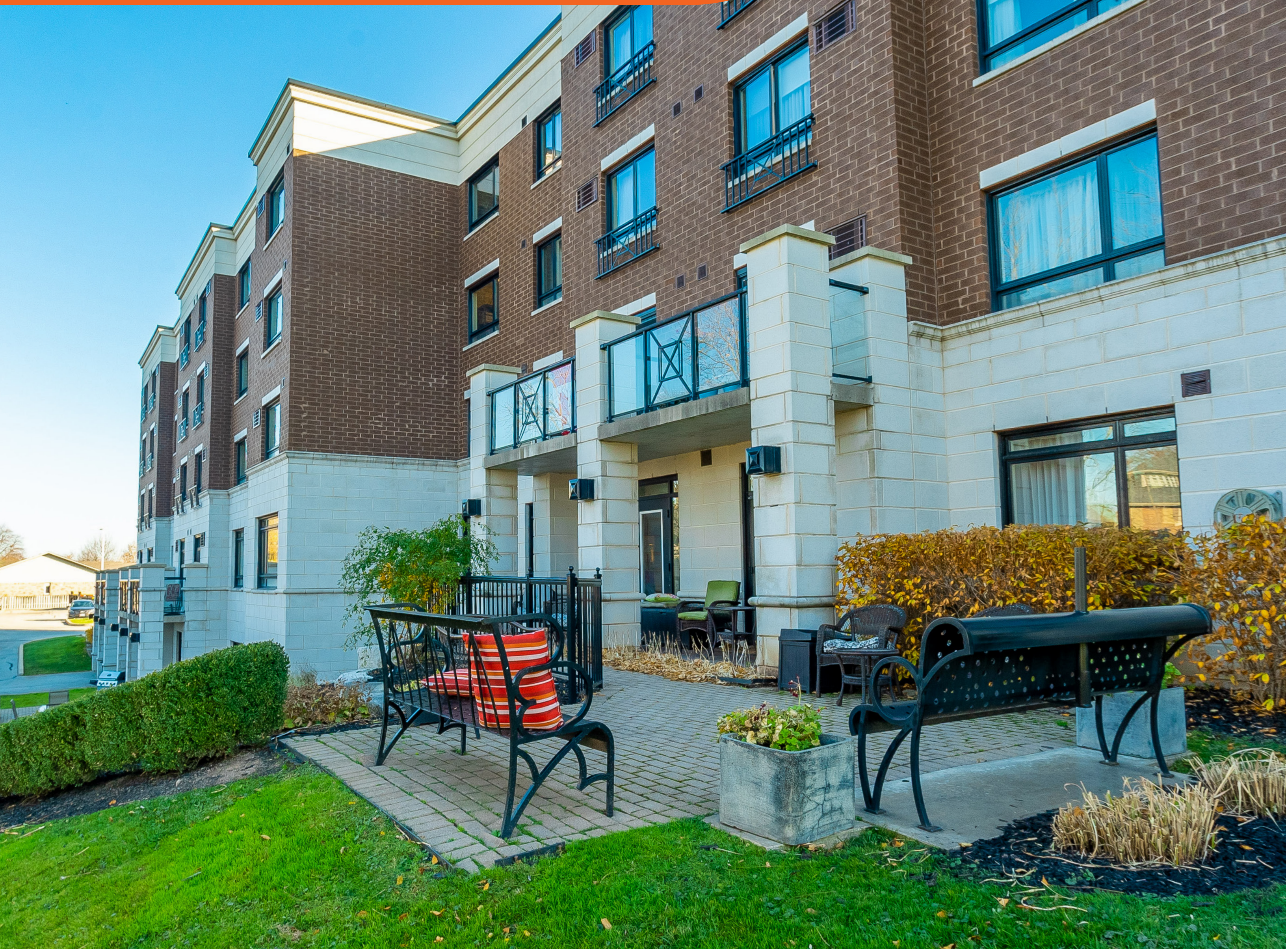
Report to Shareholders

Q1 2022 Sienna Senior Living Inc.



LETTER TO SHAREHOLDERS

Dear Fellow Shareholders,

The most treasured relationships people have in life are often with their parents and children. At Sienna we have the privilege to care for and serve people's parents. We take on this immense responsibility because we believe that the generations before us, who have worked hard to create a better life for those around them, deserve to live with dignity and respect. Our experience and passion for this work continues to reaffirm that we play a vital role and contribute a great deal to the much needed seniors' living sector in Canada. As we grow our Company and increase the scale and depth of our operations, we are constantly reminded of our Company's important purpose and the role we play in the lives of thousands of Canadian seniors and their families.

During the first quarter of 2022, we made significant progress with respect to many of Sienna's strategic initiatives to strengthen and differentiate our operating platforms and grow our Company. In the coming months, we will continue with our platform changes and rollout of new programs, integrate our acquisition properties and welcome new team members who will be joining our Company as a result of our acquisitions.

Portfolio Expansion in some of Canada's Fastest-growing Markets

Once finalized, the addition of 12 retirement residences and a campus of care will significantly enhance the size and quality of our private-pay portfolio and further solidify the Company's position as a leading seniors' living provider in key markets across Canada.

Through these acquisitions, we are expanding our portfolio of owned and managed retirement suites within a one-hour drive of Toronto by approximately 60% and are adding over 500 retirement suites in Saskatchewan to our asset base.

Our acquisitions of five retirement residences in Saskatchewan will give us immediate scale in one of the fastest growing markets in Canada. Saskatchewan's real GDP is expected to grow substantially as a result of the strength in the energy and agricultural sectors. In addition, the province's job market is exceptionally robust and the housing market remains strong.

Growing our diversified portfolio and expanding our portfolio into the west has and will continue to be part of our growth strategy.

Aspira Going Live

Together with our existing retirement portfolio, our newly acquired residences will be operated under the Company's Aspira brand. Aspira's resident-centric model of choice offers enhancements to residents' culinary experience and sophisticated signature programming.

Following the launch of the dedicated website for Aspira at the end of April, we are in the process of rolling out Aspira's signature programs at our residences, including ***Nourish by Aspira***, ***Active by Aspira*** and ***Explore by Aspira***. While Nourish by Aspira focuses on culinary excellence and more choices, Active by Aspira offers an expanded range of fitness classes and Explore by Aspira aims to help residents connect with others, pick up a new hobby, or continue learning, including Masters Academy, a year-round, semester-based educational program for residents.

We expect Aspira and its service offerings will differentiate our retirement brand and further support lead generation, occupancy growth and ultimately the Company's financial performance. Average same-property occupancy in our retirement portfolio continued to strengthen during Q1 2022, increasing by 90 basis points to 85.5% quarter over quarter. This was followed by a further occupancy increase to 87.1% in April, an occupancy level not seen in over two years.

Intensified Competition for Talent in an Industry at the Cusp of Exponential Growth

Our industry is at the cusp of exponential growth and competition for talent is expected to further intensify in the years ahead. As part of our strategic objectives, we aim to offer a compelling team experience and nurture a purpose-driven culture.

We are the first Canadian seniors' living company to grant shares to every eligible full-time and part-time team member through the Sienna Ownership and Rewards program ("**SOAR**"). This program was approved by our shareholders at Sienna's annual meeting in April 2022 and the issuance of shares has commenced in early May. On May 11, we were honoured by the Toronto Stock Exchange and celebrated this milestone by ringing the opening bell with many of our long–serving frontline team members across the country.

Our initiatives also include numerous programs for current and prospective team members to support their career growth and to bridge the existing labour gap in our sector. Programs include government-sponsored education programs, expedited placements of internationally educated nurses and increasing recruitment of college and university students. During the first quarter of 2022, approximately 640 students were placed across our residences.

We believe that these initiatives will help us attract and retain a highly engaged workforce and build a talent pipeline for our growing company.

Development Momentum of Long-Term Care Portfolio Continues

In the coming months, we will also continue our development momentum, which includes construction starts at two additional long-term care redevelopment projects this year as part of Sienna's $600 million redevelopment plan of our Ontario long-term care communities.

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

Sienna is making a significant contribution towards the Province of Ontario's plan to add 30,000 much-needed new long-term care beds by 2028, in addition to upgrading existing beds. Through our developments, we are supporting the goal to build a long-term care system where all residents experience the best possible quality of life and care.

Playing an Important Role in the Communities We Serve

The unprecedented demographic shift and growth of Canada's seniors' population not only supports our strategic growth initiatives but serves as a constant reminder of the important role we play in the communities we serve across the country.

The experience and learnings from the past two years have given us new clarity around our purpose and guided us in our reimagined new vision for the Company. In everything we do, we consider the profound impact our actions and initiatives have on our residents' and team members' quality of life and well-being. Helping them find joy and happiness in the big events and small moments – and everything in-between – is a key consideration of our newly defined purpose. We are stepping outside of the sector's typical aspirational goals with our new vision statement which will be unveiled in the coming months – a statement that underscores what we think it takes to be Canada's leading provider of seniors' living.

