unaudited)

Thousands of Canadian dollars, except share and per share data

	Notes	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Revenue	19, 22	**170,423**	166,850	**494,319**	495,399
Expenses					
Operating, net	4	**137,020**	137,895	**385,624**	398,042
Depreciation and amortization		**11,806**	19,400	**41,146**	58,258
Administrative	20	**7,282**	9,792	**23,671**	23,608
Share of net loss in joint venture	23	**—**	58	**8**	229
	21	**156,108**	167,145	**450,449**	480,137
Income (loss) before net finance charges, transaction costs and provision for (recovery of) income taxes		**14,315**	(295)	**43,870**	15,262
Net finance charges	13	**7,619**	8,826	**20,494**	35,763
Transaction costs		**501**	83	**1,576**	1,480
Total net finance charges and transaction costs		**8,120**	8,909	**22,070**	37,243
Income (loss) before provision for (recovery of) income taxes		**6,195**	(9,204)	**21,800**	(21,981)
Provision for (recovery of) income taxes					
Current		**(95)**	(2,404)	**2,708**	(2,650)
Deferred		**1,757**	(316)	**3,098**	(3,573)
	14	**1,662**	(2,720)	**5,806**	(6,223)
Net income (loss)		**4,533**	(6,484)	**15,994**	(15,758)
Net income (loss) per share (basic and diluted)	15	**$0.07**	($0.10)	**$0.24**	($0.24)
Weighted average number of common shares outstanding	15	**67,039,123**	67,039,123	**67,039,123**	67,006,381

See accompanying notes.

Condensed Interim Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

Thousands of Canadian dollars

	Notes	Three months ended September 30, **2021**	Three months ended September 30, 2020	Nine months ended September 30, **2021**	Nine months ended September 30, 2020
Net income (loss)		**4,533**	(6,484)	**15,994**	(15,758)
Other comprehensive income					
Items that may be subsequently reclassified to the consolidated statements of operations:					
Amortization of loss on bond forward contracts, net of tax		**—**	157	**—**	463
Total comprehensive income (loss)		**4,533**	(6,327)	**15,994**	(15,295)

See accompanying notes.

Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)

Thousands of Canadian dollars

	Notes	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
OPERATING ACTIVITIES					
Net income (loss) for the period		**4,533**	(6,484)	**15,994**	(15,758)
Add (deduct) items not affecting cash					
Depreciation of property and equipment	9	**11,326**	11,387	**34,237**	33,472
Amortization of intangible assets	10	**480**	8,013	**6,909**	24,786
Current income tax (recovery) expense		**(95)**	(2,404)	**2,708**	(2,650)
Deferred income tax expense (recovery)		**1,757**	(316)	**3,098**	(3,573)
Share of net loss in joint venture	23	**—**	58	**8**	229
Share-based compensation (recovery) expense	17	**(60)**	1,176	**1,097**	(2,408)
Net finance charges	13	**7,619**	8,826	**20,494**	35,763
Gain on disposal of property and equipment	9	**—**	—	**—**	(102)
		25,560	20,256	**84,545**	69,759
Non-cash changes in working capital					
Accounts receivable and other assets		**(1,216)**	2,161	**(1,241)**	(1,354)
Prepaid expenses and deposits		**(5,001)**	(1,668)	**(4,793)**	(4,776)
Accounts payable and accrued liabilities		**(2,403)**	(9,757)	**(1,279)**	13,777
Government funding, net		**(21,746)**	(29,373)	**(87,396)**	(54,458)
		(30,366)	(38,637)	**(94,709)**	(46,811)
Interest paid on long-term debt		**(8,197)**	(9,859)	**(22,698)**	(27,588)
Net settlement payment on interest rate swap contracts		**(686)**	(525)	**(2,088)**	(1,083)
Income taxes refunded (paid)		**5,936**	—	**6,105**	(1,800)
Government assistance related to pandemic expenses	4	**21,876**	23,242	**95,437**	51,320
Cash provided by (used in) operating activities		**14,123**	(5,523)	**66,592**	43,797
INVESTING ACTIVITIES					
Purchase of property and equipment	4, 9	**(6,736)**	(3,846)	**(22,875)**	(11,208)
Government assistance related to pandemic capital expenditures	4, 9	**18**	—	**9,443**	—
Proceeds from disposal of property and equipment	9	**—**	—	**—**	861
Purchase of intangible assets	10	**(466)**	(163)	**(893)**	(320)
Amounts received from construction funding	8	**2,557**	3,158	**8,370**	9,475
Interest received from cash	13	**118**	691	**403**	1,056
Investment in joint venture	23	**(1,306)**	(103)	**(4,442)**	(2,615)
Change in restricted cash	7	**(82)**	(59)	**(554)**	(298)
Cash used in investing activities		**(5,897)**	(322)	**(10,548)**	(3,049)
FINANCING ACTIVITIES					
Repayment of long-term debt	12	**(42,333)**	(65,291)	**(252,430)**	(138,748)
Proceeds from long-term debt	12	**56,000**	—	**181,000**	218,096
Deferred financing costs		**(26)**	(1,203)	**(790)**	(2,921)
Change in principal reserve fund		**—**	(2,135)	**—**	(5,518)
Dividends paid	16	**(15,687)**	(15,687)	**(47,061)**	(43,638)
Cash (used in) provided by financing activities		**(2,046)**	(84,316)	**(119,281)**	27,271
Increase (decrease) in cash and cash equivalents during the period		**6,180**	(90,161)	**(63,237)**	68,019
Cash and cash equivalents, beginning of period		**26,260**	178,956	**95,677**	20,776
Cash and cash equivalents, end of period		**32,440**	88,795	**32,440**	88,795