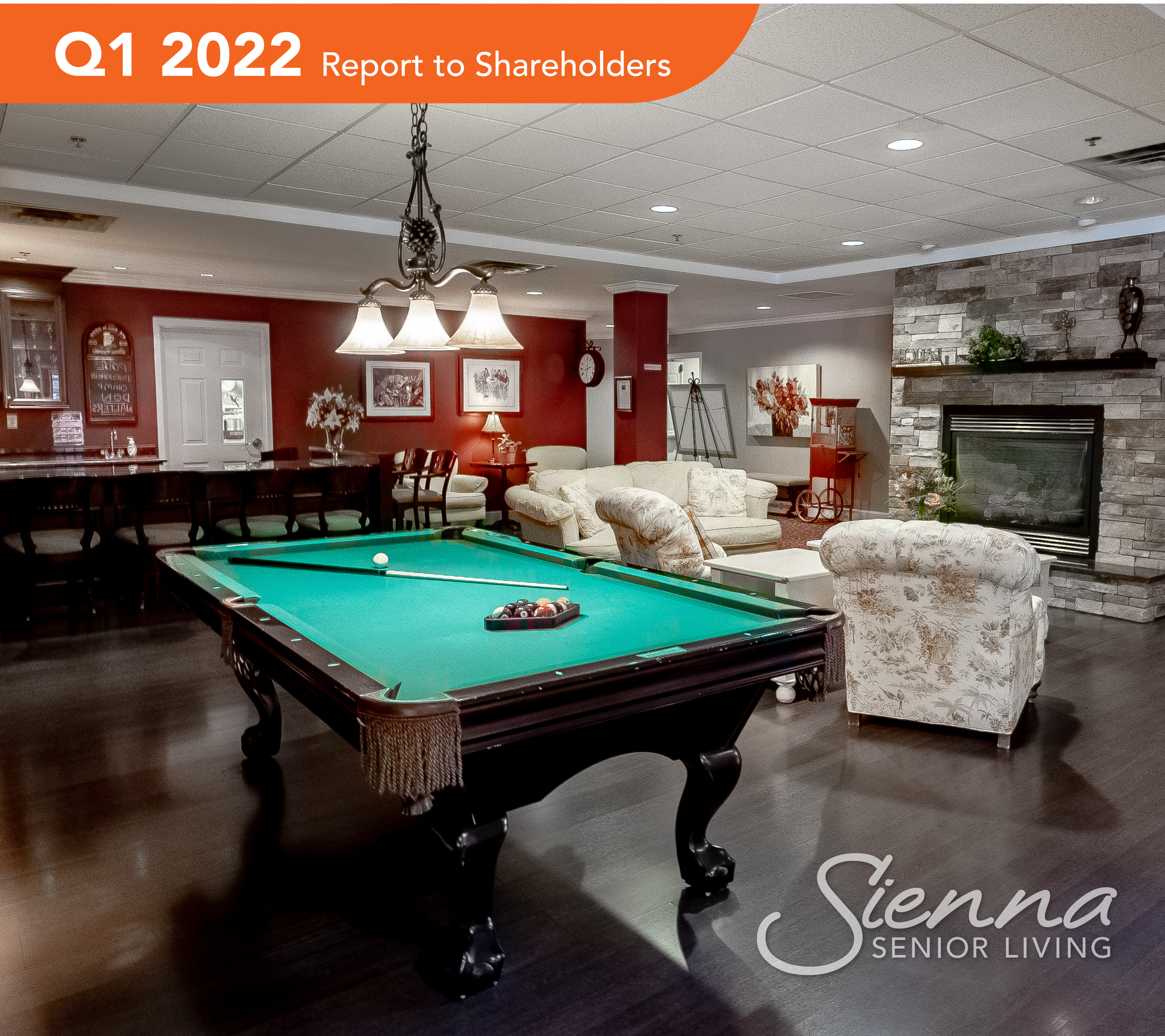
On behalf of our management team and our Board of Directors, I want to thank all of you for your continued support and commitment.

Sincerely,

Nitin Jain
President and Chief Executive Officer
Sienna Senior Living

Management's Discussion and Analysis

Q1 2022 Report to Shareholders



Sienna
SENIOR LIVING

MANAGEMENT'S DISCUSSION AND ANALYSIS

Basis of Presentation

The following Management's Discussion and Analysis ("**MD&A**") for Sienna Senior Living Inc. (the "**Company**" or "**Sienna**") provides a summary of the financial results for the three months ended March 31, 2022. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements ("**interim consolidated financial statements**") for the three months ended March 31, 2022. This material is available on the Company's website at www.siennaliving.ca. Additional information about the Company, including its Annual Information Form ("**AIF**") for the year ended December 31, 2021 can be found on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com.

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

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

With the exception of this MD&A's Business Update, Outlook and Environmental, Social and Governance ("**ESG**") Responsibility sections, or unless otherwise stated, all dollar amounts referred to in this MD&A, including tabular amounts, are expressed in thousands of Canadian dollars.

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

Additional Information

Additional information relating to the Company can be found on the Company's website at www.siennaliving.ca, by accessing the Company's public filings on SEDAR, or by contacting David Hung, the Company's Chief Financial Officer and Executive Vice President, at 905-489-0258 or david.hung@siennaliving.ca.

Review and Approval by the Board of Directors

This MD&A is dated as of May 12, 2022, the date this report was approved by the Board of Directors of the Company, and is based on information available to management of the Company as of that date.

Company Profile

The Company and its predecessors have been operating since 1972. The Company is a seniors' living provider serving the continuum of independent living ("**IL**"), independent supportive living ("**ISL**"), assisted living ("**AL**"), memory care ("**MC**") and long-term care (**"LTC"** or **"Long-term Care"**) through the ownership and operation of seniors' living residences in the Provinces of British Columbia and Ontario. As at March 31, 2022, the Company owns and operates a total of 68 seniors' living residences: 26 retirement residences ("**RRs**" or "**Retirement Residences**"); 34 LTC communities; and eight seniors' living residences providing both private-pay IL/AL and funded LTC (including the Company's joint ownership in two residences in British Columbia). The Company also provides management services to an additional 13 seniors' living residences in the Provinces of British Columbia and Ontario.

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

		Retirement (Suites)	Long-term Care (Beds)		Total[1]
Business Segment	**Residences**	**Private**	**Private**	**Funded**	**Beds / Suites**
Retirement	26	3,153	—	—	3,153
Long-term Care[2]	42	—	180	6,452	6,632
Total	**68**	**3,153**	**180**	**6,452**	**9,785**

Notes:
1. 83.4% and 16.6% of total beds/suites are located in Ontario and British Columbia, respectively.
2. 5.6% of total LTC beds and suites are partially owned, of which the Company owns 40% of Nicola Lodge and 77% of Glenmore Lodge as at March 31, 2022.

The Company is traded on the Toronto Stock Exchange ("**TSX**") under the symbol "SIA".

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

As at May 12, 2022, the Company had 72,863,532 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**"). These terms are defined in the following table and reconciliations to most comparable IFRS measure are referenced, as applicable.

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

These Key Performance Indicators and Non-IFRS Measures should not be construed as alternatives to net income or cash flow from operating activities determined in accordance with IFRS as indicators of the Company's performance. The Company's method of calculating these measures may differ from other issuers' methods and accordingly, these measures may not be comparable to measures presented by other publicly traded entities.

Non-IFRS Measure	Definition	Reconciliation
Net Operating Income ("NOI")	NOI is defined as property revenue and government assistance related to the pandemic net of property operating expenses. The Company believes that NOI is a useful additional measure of operating performance as it provides a measure of core operations that is calculated prior to taking into account depreciation, amortization, administrative expenses, net finance charges, transaction costs, gain on disposal of properties and income taxes. The IFRS measure most directly comparable to NOI is "net income".	Section - Business Performance - Reconciliation of Net Income to Net Operating Income

Non-IFRS Measure	Definition	Reconciliation
Funds from Operations ("FFO")	FFO is defined as NOI less certain adjustments including administrative expenses, finance charges and current income taxes. FFO is a recognized earnings measure that is widely used by public real estate entities, particularly by those entities that own and/or operate income-producing properties. The use of FFO, combined with the required IFRS presentations, has been included for the purpose of improving the understanding of the Company's operating results. The IFRS measure most directly comparable to FFO is "net income".	Section - Business Performance - Adjusted Funds from Operations
Operating funds from operations ("OFFO") and OFFO per Share	OFFO is FFO adjusted for non-recurring items, which includes restructuring costs, and presents finance charges on a cash interest basis. Management of the Company is of the view that OFFO is a relevant measure of the operating performance of the Company.	Section - Business Performance - Adjusted Funds from Operations
Adjusted funds from operations ("AFFO") and AFFO per share	AFFO is defined as OFFO plus the principal portion of construction funding received, less actual maintenance and net pandemic capital expenditures. Management of the Company believes AFFO is a cash flow measure, which is relevant in understanding the Company's ability to earn cash and pay dividends to shareholders. The IFRS measure most directly comparable to AFFO is "cash flow from operating activities."	Section - Business Performance - Reconciliation of Cash Flow from Operations to Adjusted Funds from Operations

Non-IFRS Measure	Definition	Reconciliation
Earnings before interest, taxes, depreciation and amortization ("EBITDA")	EBITDA is defined as net income excluding net finance charges, taxes, transaction costs, depreciation and amortization. EBITDA is relevant in understanding the Company's ability to service its debt, finance capital expenditures and pay dividends to shareholders. The IFRS measure most directly comparable to EBITDA is "net income".	Section - Liquidity and Capital Resources - Financial Covenants
Adjusted EBITDA	Adjusted EBITDA is defined as EBITDA, adjusted for construction funding proceeds and non-recurring items.	Section - Liquidity and Capital Resources - Financial Covenants
Maintenance capital expenditures	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.	N/A
Pandemic expenses	Pandemic expenses are defined as operating expenses incurred in prevention and control of COVID-19.	N/A

Key Performance Indicator	Definition	Reconciliation
Pandemic capital expenditures	Pandemic capital expenditures are defined as capital investments directly contributing to improved infection prevention and control ("IPAC") to manage the pandemic.	N/A
Occupancy	Occupancy is a key driver of the Company's revenues.	N/A
Payout ratio	Management of the Company monitors the payout ratio, which is calculated by dividing dividends per share over basic AFFO per share.	N/A
Debt to Enterprise Value	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.	N/A
Debt to Gross Book Value	In conjunction with the debt service coverage ratio, management of the Company monitors this ratio to ensure compliance with certain financial covenants.	N/A
Weighted Average Cost of Debt	This is a point in time calculation which is useful in comparing interest rates, either period over period, or to market rates.	N/A
Debt to Adjusted EBITDA ratio	This ratio which is calculated by dividing total debt over adjusted EBITDA.	N/A

Key Performance Indicator	Definition	Reconciliation
Interest Coverage Ratio	Interest coverage ratio, which is calculated using adjusted EBITDA divided by net finance charges, is a common measure used to assess an entity's ability to service its debt obligations.	N/A
Debt Service Coverage Ratio	This ratio is which is calculated using total debt service divided by adjusted EBITDA, useful for management of the Company to ensure it is in compliance with its financial covenants.	N/A
Weighted Average Term to Maturity	This indicator is used by management of the Company to monitor its debt maturities.	N/A
Same Property	Measures with "same property" are similar to "same-store" measures used in a number of other industries and are intended to measure the period over period performance of the same asset base. The same property portfolio excludes acquired properties owned for less than one year 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.	N/A
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.	N/A

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

Thousands of Canadian dollars, except occupancy, share and ratio data	Three Months Ended 2022	2021	Change
OCCUPANCY			
Retirement - Average same property occupancy(1)	**85.5 %**	79.1 %	6.4%
Retirement development and other - Average occupancy(1)	**60.7 %**	55.3 %	5.4%
Retirement - Average total occupancy(1)	**84.7 %**	77.7 %	7.0%
LTC - Average total occupancy (2)	**87.0 %**	81.5%	5.5%
LTC - Average private occupancy	**80.4 %**	78.4%	2.0%
LTC - Average total occupancy excl. 3 and 4 ward beds and isolation beds	**93.8 %**	n/a	n/a
FINANCIAL			
Revenue	**174,282**	161,228	13,054
Operating expenses, net	**142,144**	116,961	25,183
Same property NOI(3)	**31,642**	42,372	(10,730)
Total NOI(3)	**32,138**	44,267	(12,129)
Administrative expenses	**7,946**	8,311	(365)
EBITDA(4)(10)	**47,914**	35,948	11,966
Net income	**26,020**	10,143	15,877
OFFO(5)(10)	**16,134**	25,343	(9,209)
AFFO(6)(10)	**16,447**	26,430	(9,983)
Total assets(7)	**1,702,288**	1,616,357	85,931
PER SHARE INFORMATION			
OFFO per share(5)	**0.239**	0.378	(0.139)
AFFO per share(6)	**0.243**	0.394	(0.151)
Dividends per share	**0.234**	0.234	—
Payout ratio(8)	**96.3 %**	59.4 %	36.9 %
FINANCIAL RATIOS			
Debt to enterprise value(9)	**47.4 %**	50.1 %	(2.7%)
Debt to gross book value as at period end	**41.5 %**	46.0 %	(4.5)%
Weighted average cost of debt as at period end	**3.4 %**	3.3 %	0.1%
Debt to Adjusted EBITDA as at period end	**8.7**	6.2	2.5
Interest coverage ratio	**3.3**	4.7	(1.4)
Debt service coverage ratio	**1.8**	2.7	(0.9)
Weighted average term to maturity as at period end	**4.9**	4.5	0.4
CHANGE IN SAME PROPERTY NOI			
Retirement			**7.2%**
LTC			**(39.1%)**
Total			**(25.3%)**

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 retirement residence which was disposed on January 31, 2022, both of which are included in retirement total average occupancy.
2. Long-term care residences received occupancy protection funding for vacancies caused by temporary closure of admissions due to an outbreak, including COVID-19, and for capacity limitations and isolation requirements until January 31, 2022.
3. NOI for the three months ended March 31, 2022 includes net pandemic expenses (recoveries) of $1,730 (2021 - $(11,027)), (as discussed in the "Our Operations Update" section of this MD&A).
4. EBITDA for the three months ended March 31, 2022 increased by $11,966 to $47,914, over the comparative period primarily due to a gain on disposal of properties and lower administrative expenses offset partly by retroactive pandemic funding received in Q1 2021 related to pandemic expenses incurred in excess of available funding during the year ended December 31, 2020.
5. OFFO for the three months ended March 31, 2022 includes after-tax net pandemic expenses (recoveries) of $1,415 (2021 - $(7,275)) and mark-to-market recovery on share-based compensation of $(39) (2021 - $(25)). OFFO per share for the three months ended March 31, 2022 excluding after-tax net pandemic expense (recoveries) and mark-to-market adjustments on share-based compensation was $0.259 (2021 - $0.269).
6. AFFO for the three months ended March 31, 2022 includes net pandemic capital expenditures of $nil (2021 - $417), after-tax net pandemic expenses (recoveries) of $1,415 (2021 - $(7,275)) and mark-to-market recovery on share-based compensation of $(39) (2021 - $(25)). AFFO per share for the three months ended March 31, 2022 excluding net pandemic capital expenditures (recoveries) and after-tax net pandemic expense (recoveries) and mark-to-market adjustments on share-based compensation was $0.263 (2021 - $0.292).
7. Property and equipment and intangible assets included in total assets are measured at cost less accumulated depreciation and amortization.
8. Payout ratio for Q1 2022, excluding after-tax net pandemic impact and mark-to-market adjustments on share-based compensation, would be 89.0% (2021 - 80.1%).
9. Debt to enterprise value decreased to 47.4% as at March 31, 2022 from 50.1% as at March 31, 2021, mainly due to the decrease of $26,700 in total debt.
10. This is a non-IFRS measure, refer to "Non-IFRS Performance Measures" section of the MD&A.

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 March 31.

	Three Months Ended		
Thousands of Canadian dollars, except occupancy, share and ratio data	**2022**	2021	Change
FINANCIAL			
Operating expenses, excluding net pandemic expenses (recoveries)(1)	**140,436**	127,988	12,448
Same property NOI, excluding net pandemic expenses (recoveries)(1)	**33,332**	32,409	923
Total NOI, excluding net pandemic expenses (recoveries)(1)	**33,868**	33,240	628
Administrative expenses, excluding net pandemic expenses (recoveries)	**7,749**	7,191	558
EBITDA, excluding net pandemic expenses (recoveries)(2)	**49,841**	26,041	23,800
Net income, excluding net pandemic expenses (recoveries)(3)	**27,435**	2,868	24,567
OFFO, excluding net pandemic expenses (recoveries) (3)(5)	**17,549**	18,068	(519)
AFFO, excluding net pandemic expenses (recoveries) (4)(5)	**17,862**	19,572	(1,710)
PER SHARE INFORMATION			
OFFO per share, excluding net pandemic expenses (recoveries)(3)(5)(6)	**0.260**	0.269	(0.009)
AFFO per share, excluding net pandemic expenses (recoveries) and net pandemic capital expenditures (recoveries)(4)(5)(7)	**0.264**	0.292	(0.028)
Dividends per share	**0.234**	0.234	—
Payout ratio, excluding net pandemic expenses (recovery) and net pandemic capital expenditures (recoveries)(8)	**88.6 %**	80.1 %	8.5 %
FINANCIAL RATIOS			
Debt to Adjusted EBITDA as at period end, excluding net pandemic expenses (recoveries)(2)	**8.1**	8.4	(0.3)
Interest coverage ratio, excluding net pandemic expenses (recoveries)(2)	**3.6**	3.5	0.1
Debt service coverage ratio, excluding net pandemic expenses (recoveries) and net pandemic capital expenditures(2)	**1.9**	2.1	(0.2)

CHANGE IN SAME PROPERTY NOI, excluding net pandemic (recoveries) expenses	
Retirement	**6.4 %**
LTC	**0.4 %**
Total	**1.9 %**

Notes:

1. Operating expenses and total NOI for the three months ended March 31, 2022 exclude net pandemic expenses (recoveries) of $1,730 (2021 - $(11,027)).
2. EBITDA, debt to adjusted EBITDA, interest coverage ratio and debt coverage ratio exclude net pandemic expenses (recoveries) for the three months ended March 31, 2022 of $1,927 (2021 - $(9,907)).
3. Net income and OFFO for the three months ended March 31, 2022 exclude after-tax net pandemic expenses (recoveries) of $1,415 respectively (2021 -$(7,275).
4. AFFO for the three months ended March 31, 2022 excludes net pandemic capital expenditures of $nil (2021 - $417) and after-tax net pandemic expenses (recoveries) of $1,415 (2021 - $(7,275)).
5. OFFO and AFFO for the three months ended March 31, 2022 include an after-tax mark-to-market recovery on share-based compensation of $(39) (2021 - $(25)).
6. OFFO per share for the three months ended March 31, 2022 excluding after-tax net pandemic expenses (recoveries) and mark-to-market adjustments on share-based compensation was $0.259 (2021 - $0.269).
7. AFFO per share for the three months ended March 31, 2022 excluding net pandemic capital expenditures (recoveries) and after-tax net pandemic expenses (recoveries) and net mark-to-market adjustments on share-based compensation was $0.263 (2021 - $0.292).