See accompanying notes.

1 Organization

Sienna Senior Living Inc. (the "**Company**") and its predecessors have been operating since 1972. The Company is a seniors' living provider serving the continuum of independent living ("**IL**"), independent supportive living ("**ISL**"), assisted living ("**AL**"), memory care ("**MC**") and long-term care ("**LTC**" or "**Long-term Care**") through the ownership and operation of seniors' living residences in the Provinces of British Columbia and Ontario. As at September 30, 2021, the Company owns and operates a total of 70 seniors' living residences: 27 retirement residences ("**RRs**" or "**Retirement Residences**"); 35 LTC residences; and eight seniors' living residences providing both private-pay IL and AL and funded LTC (including the Company's joint ownership in two residences in British Columbia). The Company also provides management services to 13 seniors' living residences in British Columbia and Ontario.

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

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

As at September 30, 2021, the Company had outstanding 67,039,123 common shares.

2 Basis of preparation

These unaudited condensed interim consolidated financial statements ("**interim consolidated financial statements**") have been prepared in accordance with International Accounting Standard ("**IAS**") 34, *Interim Financial Reporting*. The interim consolidated financial statements should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended December 31, 2020, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

The interim consolidated financial statements were approved by the Board of Directors on November 11, 2021.

3 Summary of significant accounting policies, judgments and estimation uncertainty

In preparing these interim consolidated financial statements, the accounting policies utilized are consistent with those utilized in the preparation of the annual audited consolidated financial statements for the year ended December 31, 2020.

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

4 Impact of COVID-19 on the Company

Sienna continues to incur an elevated level of expenses to support pandemic-related costs and to minimize the impact of outbreaks. The following table summarizes the government assistance and expenses related to the COVID-19 pandemic in the Retirement and LTC business segments, which are recognized net in the Company's operating expenses, in its interim consolidated statements of operations. Other corporate pandemic expenses are recognized in administrative expenses in the interim consolidated statements of operations.

	Three Months Ended September 30, 2021				**Nine Months Ended September 30, 2021**			
Thousands of Canadian dollars	**RET**	**LTC**	**Admin**	**Total**	**RET**	**LTC**	**Admin**	**Total**
Government assistance - temporary pandemic pay	139	5,659	—	5,798	895	16,271	—	17,166
Government assistance	459	13,865	—	14,324	2,415	64,633	—	67,048
Total government assistance	**598**	**19,524**	**—**	**20,122**	**3,310**	**80,904**	**—**	**84,214**
Pandemic labour - temporary pandemic pay	139	5,659	—	5,798	895	16,271	—	17,166
Pandemic labour	524	10,570	—	11,094	3,354	44,871	—	48,225
Personal protective equipment	106	1,516	—	1,622	640	4,398	—	5,038
Other	220	1,766	608	2,594	500	6,045	2,131	8,676
Total pandemic expenses	**989**	**19,511**	**608**	**21,108**	**5,389**	**71,585**	**2,131**	**79,105**
Total net pandemic expenses (recoveries)	**391**	**(13)**	**608**	**986**	**2,079**	**(9,319)**	**2,131**	**(5,109)**