8. Payout ratio for the three months ended March 31, 2022, excluding after-tax net pandemic impact and mark-to-market adjustments on share-based compensation, would be 89.0% (2021 - 80.1%).

First Quarter 2022 Summary

As outlined in detail under "Business Update" below, the first quarter of 2022 has been marked with strengthening sector fundamentals and demand for quality seniors' living increasing in many of Sienna's key markets. At the same time, intense competition for talent and cost pressures as a result of the ongoing pandemic and decades-high inflation continue to impact our operations and financial results.

Occupancy - Average same property occupancy in the Retirement portfolio was 85.5% in Q1 2022, up 90 basis points ("**bps**") from 84.6% in Q4 2021. Based on total number of licensed beds, average occupancy in the LTC portfolio was 87.0% in Q1 2022, and ended the quarter at 88.0%, or 94.9% excluding the unavailable 3rd and 4th beds in multi-bed rooms due to capacity limitation, and isolation beds. Starting in February 2022, occupancy targets of 97% for long-stay beds and 90% for interim short-stay beds, excluding beds unavailable as a result of capacity limitations in multi-bed rooms and isolation requirements, have been reinstated. However, for the period of February 1, 2022, to September 30, 2022, LTC homes that do not achieve target resident days (97% occupancy for long-stay beds, 90% for interim short stay beds), will receive at a minimum 90% of their Level of Care ("LOC") per diem funding. As at March 31, 2022, approximately 500 beds were unavailable, mainly as a result of capacity limitations and isolation requirements, of which nearly 400 represented the 3rd and 4th beds in multi-bed rooms.

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

	Dec 2021	Jan 2022	Feb 2022	Mar 2022	Apr 2022
Retirement same property occupancy (average)	85.3 %	85.9 %	85.0 %	85.6 %	87.1 %
Retirement rent collection (%)	98.7 %	98.9 %	99.2 %	99.2 %	99.2 %

During and subsequent to Q1 2022, Retirement monthly same property average occupancy further improved from 85.6% in March 2022 to 87.1% in April 2022, 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 8.1% in Q1 2022, or $13,054, to $174,282, compared to Q1 2021. In the Retirement segment, revenues increased by $2,312 or 6.4% compared to Q1 2021 driven by occupancy growth and annual rental rate increases in line with market conditions. LTC's revenues for Q1 2022 increased by $10,742, or 8.6% compared to Q1 2021, primarily due to funding for increased direct care hours, annual inflationary funding increases and higher preferred accommodation revenues from higher occupancy in private and semi-private rooms.

Operating Expenses, net of government assistance increased by $25,183 in Q1 2022, or 21.5%, to $142,144, compared to Q1 2021, primarily due to retroactive pandemic funding received in Q1 2021 related to pandemic expenses during the year ended December 31, 2020, flow-through expenses related to increase in direct care hours and other funding in LTC, higher costs of staffing, culinary costs, utilities costs, insurance premiums and increased repairs and maintenance expenses.

NOI decreased by $12,129 in Q1 2022, or 27.4%, to $32,138, compared to Q1 2021, mainly due to retroactive pandemic funding received in Q1 2021 related to pandemic expenses during the year ended December 31, 2020, higher costs of staffing, culinary costs, utilities costs, insurance premiums and increased repairs and maintenance expenses, partially offset by occupancy growth and annual rental rate increases in line with market conditions in the Retirement segment, annual inflationary funding increases, increases in preferred accommodation revenue in the LTC segment, and moderation of pandemic costs. In Q1 2022, the Company received $2.2 million of retroactive pandemic funding related to pandemic expenses incurred in 2021.

Net income was $26,020 for Q1 2022, representing an increase of $15,877 compared to Q1 2021. The increase was primarily due to the gain of $23,722 recognized upon the sale of two properties, lower amortization on intangible assets, lower administrative expenses, lower net finance charges, partially offset by lower NOI, higher income tax expense and higher transaction costs.

OFFO decreased by 36.3% in Q1 2022, or $9,209, to $16,134 compared to Q1 2021. OFFO per share decreased by 36.8% in Q1 2022, or $0.139, to $0.239. The decrease was primarily due to lower NOI as noted above, higher current income tax expense partially offset by lower administrative expenses, and lower interest expense on long-term debt.

AFFO decreased by 37.8% in Q1 2022, or $9,983, to $16,447 compared to Q1 2021. AFFO per share decreased 38.3% in Q1 2022, or $0.151, to $0.243. The decrease was primarily related to the decrease in OFFO noted above, as well as by higher maintenance costs and lower construction funding.

Debt The Company's debt to gross book value decreased by 450 bps to 41.5% at the end of Q1 2022 from 46.0% at the end of Q1 2021, primarily due to repayments on property-level mortgages and a higher gross book value as a result of the issuance of 5,750,000 common shares on March 23, 2022 intended to partially fund the previously announced acquisitions further described under the "Business Update" section. Debt to Adjusted EBITDA increased to 8.7 years in Q1 2022 from 6.2 years in Q1 2021; interest coverage ratio decreased to 3.3 times in Q1 2022 from 4.7 times in Q1 2021; and debt service coverage ratio decreased to 1.8 times in Q1 2022 from 2.7 times in Q1 2021. Weighted average term to maturity extended to 4.9 years from 4.5 years in Q1 2021. The Company is in compliance with all of its debt covenants.

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

Equity - The Company has suspended its dividend reinvestment plan.

Business Update

During the first quarter of 2022, we continued to make significant progress with respect to many of Sienna's strategic initiatives to grow the Company and add value to our operating platforms, including the large-scale expansion of Sienna's asset base through acquisitions and redevelopment of the Company's older Class B and C communities.

Growth Initiatives

Expansion of Ontario Retirement Portfolio and Entry into Saskatchewan Retirement Market

On February 3, 2022, the Company entered into an agreement with Extendicare Inc. to acquire a 50% ownership interest in a $307.5 million portfolio of 11 seniors housing assets in Ontario and Saskatchewan consisting of 1,048 high-quality, private-pay independent living, assisted living, and memory care suites (the **"Portfolio"**).

Sienna will acquire the Portfolio in partnership with Sabra Health Care REIT, Inc. ("**Sabra**"), one of North America's leading owners of seniors housing properties. As manager of the Portfolio, Sienna will expand upon its established operating relationship with Sabra whereby the Company currently manages eight Sabra wholly-owned retirement residences in Canada. The newly formed joint venture, with Sienna acting as a manager of the Portfolio, is an endorsement of the Company as one of Canada's leading operators of seniors' living properties.

The Portfolio is an attractive expansion opportunity for Sienna. Strategically located in growing communities, the properties are well positioned with coveted locations in their respective markets. With an average age of approximately six years, the Portfolio offers contemporary seniors living accommodation with extensive amenities reflecting the changing lifestyle preferences of seniors.

Sienna expects to capitalize on the growing demand for quality seniors' living in each community, and the efficiencies available through operating together with the Company's other owned and managed retirement residences and care communities. Additionally, excess land at four of the properties represents future incremental development potential of 233 suites.

The following table summarizes key information about the Portfolio:

Property	**City**	**Year Built / Expanded**	**Suites**				
			IL	**AL**	**MC**	**Total**	**Potential Expansion**
The Barrieview	Barrie, ON	2019	78	23	23	124	-
Douglas Crossing	Uxbridge, ON	2017	102	28	18	148	-
Harvest Crossing	Tillsonburg, ON	2011/15	100	-	-	100	52
Lynde Creek Manor	Whitby, ON	2004/14	93	-	-	93	77
Bolton Mills	Bolton, ON	2019	112	-	-	112	-
Cedar Crossing	Simcoe, ON	2016	67	-	-	67	45
Empire Crossing	Port Hope, ON	2015	63	-	-	63	59
Total Ontario			**615**	**51**	**41**	**707**	**233**
Stonebridge Crossing	Saskatoon, SK	2012	89	-	27	116	-
Yorkton Crossing	Yorkton, SK	2016	79	-	-	79	-
West Park Crossing	Moose Jaw, SK	2016	57	-	22	79	-
Riverbend Crossing	Regina, SK	2013	-	-	67	67	-
Total Saskatchewan			**225**	**-**	**116**	**341**	**-**
Total Portfolio			**840**	**51**	**157**	**1,048**	**233**

Further details about the acquisition can be found in the press release issued by the Company on February 3, 2022.

As of May 12, 2022, the Company has received all necessary regulatory approvals related to the Portfolio acquisition. The Company intends to finance the acquisition with net proceeds from the March 23, 2022 equity raise, net proceeds from recent dispositions, a one-time drawdown of $90 million on the acquisition term loan, and the assumption of two CMHC-insured property-level mortgages at a weighted-average interest rate of 2.24%. Subject to customary closing conditions, the Company expects to close the transaction on or about May 16, 2022.

Acquisition of Woods Park Care Centre, Barrie, Ontario

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

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

Acquisition of The Village at Stonebridge, Saskatoon, Saskatchewan

On March 11, 2022, the Company entered into an agreement to acquire a 50% ownership interest in The Village at Stonebridge ("**Stonebridge**"), a retirement residence consisting of 186 high-quality, private-pay suites in Saskatoon, Saskatchewan for approximately $36.0 million, representing Sienna's share of the investment.

Built in 2016 with luxury amenities and a contemporary design, Stonebridge is one of the most coveted retirement residences in Saskatoon, consisting of 159 IL suites and 27 AL suites. The property will be complementary to Sienna's acquisition of four other retirement residences in Saskatchewan as part of its Portfolio acquisition, and enhances Sienna's scale and leadership in the province. We will acquire the asset in partnership with Sabra and will be acting as the manager of the property. The acquisition is subject to regulatory approvals and customary closing conditions and is expected to be finalized in Q2 2022 .

Development of a Joint Venture Retirement Residence in Ontario

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

Development and Redevelopment of Long-Term Care Portfolio in Ontario

The Government of Ontario has committed to invest approximately $6.4 billion over the next four years for the development of new long-term care beds and upgrades of existing beds. 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 fund 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.

In 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 January 2022, early site work commenced at our community in Brantford, Ontario. The new campus of care will include 160 Class A beds, replacing 122 older Class C beds, and 147 retirement suites.

In the coming months, construction of a new 160-bed long-term care community is scheduled to start in Keswick, Ontario.

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

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

Financing and Capital Recycling Initiatives

Our strategic plan to redevelop and expand our asset base are supported by Sienna’s solid financial position and investment-grade credit rating. Our successful financing initiatives to date in 2022 are a clear indication of strong investor interest and confidence placed in our Company and the sector.

On February 3, 2022, in connection with Sienna's announcement to acquire a 50% ownership interest in a Portfolio in Ontario and Saskatchewan, the Company secured a $150 million acquisition term loan at 145 bps over the floating BA rate for a 12-month term. In connection with the expected closing of the acquisition on or about May 16, 2022, the Company intends to make a one-time drawdown of $90 million on the acquisition term loan.

On March 23, 2022, Sienna completed its first equity offering in four years and issued a total of 5,750,000 shares at a price of $15.00 per share for total proceeds of $86.3 million, including the full exercise of the over-allotment option of 750,000 shares.

In connection with the Portfolio acquisition, the company also intends to assume CMHC-insured property level mortgages for two properties for a total of approximately $27 million at a weighted average interest rate of 2.24%, representing the Company's 50% ownership share in the properties.

In addition to our financing initiatives, we completed the sale of two non-core properties in Q1 2022, including a retirement residence in British Columbia and a long-term care community in Ontario. The net proceeds from these sales will be used to support the Company's growth initiatives.

Retirement Operations Update

While the Omicron variant required renewed restrictions in the early weeks of 2022, the operating environment improved throughout the latter part of the quarter, resulting in a 90 bps same property average occupancy gain quarter over quarter compared to Q4 2021. Year over year, average same property occupancy increased significantly by 640 bps to 85.5%.

Sienna's Retirement portfolio comprised 3,153 suites across Ontario and British Columbia as at March 31, 2022 and contributed approximately 42% to the Company's NOI in Q1 2022, excluding the impact of net pandemic expenses. During Q1 2022, Sienna incurred $1.3 million of pandemic expenses in the Retirement segment, for which it received $0.7 million in pandemic funding for the period.

Our sales and marketing teams continued with intensified sales activities, generating strong interest in our residences. In-person tours took place across our portfolio in Ontario and British Columbia whenever possible, and, if required, our teams were able to pivot quickly to online tours as a result of renewed pandemic-related restrictions. Strong community engagement, with a key focus on building and maintaining excellent relationships with healthcare and business partners in the local communities of our residences further supported our marketing campaigns.

All of these efforts as well as significant pent-up demand resulted in an increase in rent deposits of 51% and an increase in move-ins of approximately 58% compared to Q1 2021. Average same property occupancy levels reached 85.6% in March 2022, and further improved to 87.1% in April 2022. In addition, rent collection levels remained high at approximately 99% throughout Q1 2022.

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 through customer-centric personalization and expanded 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 the Aspira brand is to expand the market to attract seniors who are currently living at home and may be looking for a better alternative that includes convenience and safety within a community.

Our recent efforts have been concentrated on our new dedicated website for Aspira, which was launched at the end of April 2022, followed by the roll-out of Aspira's signature programs, including *Nourish by Aspira, Active by Aspira* and *Explore by Aspira*. While *Nourish by Aspira* focuses on culinary excellence and more choices, *Active by Aspira* offers an expanded range of group fitness classes, and *Explore by Aspira* aims to help residents connect with others, continue learning, or pick up a new hobby. The newest initiative under this signature program is Masters Academy, a year-round, semester-based educational program featuring expert-taught courses on a variety of topics including, history, religion, health, science, and lifestyle interests.

We expect our new retirement brand and service offerings will further support lead generation, occupancy growth and ultimately contribute to improved financial performance.

Long-term Care Operations Update

In Q1 2022, the Company's long-term care portfolio, which comprises 6,632 beds in Ontario and British Columbia, contributed approximately 58% to the Company's overall NOI, excluding the impact of net pandemic expenses.

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 continued to build on our commitment to partner with residents and families through the Sienna Family and Resident Advisory Groups.

Development of New LTC Platform

The Company is currently 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.

Similar to the enhancements we are making at our retirement operations, our aim is to increase the quality of life of residents by elevating their experience with respect to dining, recreation and community-focused interactions, in addition to improving residents' move-in experience. The platform design is based on best practices and the input from our residents and families, with the aim to distinguish Sienna as a LTC provider of choice.

Occupancy Protection Funding

For LTC communities in both Ontario and British Columbia, the Company continued to receive full funding for vacancies caused by the temporary closure of admissions due to an outbreak, including COVID-19. The Government of Ontario’s occupancy protection funding for vacancies, including vacancies as a result of capacity limitations and the provision of isolation rooms, remained in place until January 31, 2022.

Starting in February 2022, occupancy targets of 97% for long-stay beds and 90% for interim short-stay beds, excluding beds unavailable as a result of capacity limitations in multi-bed rooms and isolation requirements, have been reinstated. However, for the period from February 1, 2022 to September 30, 2022, LTC homes that do not achieve target resident days, will receive a minimum of 90% of their funding. As at March 31, 2022, approximately 500 beds were unavailable mainly as a result of capacity limitations and isolation requirements, of which nearly 400 represented the 3rd and 4th beds in multi-bed rooms.

As a result of renewed restrictions and the high transmission rate of the Omicron variant, resident admissions slowed and resulted in a decline in same property average occupancy of 1.9% quarter over quarter to 87.0% in Q1 2022, compared to 88.9% in Q4 2021, based on the total number of licensed beds. Excluding the 3rd and 4th beds in multi-bed rooms and isolation beds, same property average occupancy would have been 93.8% in Q1 2022, compared to 96.0% in Q4 2021.

Given the long waiting list of approximately 38,000 for LTC beds across Ontario and long wait times of up to two years for beds at our LTC communities in British Columbia, we anticipate the achievement of the average annual occupancy target required for full funding at the vast majority of our care communities with limited impact on NOI in 2022.

COVID-19 Update

The recent COVID-19 wave has been the most transmissible wave to date. It has driven case counts to record highs and has been defined by staffing shortages across many sectors, including seniors' living. However, the majority of residents in seniors' living settings had received their third dose of the vaccine by the beginning of 2022. With this added protection, residents' and team members' symptoms with respect to the Omicron variant have been mostly mild or moderate. Sienna continues to have stringent precautions in place to manage the impact of COVID-19 at its residences.

As of May 11, 2022, 19 of Sienna's 81 owned or managed residences are in outbreak with active cases of COVID-19 at 11 long-term care and eight retirement residences. Of these residences, 11 residences have five or less active COVID-19 cases among its residents, including two residences with no active COVID-19 resident cases.

Approximately 88% of Sienna's residents and approximately 76% of Sienna's team members have received at a minimum three doses of a COVID-19 vaccine, according to the most recent data available. In addition, fourth vaccine doses have been rolled out for eligible residents at our long-term care residences. Sienna's vaccination task force continues to support the efforts to get third and fourth doses of the vaccine to team members and residents as quickly and efficiently as possible.

Staffing Update

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

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. Residents' direct hours of care have increased from 2.8 hours per day to 3.0 hours per day in 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.

To further support staffing across the health care sector, including seniors' living, the Government of Ontario extended the wage enhancement for personal support workers by $3/hour, with the intention to make it permanent, and announced a one-time retention bonus for nurses of up to $5,000 across the province.

In addition to attracting new talent, we have been able to offer incentives and additional shifts to team members in order to deal with increased temporary absenteeism as a result of the Omicron variant.

As part of our ongoing talent acquisition strategy, we expanded our collaboration with educational and government institutions and intensified our social media campaigns. To ensure a talent pipeline for future staffing needs, we enhanced our campus recruitment campaigns at key colleges and universities across Ontario and British Columbia. Sienna’s collaboration with colleges and universities has supported the placement of approximately 640 students during the first quarter of 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. More recently, decades-high inflation rates have further added to cost pressures.

Significant agency premiums averaging 75% to 100% over the regular staffing rates combined with generally higher reliance on agency staff during the pandemic resulted in a substantial increase in staffing costs. Agency staffing costs for Q1 2022 totaled approximately $17 million, compared to $14 million in Q1 2021, with a significant portion of the added staffing costs covered by government flow-through funding. The NOI impact of additional agency staffing costs in Q1 2022 was unchanged from Q1 2021. 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, and recognition of foreign credentials to address the current labour shortage.

In Q1 2022, utilities increased by $0.5 million, representing an approximate 12% increase over the prior year. Substantially all of the increase was due to higher natural gas prices.