	Three Months Ended September 30, 2020				Nine Months Ended September 30, 2020			
Thousands of Canadian dollars	RET	LTC	Admin	Total	RET	LTC	Admin	Total
Government assistance - temporary pandemic pay	1,856	11,776	—	13,632	3,285	22,716	—	26,001
Government assistance	738	13,129	—	13,867	1,450	25,776	—	27,226
Total government assistance	2,594	24,905	—	27,499	4,735	48,492	—	53,227
Pandemic labour - temporary pandemic pay	1,856	11,776	—	13,632	3,285	22,716	—	26,001
Pandemic labour	972	15,508	—	16,480	2,459	28,035	—	30,494
Personal protective equipment	506	1,559	—	2,065	877	5,082	—	5,959
Other	48	2,451	2,560	5,059	288	5,427	5,572	11,287
Total pandemic expenses	3,382	31,294	2,560	37,236	6,909	61,260	5,572	73,741
Total net pandemic expenses	788	6,389	2,560	9,737	2,174	12,768	5,572	20,514

During the nine months ended September 30, 2021, the Government of Ontario announced additional pandemic funding to support long-term care homes' infection prevention and containment efforts for the period April 1, 2020 to December 31, 2020. The Company received $15,342 as part of this funding during the three months ended March 31, 2021 to cover a portion of the pandemic expenses incurred in excess of available funding during the year ended December 31, 2020. During this quarter, the Company received additional retroactive pandemic funding of $1,894 to support the pandemic expenses incurred in excess of available funding during the three months ended March 31, 2021. The total retroactive pandemic funding resulted in a net pandemic recovery of $13 and $9,319 in the LTC segment for the three and nine months ended September 30, 2021, respectively.

In addition, for the three and nine months ended September 30, 2021, the Company has recognized pandemic capital expenditures in its interim consolidated statements of financial position of $203 (2020 - $nil) and $9,860 (2020 - $nil) respectively, offset by government assistance of $18 (2020 - $nil) and $9,443 (2020 - $nil) respectively, which have not been included in the table above.

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.

Rent collections from resident payments since COVID-19 up to the month of October 2021 have remained similar to past experience, with no significant change to the Company's expected credit losses.

The Company and its consolidated subsidiaries are defendants in various actions and proceedings.

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 $120,000. 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 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 $20,000, $16,000, $16,000 and $25,000 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 Sienna owned and managed residences, during the COVID-19 pandemic. This claim is a joint claim against Sienna, 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 $600,000.

None of these claims have been certified as a class action. The Company is currently reviewing the proposed class actions 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 on the Company's financial results, if any.

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

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.

5 Financial instruments

The Company uses derivative financial instruments such as interest rate swap contracts and cash-settle share swap contracts ("Total Return Swap") as appropriate to manage risks from fluctuations in interest rates of long-term debt, and to manage its cash flow exposure under the share-based compensation plans.

Fair value of financial instruments

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

The following financial instruments are at amortized cost and the fair value is disclosed as follows as at September 30, 2021 and December 31, 2020:

	As at September 30, 2021		As at December 31, 2020	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets:				
Construction funding receivable	**28,583**	**29,749**	35,998	38,337
Financial Liabilities:				
Current and long-term portion of debt	**962,353**	**995,134**	1,032,624	1,064,913

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, 2021 and December 31, 2020. A failure by the Company to comply with the obligations in these credit agreements could result in a default that, if not rectified or waived, could permit acceleration of the relevant indebtedness.

As at September 30, 2021, the Company had negative working capital (current liabilities less current assets) of $90,417 (December 31, 2020 - $121,544), with the decrease primarily due to the issuance of Series C Unsecured Debentures (defined in Note 12), partially offset by the full repayment of the secured term credit facility. To support the Company's working capital deficiency, the Company has available cash from operations, access to multiple sources of financing, and a history of successfully refinancing debt.

6 Assets held for sale

On August 30, 2021, the Company entered into an agreement to sell one retirement residence with 138 suites in British Columbia. The closing of the sale is expected to be completed by Q1 2022, and is subject to certain regulatory approval, financing and other customary closing conditions.

The property and equipment of $16,247 (note 9) being disposed of as part of this agreement have been classified as assets held for sale.

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Once they have been classified as held for sale, depreciation ceases.

7 Restricted cash

Restricted cash comprises the capital maintenance reserve funds required for certain property-level mortgages. As at September 30, 2021, the Company has $3,965 in restricted cash (December 31, 2020 - $3,411).

8 Construction funding receivable

As at September 30, 2021, the Company is eligible to receive funding from the Government of Ontario of approximately $28,583 (December 31, 2020 - $35,998) 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, 2021, the condition for the funding has been met.

As at September 30, 2021, the weighted average remaining term of the construction funding is approximately 6.3 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.

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

The following table summarizes the construction funding activity:

As at January 1, 2020	46,887
Add: Interest income earned	1,710
Less: Construction funding payments received	(12,599)
As at December 31, 2020	35,998
Add: Interest income earned	955
Less: Construction funding payments received	(8,370)
As at September 30, 2021	**28,583**

9 Property and equipment

	Land	Buildings (3)	Furniture and fixtures	Automobiles	Computer hardware	Circulating equipment	Construction in progress	Right-of-use building and equipment(1)	Total
Cost									
As at January 1, 2021	138,563	1,203,316	74,684	2,283	11,574	1,265	1,439	3,049	1,436,173
Transferred to Held for Sale (Note 6)	(6,210)	(10,986)	(1,310)	(87)	(39)	—	—	—	(18,632)
Additions(2)(3)	—	19,205	3,118	(7)	930	3	1,183	—	24,432
As at September 30, 2021	132,353	1,211,535	76,492	2,189	12,465	1,268	2,622	3,049	1,441,973
Accumulated depreciation									
As at January 1, 2021	—	261,618	34,185	965	5,385	612	—	1,337	304,102
Transferred to Held for Sale (Note 6)	—	(1,609)	(665)	(87)	(24)	—	—	—	(2,385)
Charges for the period	—	25,558	6,204	266	1,499	311	—	399	34,237
As at September 30, 2021	—	285,567	39,724	1,144	6,860	923	—	1,736	335,954
Net book value as at September 30, 2021	**132,353**	**925,968**	**36,768**	**1,045**	**5,605**	**345**	**2,622**	**1,313**	**1,106,019**
Net book value as at December 31, 2020	138,563	941,698	40,499	1,318	6,189	653	1,439	1,712	1,132,071

(1) Includes right-of-use building and related depreciation of $2,250 and $1,061, respectively (December 31, 2020 - $2,250 and $771, respectively), and the right-of-use equipment and related depreciation of $799 and $675, respectively (December 31, 2020 - $799 and $566, respectively)

(2) Includes pandemic capital expenditures for the three and nine months ended September 30, 2021 of $203 (2020 - $nil) and $9,860 (2020 - $nil), respectively, partially reduced by related government assistance for the three and nine months ended September 30, 2021 of $18 (2020 - $nil) and $9,443 (2020 - $nil), respectively.

(3) In Q3 2021, the Company recognized a remediation provision of $11,000 and a corresponding asset in property and equipment for one of its long-term care communities. The work is expected to be completed in 2023.

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

10 Intangible assets

	Licences	Resident relationships	Service contracts	Computer software	Total
Cost					
As at January 1, 2021	190,945	167,572	10,968	13,911	383,396
Additions	—	—	—	893	893
As at September 30, 2021	190,945	167,572	10,968	14,804	384,289
Accumulated amortization					
As at January 1, 2021	—	162,883	10,148	8,567	181,598
Charges for the period	—	4,689	577	1,643	6,909
As at September 30, 2021	—	167,572	10,725	10,210	188,507
Net book value as at September 30, 2021	**190,945**	**—**	**243**	**4,594**	**195,782**
Net book value as at December 31, 2020	190,945	4,689	820	5,344	201,798

11 Accounts payable and accrued liabilities

	September 30, 2021	December 31, 2020
Accounts payable and other liabilities [1]	**48,228**	38,492
Accrued wages and benefits	**63,047**	61,539
Accrued interest payable	**3,694**	3,432
Dividends payable (Note 16)	**5,229**	5,229
Total	**120,198**	108,692

[1] In Q3 2021, the Company recognized a remediation provision of $11,000 and a corresponding asset in property and equipment for one of its long-term care communities. The work is expected to be completed in 2023.

12 Long-term debt

	Interest rate	Maturity date	September 30, 2021	December 31, 2020
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**	—
Credit facilities	Floating	March 19, 2025	**19,000**	187,000
Mortgages at fixed rates	1.65% - 5.80%	2022-2041	**351,069**	374,248
Mortgages at variable rates	Floating	2022-2029	**150,393**	155,244
Lease liability	3.87%	2021-2024	**1,416**	1,817
			971,878	1,043,309
Fair value adjustments on acquired debt			**2,779**	3,177
Less: Deferred financing costs			**(12,304)**	(13,862)
Total debt			**962,353**	1,032,624
Less: Current portion			**37,271**	135,707
			925,082	896,917

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

Series C Senior Unsecured Debentures

On June 3, 2021, the Company issued $125,000 aggregate principal amount of series C senior unsecured debentures ("**Series C Unsecured Debentures**"). The Series C Unsecured Debentures 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 may be redeemed in whole or in part at the option of the Company at any time, as long as the Company provides not less than 10 days' and not more than 60 days' notice to the holders of the Series C Unsecured Debentures. Prior to January 31, 2027 (the "**Par Call Date**"), the redemption price is the greater of: (i) the Canada Yield Price including accrued and unpaid interest to the redemption date; and (ii) 100% of the principal amount outstanding of the Debentures being redeemed. On or after the Par Call Date, the redemption price is 100% of the principal amount outstanding of the Series C Unsecured Debentures with accrued and unpaid interest to, but excluding the date fixed for redemption. The Canada Yield Price is defined as a price equal to the price of the debenture, exclusive of accrued and unpaid interest, calculated to provide a yield to the Par Call Date equal to the Government of Canada Yield calculated on the date the Company gives notice of redemption plus 0.43%.