We expect that continuing occupancy growth, rental rate increases, as well as the added scale as a result of acquisitions and developments will mitigate these increased costs and support our operating margins in 2022 and beyond. We will also continue to advocate for funding levels in the long-term care sector that address rising costs proportionately.

Environmental, Social and Governance (“ESG”) Initiatives

Sienna's ESG commitment has been highlighted in a number of initiatives, including the Company’s formation of an ESG Committee and the publication of our inaugural ESG Report in February 2021, followed by a mid-year update focused on Sienna’s diverse and inclusive workforce and the Company’s approach to fair compensation and gender pay equity.

For further information on our ESG initiatives, please refer to the ESG section on Sienna’s website under https://www.siennaliving.ca and the ESG Responsibility section in this report.

Outlook

Strong demand for the services and care offered by Canadian seniors' living operators supports an optimistic outlook for the sector and the Company in 2022 and beyond. According to the most recent census published in April 2022, the number of people over 85 years of age is expected to triple over the next 25 years. In addition, the strong Canadian residential housing market provides further tailwinds, as for many seniors, the significant increase in the value of their homes over the past decades is a driver for choosing a retirement residence as their preferred housing option sooner.

At the same time, rising construction costs coupled with generally high inflation and the uncertainty caused by the pandemic have led to a significant decline in new construction activity in the retirement sector. With slowing supply coupled with an aging population, we expect demand for existing retirement residences to increase substantially in the coming years.

For 2022, Sienna forecasts continued occupancy improvements in the Company's retirement portfolio, based on the assumption that residences will be open for in-person tours, pent-up demand and the Company's continued investment in sales, marketing and rebranding initiatives. Sienna maintains its forecast for occupancy levels to reach approximately 87% to 89% in its in-place Retirement portfolio by the end of 2022.

In Sienna's LTC portfolio, admissions of new residents slowed in Q1 2022 as a result of the impact of the highly transmissible Omicron variant. Starting in February 2022, occupancy targets required for full funding, including the occupancy funding protection during outbreaks, have been reinstated. Occupancy targets exclude beds unavailable as a result of capacity limitations and isolation requirements. Given the long waiting list for long-term care beds in Ontario and British Columbia, we anticipate to meet the required occupancy targets at the vast majority of our care communities for full funding in 2022 with limited impact on NOI.

After normalizing for the two property dispositions that have been completed in Q1 2022, contributing approximately $4 million of NOI in 2021, we expect year-over-year NOI growth in 2022 to be supported by continuing occupancy growth, rental rate increases and added scale from acquisitions. These factors are expected to contribute to revenue growth, while cost pressures are expected to continue for some time due to labour shortages, increased insurance premiums, higher utility rates and high overall inflation. Taking all factors into account, we continue to expect operating margins to gradually improve over the coming years.

With respect to incremental pandemic-related expenses, Sienna anticipates continued improvements as the pandemic subsides, while related government funding is expected to decline gradually. We anticipate that incremental net pandemic-related expenses could range from $2.0 to $3.0 million in Q2 2022 with continued declines in the second half of 2022.

The acquisitions announced in Q1 2022 will enable us to achieve one of our strategic priorities of expanding our retirement platform to new geographies. The Saskatchewan properties give us immediate scale in the province and a platform for further growth. The acquisitions also solidify our position as a leading seniors' living provider in Ontario. We intend to capitalize on the growing demand for quality seniors living in these markets and achieve operating efficiencies with the Company's existing retirement residences and care communities.

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

In addition, the development and redevelopment of Sienna’s LTC portfolio in Ontario has gained significant momentum in 2022. To date, the Government of Ontario has provided bed licence allocations relating to 12 of our older long-term care communities, comprising approximately 2,600 beds, of which approximately 1,800 are for renewals and over 800 are for new beds. These allocations cover substantially all of Sienna's Class B and C portfolio and bring certainty to our redevelopment program.

In 2022 and beyond, we intend to capitalize on the improving fundamentals in Canadian seniors' living, achieve operating efficiencies through scale, continue to grow the business through development and acquisitions, thus driving performance for years to come.

Significant Events

Sale of a Retirement Residence

On August 30, 2021, the Company entered into an agreement to sell Rideau Retirement Residence with 138 suites in British Columbia. The disposition was completed on January 31, 2022. The gross proceeds on the sale were $33,250 and the carrying amount of capital assets disposed was $16,321. The property-level mortgage with an outstanding balance of $21,539 as at January 31, 2022 was discharged on the closing date of the transaction. A pre-tax gain on disposal of $12,690 was recognized in the quarter as a result of the sale after mortgage prepayments and commissions of $4,239.

Sale of a Long-Term Care Community

On November 4, 2021 the Company entered into an agreement to sell Camilla Care Community with 236 Class C beds in Ontario. The disposition was completed on March 31, 2022. The gross proceeds on the sale were $19,875 and the carrying amount of capital and other assets disposed was $6,080. Goodwill of $2,763 was derecognized as a result of the disposition. A pre-tax gain on disposal of $11,032 was recognized in the quarter as a result of the sale.

Completion of Equity Offering

On March 23, 2022, Sienna successfully completed a bought deal offering of common shares ("Common Shares") of the Company. A total of 5,750,000 Common Shares were issued at a price of $15.00 per Common Share for aggregate gross proceeds of $86,250 before pre-tax share issuance costs of $4,240. This includes gross proceeds from the full exercise of the over-allotment option granted to the Underwriters to purchase an additional 750,000 Common Shares.

Portfolio Expansion in Ontario and Saskatchewan

As outlined in the Business Update section of this MD&A, the Company entered into a number of agreements to expand its portfolio, including its agreement with Extendicare Inc. to acquire a 50% ownership interest in 11 seniors' living assets in Ontario and Saskatchewan for $153.8 million, its agreement to purchase Woods Park in Barrie for $26.0 million, and its agreement to acquire a 50% ownership interest in Stonebridge, Saskatoon, for $36.0 million.

As of May 12, 2022, the Company has received all necessary regulatory approvals related to the acquisition of the Extendicare portfolio. The Company intends to finance the acquisition with net proceeds from the March 23, 2022 equity raise, net proceeds from recent dispositions, a one-time drawdown of $90 million on the acquisition term loan, and the assumption of two CMHC-insured property-level mortgages at a weighted-average interest rate of 2.24%. The Company expects to close the transaction on or about May 16, 2022.

Shareholder Approval of Sienna Ownership and Reward Program ("SOAR")

On April 19, 2022, the shareholders of Sienna approved the Company's SOAR program at Sienna's Annual and Special Meeting. SOAR awards 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 provides 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.

On April 29, 2022, 74,409 shares were issued to team members. A second tranche of shares is expected to be issued during Q2 2022.

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 sizeable pool of unencumbered assets;
- Maintaining a diversified debt portfolio to provide the Company with additional financial flexibility to achieve Sienna's growth objectives; and
- Maintaining liquidity (measured as available funds from existing credit facilities plus available cash on hand) to manage cash flow requirements in the foreseeable future.

Growing the Company:

Sienna's long-term growth plans 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;
- Continuing to invest in Sienna's team culture and operating platform to deliver quality resident experiences; and
- Investing in comprehensive sales and marketing programs.

Acquisition and Development:

- Strategic and disciplined acquisitions of high-quality seniors' living residences in key markets in Canada;
- Redevelopment of older LTC communities in key Ontario markets with both new and upgraded facilities;

- Developing free-standing retirement residences with joint venture partners in markets with adequate projected demand;
- Expanding seniors' living capacity in existing Retirement Residences with excess land; and
- Establishing and deepening joint venture partnerships to provide additional avenues for growth.

Environmental, Social and Governance (ESG) Responsibility

Sienna's commitment to corporate social responsibility is highlighted in our continued enhancements of the Company's ESG initiatives and disclosures.

In 2021, 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 approximately 12,000 team members, our employees are our most important asset. Creating a positive experience and supporting personal and professional growth are key objectives at Sienna. Attracting and retaining a diverse team and nurturing a culture in which women and people of diverse backgrounds have equal opportunity to achieve their potential are important to us.

Diversity, Equity and Inclusion

A Diverse and Inclusive Workforce

Gender - Sienna's total workforce is predominantly female, with approximately 87% of our team members working at our long-term care and retirement residences being female. The high percentage of women in our workforce is also reflected in our management team with approximately 78% of the Company's nearly 400 leadership positions being held by women. Sienna has been recognized once again in the Globe and Mail's 2022 "Women Lead Here" for its commitment to gender diversity and support of female leaders.

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

BIPOC - 25% 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 half 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.

Sienna Ownership and Reward Program

On April 19, 2022, the shareholders of Sienna approved the Company's SOAR program at Sienna's Annual and Special Meeting. SOAR awards common shares of the Company to all permanent employees who have been with the Company for one year or longer.

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 are further invested in making Sienna a leader in seniors' quality of life and at the same time, have the opportunity to meaningfully invest in the Company and in their future.

Indigenous Relations and Reconciliation

In 2021, enhanced emphasis was placed on Indigenous Relations and Reconciliation. As a company, we are committed to ensuring we do everything we can to understand what has happened in the past, acknowledge it and make amends to the best of our ability, over time. We believe that education is an important first step to bring about reconciliation between Indigenous and non-Indigenous people.

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

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 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, 97 collective agreements with an 85% unionization rate among our team members.

Excluding management positions, this number would be even higher with 91% of all non-management team members being represented by a union as at March 31, 2022, 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 SHN in support of its new mental health hub which will provide quality care to seniors.