Credit facilities

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

	September 30, 2021	December 31, 2020
Credit facilities available	**208,500**	208,500
Amounts drawn under credit facilities	**19,000**	87,000
Remaining available balance under credit facilities	**189,500**	121,500

Subsequent to September 30, 2021, the Company has drawn $12,000 from its unsecured credit facilities.

Mortgages

The following table summarizes the scheduled maturities of the Company's property-level mortgages as at September 30, 2021:

	Mortgages			
Year	Regular principal payments	Principal due at maturity	**Total**	% of Total
2021	5,265	—	**5,265**	1.0%
2022	19,992	31,970	**51,962**	10.4%
2023	17,837	60,824	**78,661**	15.7%
2024	16,049	50,104	**66,153**	13.2%
2025	12,511	41,065	**53,576**	10.7%
2026	12,544	—	**12,544**	2.5%
2027	11,844	35,115	**46,959**	9.4%
2028	6,809	115,703	**122,512**	24.4%
2029	2,379	5,477	**7,856**	1.6%
2030	1,410	9,230	**10,640**	2.1%
Thereafter	11,921	33,413	**45,334**	9.0%
	118,561	382,901	**501,462**	100.0%

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

13 Net finance charges

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
Finance costs				
Interest expense on mortgages	**3,841**	4,130	**11,746**	13,279
Interest expense on debentures	**3,586**	3,686	**9,163**	11,025
Interest expense on credit facilities	**224**	746	**1,845**	1,681
Interest expense on right-of-use assets	**14**	20	**47**	65
Redemption premium paid	**—**	—	**160**	—
Amortization of financing charges and fair value adjustments on acquired debt	**545**	580	**1,950**	1,632
Amortization of loss on bond forward contract	**—**	223	**—**	658
Net settlement payment on interest rate swap contracts	**686**	525	**2,088**	1,083
Fair value (gain) loss on interest rate swap contracts	**(877)**	(377)	**(5,147)**	8,808
	8,019	9,533	**21,852**	38,231
Finance income				
Interest income on construction funding receivable	**282**	415	**955**	1,322
Other interest income	**118**	292	**403**	1,146
	400	707	**1,358**	2,468
Net finance charges	**7,619**	8,826	**20,494**	35,763

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

14 Income taxes

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

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
Income (loss) before provision for (recovery of) income taxes	**6,195**	(9,204)	**21,800**	(21,981)
Canadian combined income tax rate	**26.57 %**	26.57 %	**26.57 %**	26.57 %
Income tax expense (recovery)	**1,646**	(2,445)	**5,792**	(5,840)
Adjustments to income tax provision (recovery):				
Non-deductible items	**27**	39	**96**	54
Book to filing adjustment	**—**	(154)	**(79)**	(154)
Other items charged to equity	**(11)**	(160)	**(3)**	(283)
Provision for (recovery of) income taxes	**1,662**	(2,720)	**5,806**	(6,223)

The following are the deferred tax assets (liabilities) recognized by the Company and movements thereon during the nine months ended September 30, 2021:

	Depreciable tangible and intangible assets	Share issuance	Construction funding interest	Other	Total
As at January 1, 2020	(58,621)	2,156	1,837	2,606	(52,022)
Credit (charge) to net income	4,626	(1,016)	(601)	1,031	4,040
Book to filing adjustment	545	4	—	(299)	250
Charge to other comprehensive income	—	—	—	(253)	(253)
As at December 31, 2020	(53,450)	1,144	1,236	3,085	(47,985)
Charge to net income	(225)	(526)	(254)	(2,398)	(3,403)
Book to filing adjustment	269	—	—	36	305
As at September 30, 2021	**(53,406)**	**618**	**982**	**723**	**(51,083)**

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

15 Share capital

Authorized

Unlimited number of common shares, without nominal or par value

Unlimited number of preferred shares, without nominal or par value

Issued and outstanding

Common shares

	Common shares	Amount
Balance, January 1, 2020	66,839,013	875,051
Dividend reinvestment plan	200,110	3,393
Long-term incentive plan, net of loans receivable	—	46
Share-based compensation	—	26
Balance, December 31, 2020	67,039,123	878,516
Long-term incentive plan, net of loans receivable	—	174
Share-based compensation	—	325
Balance, September 30, 2021	**67,039,123**	**879,015**

Dividend reinvestment plan

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

Normal course issuer bid

On March 31, 2021, the Company received approval from the TSX to renew its notice of intention to make a normal course issuer bid (**"NCIB"**) for a portion of the Company's common shares. Pursuant to the notice, the Company has the authority to acquire up to a maximum of 3,351,956 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 88,089 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 may begin to purchase shares on April 5, 2021 and the NCIB will terminate on April 4, 2022, or such earlier time as the Company completes its purchases pursuant to the NCIB or provides notice of intention.