In December 2021, the Foundation's support for Indspire, a national Indigenous charity, helped establish a bursary award for Indigenous students in British Columbia who are pursuing education in nursing or health care assistant programs.

CaRES Fund

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

Resident, Family and Team Member Satisfaction

Our desire to learn from and engage with our stakeholders is reflected in the strong results from resident and family satisfaction surveys completed in the fall of 2021, indicating that over 80% of our residents and nearly 90% of their families recommend Sienna's LTC communities. Similarly, at our retirement residences, the overall satisfaction score, which included quality of life, quality of services and willingness to recommend Sienna, was 83%.

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

These results, which are in line with the Company's pre-pandemic results, are quite strong, given the challenges the seniors' living sector has experienced throughout the pandemic.

Over the past year, we have focused on engagement and recognition of our team members and have prioritized the well-being of our residents and team by making investments in our residences and operating platforms to improve their quality of life and 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.

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

Industry Update

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

Business of the Company

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

Quarterly Financial Information

	2022	2021				2020		
Thousands of Canadian dollars, except occupancy, per share and ratio data	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	174,282	174,175	170,423	162,668	161,228	168,834	166,850	162,922
Operating expenses, net of government assistance	142,144	140,729	137,020	131,643	116,961	140,181	137,895	131,031
Income (loss) before net finance charges, transaction costs, gain on sale of properties and provision for (recovery of) income taxes	12,125	13,902	14,315	10,956	18,599	(962)	(295)	1,152
Net income (loss)	26,020	4,654	4,533	1,318	10,143	(8,729)	(6,484)	(6,778)
Per share basic and diluted	0.385	0.070	0.070	0.020	0.151	(0.130)	(0.097)	(0.101)
OFFO	16,134	18,258	18,265	15,126	25,343	14,156	13,624	16,699
Per share basic	0.239	0.272	0.272	0.226	0.378	0.211	0.203	0.249
OFFO, excluding net pandemic expenses (recoveries)	17,549	18,371	18,990	17,925	18,068	19,820	20,774	24,513
Per share, excluding net pandemic expenses (recoveries)	0.260	0.274	0.283	0.268	0.269	0.296	0.310	0.366
AFFO	16,447	16,555	15,671	14,102	26,430	13,174	14,187	16,623
Per share basic	0.243	0.247	0.234	0.210	0.394	0.196	0.212	0.248
AFFO, excluding net pandemic expenses (recoveries)	17,862	16,964	15,858	16,715	19,572	18,895	20,926	24,437
Per share, excluding net pandemic expenses (recoveries)	0.264	0.253	0.237	0.249	0.292	0.281	0.313	0.365
Dividends declared	16,136	15,687	15,687	15,687	15,687	15,687	15,687	15,687
Per share	0.234	0.234	0.234	0.234	0.234	0.234	0.234	0.234
Occupancy								
Retirement - Average total occupancy	84.7 %	82.7 %	80.3 %	77.7 %	77.7 %	80.7 %	80.7 %	82.2 %
Retirement - Average same property occupancy	85.5 %	84.6 %	82.1 %	78.1 %	78.1 %	81.9 %	81.8 %	83.0 %
LTC - Average total occupancy	87.0 %	88.9 %	86.2 %	81.6 %	80.3 %	84.8 %	87.4 %	92.6 %
LTC - Average private occupancy	80.4 %	82.2 %	82.9 %	79.3 %	78.2 %	83.3 %	86.3 %	91.6 %
Debt to enterprise value as at period end	47.4 %	49.5 %	46.5 %	46.5 %	50.1 %	52.1 %	57.8 %	63.9 %
Debt to gross book value as at period end	41.5 %	44.7 %	45.6 %	45.5 %	46.0 %	48.2 %	47.3 %	48.5 %
Debt to Adjusted EBITDA as at period end	8.7	7.9	7.8	7.4	6.2	9.4	8.9	8.6
Debt to Adjusted EBITDA, excluding net pandemic expenses (recoveries), as at period end	8.1	8.2	8.3	8.2	8.4	7.5	7.2	7.9
Interest coverage ratio	3.3	3.4	3.4	3.1	4.7	2.8	2.5	3.0
Interest coverage ratio, excluding net pandemic expenses (recoveries)	3.6	3.4	3.6	3.5	3.5	3.7	3.6	4.1
Total assets(1)	1,702,288	1,609,189	1,606,834	1,592,009	1,616,357	1,678,129	1,733,832	1,834,675
Total debt	923,584	950,284	971,878	958,212	964,873	1,032,624	1,028,854	1,096,902
Weighted average shares outstanding	67,614,123	67,039,123	67,039,123	67,039,123	67,039,123	67,039,123	67,039,123	67,039,123

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, timing of pandemic related funding and incurrence of pandemic related expenses, occupancy levels, timing of operating expenses and maintenance capital expenditures, seasonality of utility expenses, timing of resident co-payment increases, timing of funding rate increases or additional funding, the timing of disposals and acquisitions, and capital market and financing activities. For the three months ended March 31, 2022, the Company's results have been impacted by the timing of government assistance received related to pandemic expenses and capital costs, occupancy rates, increased costs pertaining to labour, 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 increased from $1,616,357 as at Q1 2021 to $1,702,288 as at Q1 2022, and its debt to gross book value decreased from 46.0% as at Q1 2021 to 41.5% as at Q1 2022. Debt to Adjusted EBITDA increased to 8.7 years as at Q1 2022 from 6.2 years as at Q1 2021.

A discussion of the operating results for the three months ended March 31, 2022 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 26 Retirement Residences as of March 31, 2022, four 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 22.0% of the Company's total revenues or 42.8% of its total NOI excluding net pandemic expenses in Q1 2022.

Long-term Care

The Company's LTC portfolio consists of 42 LTC communities, eight of which are located in British Columbia and 34 of which are located in Ontario. Our LTC portfolio contributed 78.0% of the Company's total revenues and generated 57.2% of its total NOI excluding net pandemic expenses in Q1 2022.

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

	Three Months Ended		
Thousands of Canadian dollars	**2022**	2021	Change
Revenue	**174,282**	161,228	13,054
Expenses			
Operating, net of government assistance	**142,144**	116,961	25,183
Depreciation and amortization	**12,067**	17,349	(5,282)
Administrative expenses	**7,946**	8,311	(365)
Share of net loss in joint venture	**—**	8	(8)
	162,157	142,629	19,528
Income before net finance charges, transaction costs, gain on disposal of properties and provision for income taxes	**12,125**	18,599	(6,474)
Net finance charges	**3,331**	4,238	(907)
Transaction costs	**1,339**	516	823
Gain on disposal of properties	**(23,722)**	—	(23,722)
Total net finance charges and transaction costs	**(19,052)**	**4,754**	**(23,806)**
Income before provision for income taxes	**31,177**	13,845	17,332
Provision for income taxes			
Current	**3,446**	2,980	466
Deferred	**1,711**	722	989
	5,157	3,702	1,455
Net income	**26,020**	**10,143**	15,877
Total assets	**1,702,288**	1,616,357	85,931
Total debt (net of principal reserve fund)	**923,584**	964,873	(41,289)

Net Operating Income Consolidated

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

	Three Months Ended		
Thousands of Canadian dollars	**2022**	2021	Change
Revenue			
Same property	**169,128**	155,805	13,323
Development and other[1]	**5,154**	5,423	(269)
Total Revenue	**174,282**	161,228	13,054
Operating Expenses, net			
Same property	**135,796**	123,396	12,400
Net pandemic expenses (recoveries) [2]	**1,730**	(11,027)	12,757
Development and other[1]	**4,618**	4,592	26
Total Operating Expenses, net	**142,144**	116,961	25,183
NOI			
Same property[2]	**31,642**	42,372	(10,730)
Development and other[1]	**496**	1,895	(1,399)
Total NOI	**32,138**	44,267	(12,129)

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, as well as one retirement residence and one long-term care community which were sold during the quarter.
2. For Q1 2022, includes government assistance related to the pandemic of $25,063 (2021 - $42,068) and incremental pandemic related expenses of $26,793 (2021 - $31,041), resulting in net pandemic expenses (recoveries) of $1,730 (2021 - $(11,027)). Government assistance related to the pandemic is recognized to the extent that eligible expenses have been incurred and funding allocations are reasonably determinable.

First Quarter 2022 Operating Results

The Company's total same property revenues for Q1 2022 increased by $13,323 to $169,128, compared to Q1 2021. Retirement's same property revenues for Q1 2022 increased by $2,823 to $37,532, compared to Q1 2021, primarily due to occupancy growth and annual rental rate increases in line with market conditions. LTC's same property revenues for Q1 2022 increased by $10,500 to $131,596, compared to Q1 2021, primarily due to increased funding for direct care hours, annual inflationary funding increases, higher preferred accommodation revenues from higher occupancy in private and semi-private rooms.

The Company's total same property operating expenses, excluding net pandemic expenses of $1,730, for Q1 2022 increased by $12,400 to $135,796, compared to Q1 2021. Retirement's same property operating expenses, excluding net pandemic expenses of $611, for Q1 2022 increased by $1,971 to $23,388, compared to Q1 2021, primarily due to higher agency staffing costs, culinary costs, utilities and insurance premiums. LTC's operating expenses for Q1 2022, excluding net pandemic expenses of $1,119, increased by $10,429 to $112,408, compared to Q1 2021, mainly due to flow-through expenses related to increase in direct care hours and other funding, annual inflationary labour cost increases, higher utilities costs, insurance premiums, and increased repairs and maintenance expenses.