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

Net income (loss) per share

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

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

16 Dividends

For the three and nine months ended September 30, 2021**,** the Company paid monthly dividends of $0.078 per common share totaling $15,687 and $47,061, respectively (2020 - $15,687 and $43,638, respectively). Dividends payable of $5,229 are included in accounts payable and accrued liabilities as at September 30, 2021 (December 31, 2020 - $5,229). Subsequent to September 30, 2021, the Board of Directors declared dividends of $0.078 per common share for October 2021 totaling $5,229.

17 Share-based compensation

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

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

During the nine months ended September 30, 2021, 96,608 restricted share units ("**RSUs**") (2020 - 19,551) were granted pursuant to the RSUP. Total expenses related to the RSUP for the three and nine months ended September 30, 2021 were $26 and $277, respectively (2020 - $49 and $27, respectively), including mark-to-market adjustments, which were recognized in administrative expenses. During the nine months ended September 30, 2021, 9,712 RSUs vested (2020 - $nil) and were settled in cash, resulting in a decrease of $135 in the share-based compensation liability. The total liability recorded as part of the share-based compensation liability as at September 30, 2021 was $493 (December 31, 2020 - $351).

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

	Number of RSUs
Outstanding, January 1, 2020	23,159
Granted	19,551
Dividend equivalents	2,151
Settled in cash	(1,318)
Outstanding, December 31, 2020	43,543
Granted	96,608
Forfeited	(3,125)
Dividend equivalents	3,235
Settled in cash	(9,712)
Outstanding, September 30, 2021	**130,549**

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

During the nine months ended September 30, 2021, 32,056 deferred share units ("**DSUs**") (2020 - 39,397) were granted pursuant to the DSUP. Total (recoveries) expenses related to the DSUP for the three and nine months ended September 30, 2021 were $(585) and $829, respectively (2020 - $907 and $(1,540), 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, 2021 was $6,287 (December 31, 2020 - $5,458). 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.

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 DSUs granted is as follows:

	Number of DSUs
Outstanding, January 1, 2020	310,892
Granted	49,190
Dividends reinvested	25,918
Outstanding, December 31, 2020	386,000
Granted	32,056
Dividends reinvested	19,148
Outstanding, September 30, 2021	**437,204**

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

During the nine months ended September 30, 2021, 30,672 (2020 - 83,530) executive deferred share units ("**EDSUs**") were granted. Total (recoveries) expenses related to the EDSUP for the three and nine months ended September 30, 2021 were $(440) and $124, respectively (2020 - $220 and $(895), respectively) including mark-to-market adjustments, which were recognized in administrative expenses. During the nine months ended September 30, 2021, 103,948 EDSUs vested (2020 - $nil) and were settled in cash, resulting in a decrease of $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, 2021 was $2,608 (December 31, 2020 - $3,873). 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.

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

	Number of EDSUs
Outstanding, January 1, 2020	256,103
Granted	88,796
Forfeited	(1,858)
Dividends reinvested	11,836
Settled in cash	(48,283)
Outstanding, December 31, 2020	306,594
Granted	30,672
Forfeited	(8,995)
Dividends reinvested	4,652
Settled in cash	(103,948)
Outstanding, September 30, 2021	**228,975**

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

Share-based compensation expense (recovery), under Notes 18 and 20, includes a fair value loss (gain) on Total Return Swap contracts for the three and nine months ended September 30, 2021 of $939 and $(133), respectively, (2020 - $nil and $nil, respectively), and mark-to-market (recovery) expense on share-based compensation liability for the three and nine months ended September 30, 2021 of $(1,135) and $24, respectively (2020 - $918 and $(4,307), respectively).

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

18 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,	
	2021	2020	**2021**	2020
Salaries and short-term employee benefits	**1,249**	702	**3,938**	2,918
Share-based compensation (recovery) expense (Note 17)	**(98)**	1,176	**1,059**	(3,166)
Restructuring costs	**—**	479	**—**	4,218
	1,151	2,357	**4,997**	3,970

19 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. During the three and nine months ended September 30, 2021, the Company received approximately $133,533 and $460,103, respectively (2020 - $113,861 and $318,359 respectively) in respect of these licences and pandemic related funding.

20 Administrative expenses

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
General and administrative expenses	**6,734**	5,274	**20,443**	16,554
Restructuring costs	**—**	782	**—**	4,648
Pandemic related expenses (Note 4)	**608**	2,560	**2,131**	5,572
Share-based compensation (recovery) expense (Note 17)	**(60)**	1,176	**1,097**	(3,166)
Total administrative expenses	**7,282**	9,792	**23,671**	23,608

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

21 Expenses by category

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
Salaries, benefits and other people costs	**106,061**	102,243	**305,533**	301,008
Depreciation and amortization	**11,806**	19,400	**41,146**	58,258
Food	**7,902**	7,459	**22,391**	22,702
Purchased services and non-medical supplies	**6,132**	6,022	**17,993**	17,774
Utilities	**4,696**	4,177	**13,601**	12,599
Property taxes	**3,589**	3,898	**11,210**	11,477
Restructuring costs	**—**	782	**—**	4,648
Share-based compensation (recovery) expense [(1)] (Note 17)	**(60)**	1,176	**1,097**	(3,166)
Other	**14,996**	12,251	**42,587**	34,323
Total expenses before net pandemic expenses (recoveries)	**155,122**	157,408	**455,558**	459,623
Pandemic labour	**16,892**	30,112	**65,391**	56,495
Personal protective equipment	**1,622**	2,065	**5,038**	5,959
Other pandemic related expenses[(2)]	**2,594**	5,059	**8,676**	11,287
Government assistance[(3)]	**(20,122)**	(27,499)	**(84,214)**	(53,227)
Net pandemic expenses (recoveries)	**986**	9,737	**(5,109)**	20,514
Total expenses	**156,108**	167,145	**450,449**	480,137

[(1)] Share-based compensation expense (recovery), which was previously presented within *'Salaries, benefits and other people costs'* and '*Other'* categories, has been separately presented.

[(2)] 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.

[(3)] 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, 2021, the LTC segment received retroactive pandemic funding of $1,894 and $15,342, respectively, related to pandemic expenses incurred in excess of available funding during the three months ended March 31, 2021 and year ended December 31, 2020, respectively.

22 Segmented information

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

The Company is comprised of the following main business segments:

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

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

	Three months ended September 30, 2021			
	Retirement[1]	**LTC**	**Corporate, eliminations and other**	**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 [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	**—**	**—**	**—**	**—**
Income (loss) before net finance charges, transaction costs and provision for income taxes	**7,854**	**14,633**	**(8,172)**	**14,315**
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 (recovery) of $391 for Retirement, $(13) 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

	Three months ended September 30, 2020			
	Retirement[1]	LTC	Corporate, eliminations and other	Total
Gross revenue	37,151	133,932	16,171	187,254
Less: Internal revenue	—	4,233	16,171	20,404
Net revenue	37,151	129,699	—	166,850
Operating expense, net [2]	23,138	114,757	—	137,895
Depreciation and amortization	12,610	5,749	1,041	19,400
Administrative expense [2]	—	—	9,792	9,792
Share of net loss in joint venture	—	—	58	58
Income (loss) before net finance charges, transaction costs and recovery of income taxes	1,403	9,193	(10,891)	(295)
Finance costs	2,799	4,754	1,980	9,533
Finance income	—	(592)	(115)	(707)
Transaction costs	—	—	83	83
Recovery of income taxes	—	—	(2,720)	(2,720)
Net (loss) income	(1,396)	5,031	(10,119)	(6,484)
Purchase of property and equipment, net of disposals	2,565	1,037	244	3,846
Purchase of intangible assets	—	—	163	163

[1] For the three months ended September 30, 2020, the Retirement segment recognized accommodation revenues of $17,461 and service revenues of $19,690.
[2] Includes net pandemic expense of $788 for Retirement, $6,389 for LTC and $2,560 for corporate, eliminations and other.

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**	**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 [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**
Income (loss) before net finance charges, transaction costs and provision for income taxes	**17,595**	**52,260**	**(25,985)**	**43,870**
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 in the LTC segment for the nine months ended September 30, 2021 of $9,860, offset by government assistance for the nine months ended September 30, 2021 of $9,443.

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

	Nine months ended September 30, 2020			
	Retirement[1]	LTC	Corporate, eliminations and other	Total
Gross revenue	112,651	395,221	48,696	556,568
Less: Internal revenue	—	12,473	48,696	61,169
Net revenue	112,651	382,748	—	495,399
Operating expense, net [2]	67,445	330,597	—	398,042
Depreciation and amortization	38,174	16,923	3,161	58,258
Administrative expense [2]	—	—	23,608	23,608
Share of net loss in joint venture	—	—	229	229
Income (loss) before net finance charges, transaction costs and recovery of income taxes	7,032	35,228	(26,998)	15,262
Finance costs	18,211	14,749	5,271	38,231
Finance income	—	(2,126)	(342)	(2,468)
Transaction costs	—	—	1,480	1,480
Recovery of income taxes	—	—	(6,223)	(6,223)
Net (loss) income	(11,179)	22,605	(27,184)	(15,758)
Purchase of property and equipment, net of disposals	6,182	4,382	644	11,208
Purchase of intangible assets	(5)	—	325	320

[1] For the nine months ended September 30, 2020, the Retirement segment recognized accommodation revenues of $52,946 and service revenues of $59,705.
[2] Includes net pandemic expense of $2,174 for Retirement, $12,768 for LTC and $5,572 for corporate, eliminations and other.

	As at September 30, 2021			
	Retirement	**LTC**	**Corporate, eliminations and other**	**Total**
Total assets	743,745	835,309	16,780	**1,595,834**

	As at December 31, 2020			
	Retirement	LTC	Corporate, eliminations and other	Total
Total assets	759,540	837,923	80,666	1,678,129

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

23 Joint arrangements

Joint venture

On February 7, 2020, the Company formed a joint venture with a third party for the purpose of developing a retirement residence in Niagara Falls, Ontario. The Company owns a 70% interest in this joint venture. The Company 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 the joint venture, and the Company's share of the joint venture's net loss.

Investment in Niagara Falls Joint Venture as at January 1, 2020	—
Contributions to joint venture	2,888
Share of net loss from joint venture	(565)
Investment in Niagara Falls Joint Venture as at December 31, 2020	2,323
Contributions to joint venture	4,442
Share of net loss from joint venture	(8)
Investment in Niagara Falls Joint Venture as at September 30, 2021	**6,757**

	September 30, 2021	December 31, 2020
Current assets	**911**	167
Long-term assets	**9,813**	3,448
Total assets	**10,724**	3,615
Current liabilities	**1,071**	297
Total liabilities	**1,071**	297
Net assets	**9,653**	3,318
Share of net investment in joint venture	**6,757**	2,323

	Three months ended September 30,		**Nine months ended September 30,**	
	2021	2020	**2021**	2020
Expenses	**—**	82	**11**	327
Net loss	**—**	(82)	**(11)**	(327)
Share of net loss	**—**	(58)	**(8)**	(229)

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

Joint operations

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

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

	September 30, 2021	December 31, 2020
Current assets	**3,263**	3,318
Long-term assets	**97,814**	99,745
Total assets	**101,077**	103,063
Current liabilities	**5,960**	6,725
Long-term liabilities	**62,624**	63,633
Total liabilities	**68,584**	70,358
Net assets	**32,493**	32,705
Share of net assets	**16,598**	16,667

As at September 30, 2021, the Company's share of net assets in Nicola Lodge and Glenmore Lodge was $9,131 and $7,467, respectively (December 31, 2020 - $9,233 and $7,434, respectively).

	Three months ended September 30,		**Nine months ended September 30,**	
	2021	2020	**2021**	2020
Revenue	**8,422**	7,657	**23,393**	23,146
Expenses				
Operating, net(1)	**6,438**	5,756	**18,180**	17,566
Depreciation and amortization	**658**	663	**1,985**	2,074
	7,096	6,419	**20,165**	19,640
Income before net finance charges	**1,326**	1,238	**3,228**	3,506
Net finance charges	**714**	788	**2,151**	2,243
Net income	**612**	450	**1,077**	1,263
Share of net income	**284**	273	**653**	634

(1) Includes net pandemic (recovery) expenses for the three and nine months ended September 30, 2021 of $(43) and $1,070, respectively (2020 - $(51) and $683, respectively).

For the three months ended September 30, 2021, the Company's share of net income in Nicola Lodge and Glenmore Lodge was $203 and $81, respectively (2020 - $80 and $193, respectively).

For the nine months ended September 30, 2021, the Company's share of net income in Nicola Lodge and Glenmore Lodge was $193 and $460, respectively (2020 - $366 and $268, respectively).

24 Subsequent Events

Subsequent to September 30, 2021, the Company entered into an agreement to sell a long-term care community with 236 beds in Ontario for an estimated net selling price of $19,875. The closing of the sale is expected to be completed at the end of Q1 2022, and is subject to regulatory approval, financing and other customary closing conditions.

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