The Company's total same property NOI for Q1 2022 decreased by $10,730 to $31,642, compared to Q1 2021. Retirement's same property NOI for Q1 2022 increased by $910 to $13,546. Retirement's development and other NOI for Q1 2022 was $203 (2021 - $323). LTC's same property NOI for Q1 2022 decreased by $11,640 to $18,096 compared to Q1 2021. LTC's development and other NOI Q1 2022 was $293 (2021 - $1,572).

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 March 31:

	Three Months Ended		
Thousands of Canadian dollars	**2022**	2021	Change
Retirement Revenue			
Same property	**37,532**	34,709	2,823
Development and other[1]	**836**	1,347	(511)
Total Retirement Revenue	**38,368**	36,056	2,312
Retirement Expenses, net			
Same property	**23,388**	21,417	1,971
Net pandemic expenses[2]	**611**	732	(121)
Development and other[1]	**620**	948	(328)
Total Retirement Expenses, net	**24,619**	23,097	1,522
Retirement NOI			
Same property[2]	**13,546**	12,636	910
Development and other[1]	**203**	323	(120)
Total Retirement NOI	**13,749**	12,959	790

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 includes one retirement residence which was sold during the quarter.
2. For Q1 2022, includes government assistance related to the pandemic of $673 (2021 - $1,959) and incremental pandemic related expenses of $1,284 (2021 - $2,691), resulting in net pandemic expenses of $611 (2021 - $732). Government assistance related to the pandemic is recognized to the extent that eligible expenses have been incurred and funding allocations are reasonably determinable.

First Quarter 2022 Retirement Results

Retirement's same property revenues for Q1 2022 increased by $2,823 to $37,532, compared to Q1 2021, primarily attributable to occupancy growth and annual rental rate increases in line with market conditions.

Retirement's same property operating expenses, excluding net pandemic expenses, for Q1 2022 increased by $1,971 to $23,388 compared to Q1 2021, primarily due to higher agency staffing costs, culinary costs, utilities and insurance premiums. Net pandemic expenses for Q1 2022 were $611 representing a decrease of $121 compared to Q1 2021.

Retirement's same property NOI for Q1 2022 increased by $910 to $13,546, compared to Q1 2021. Excluding net pandemic expenses, Retirement's same property NOI for Q1 2022 increased by $852 to $14,144, compared to Q1 2021.

Long-term Care

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

	Three Months Ended		
Thousands of Canadian dollars	**2022**	2021	Change
Long-term Care Revenue			
Same property	**131,596**	121,096	10,500
Development and other[(1)]	**4,318**	4,076	242
Total Long-term Care Revenue	**135,914**	125,172	10,742
Long-term Care Expenses, net			
Same property	**112,408**	101,979	10,429
Net pandemic expenses (recoveries)[(2)]	**1,119**	(11,759)	12,878
Development and other[(1)]	**3,998**	3,644	354
Total Long-term Care Expenses, net	**117,525**	93,864	23,661
Long-term Care NOI			
Same property[(1)]	**18,096**	29,736	(11,640)
Development and other	**293**	1,572	(1,279)
Total Long-term Care NOI	**18,389**	31,308	(12,919)

Notes:

1. Includes the financial results of one long-term care community which was sold during the quarter.
2. For Q1 2022, includes government assistance related to the pandemic of $24,390 (2021 - $40,109) and incremental pandemic related expenses of $25,509 (2021 - $28,350), resulting in net pandemic expenses (recoveries) of $1,119 (2021 - ($11,759)). Government assistance related to the pandemic is recognized to the extent that eligible expenses have been incurred and funding allocations are reasonably determinable.

First Quarter 2022 Long-term Care Results

LTC's same property revenues for Q1 2022 increased by $10,500 to $131,596, compared to Q1 2021, primarily due to increased funding for direct care hours, annual inflationary funding increases, higher preferred accommodation revenues from higher occupancy in private and semi-private rooms.

Excluding net pandemic expenses, LTC's same property operating expenses for Q1 2022 increased by $10,429 to $112,408, compared to Q1 2021, mainly due to annual inflationary labour cost increases, flow-through expenses related to direct care hours funding, higher utilities costs and insurance premiums, and increased repairs and maintenance expense. Net pandemic expenses for Q1 2022 were $1,119, which included $2.2 million of retroactive pandemic funding related to 2021, representing an increase in net pandemic expenses of $12,878 compared to Q1 2021, mainly due to a retroactive pandemic funding of $15,342 received in Q1 2021 related to pandemic expenses incurred in excess of available funding during the year ended December 31, 2020.

LTC's same property NOI for Q1 2022 decreased by $11,640 to $18,096, compared to Q1 2021. Excluding net pandemic expenses, LTC's same property NOI for Q1 2022 increased by $71 to $19,188, compared to Q1 2021.

Depreciation and Amortization

First Quarter 2022

Depreciation and amortization for Q1 2022 decreased by $5,282 to $12,067, compared to Q1 2021, due to in-place leases acquired in 2017 being fully amortized in Q1 2021.

Administrative Expenses

	Three months ended March 31,		
Thousands of Canadian dollars	**2022**	2021	Change
General and administrative expenses	**7,220**	6,885	335
Pandemic expenses	**197**	1,120	(923)
Share-based compensation	**529**	306	223
Total administrative expenses	**7,946**	8,311	(365)

First Quarter 2022

Administrative expenses for Q1 2022 decreased by $365 to $7,946, compared to Q1 2021, primarily due to a decrease in pandemic expenses, partially offset by increases in general and administrative expenses to strengthen the company's operating platform to deliver a quality resident and team member experience and an increase in share-based compensation expense.

Share of Net Loss in Joint Venture

First Quarter 2022

For Q1 2022, the Company's share of net loss in a joint venture related to the development of a retirement residence in Niagara Falls, Ontario was $nil (2021 - $8).

Net Finance Charges

Thousands of Canadian dollars	Three months ended March 31, 2022	2021	Change
Finance costs			
Interest expense on mortgages	**3,629**	3,986	(357)
Interest expense on debentures	**3,508**	2,588	920
Interest expense on credit facilities	**225**	929	(704)
Interest expense on right-of-use assets	**12**	17	(5)
Amortization of financing charges and fair value adjustments on acquired debt	**552**	728	(176)
Net settlement payment on interest rate swap contracts	**658**	704	(46)
Fair value gain on interest rate swap contracts	**(4,969)**	(4,115)	(854)
	3,615	4,837	(1,222)
Finance income			
Interest income on construction funding receivable	**255**	353	(98)
Other interest income	**29**	246	(217)
	284	599	(315)
Net finance charges	**3,331**	4,238	(907)

First Quarter 2022

Net finance charges for Q1 2022 decreased by $907 to $3,331, compared to Q1 2021, primarily attributable to higher fair value gains on interest rate swap contracts.

Transaction Costs

First Quarter 2022

Transaction costs for Q1 2022 increased by $823 to $1,339 compared to Q1 2021 primarily attributable to the increase in activities related to transactions and developments.

Income Taxes

First Quarter 2022

Income tax expense for Q1 2022 increased by $1,455 resulting in an income tax expense of $5,157 (current tax expense of $3,446 and deferred tax expense of $1,711), compared to Q1 2021 income tax expense of $3,702 (current tax expense of $2,980 and deferred tax expense of $722). The increase in current taxes is primarily attributable to the tax gain on the dispositions of Rideau Retirement Residence and Camilla Care Community. The increase in deferred income tax expense is primarily attributable to the timing difference of the fair value adjustment on interest rate swaps.

Business Performance

Non-IFRS Measures

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

Adjusted Funds from Operations

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

	Three Months Ended		
Thousands of Canadian dollars, except share and per share data	**2022**	2021	Change
Net income	**26,020**	10,143	15,877
Deferred income tax expense	**1,711**	722	989
Depreciation and amortization	**11,221**	16,422	(5,201)
Transaction costs	**1,339**	516	823
Net settlement payment on interest rate swap contracts	**658**	704	(46)
Fair value gain on interest rate swap contracts	**(4,969)**	(4,115)	(854)
Gain on disposal of properties, net of tax	**(20,586)**	—	(20,586)
Funds from operations (FFO)	**15,394**	24,392	(8,998)
Depreciation and amortization - corporate	**846**	927	(81)
Amortization of financing charges and fair value adjustments on acquired debt	**552**	728	(176)
Net settlement payment on interest rate swap contracts	**(658)**	(704)	46
Operating funds from operations (OFFO)	**16,134**	25,343	(9,209)
Construction funding	**2,355**	2,707	(352)
Maintenance capital expenditure	**(2,042)**	(1,203)	(839)
Net pandemic capital expenditure(1)	**—**	(417)	417
Adjusted funds from operations (AFFO)	**16,447**	26,430	(9,983)
Adjusted funds from operations (AFFO)	**16,447**	26,430	(9,983)
Dividends declared	**(16,136)**	(15,687)	(449)
AFFO retained	**311**	10,743	(10,432)
FFO per share	**0.228**	0.364	(0.136)
OFFO per share	**0.239**	0.378	(0.139)
AFFO per share	**0.243**	0.394	(0.151)
Weighted average common shares outstanding	**67,614,123**	67,039,123	

Notes:

1. For the three months ended March 31, 2022, includes pandemic capital expenditures of $5,032 (2021 - $9,422), offset by related pandemic funding of $5,032 (2021 - $9,005), resulting in net pandemic capital expenditures of $nil (2021 - $417). Government assistance related to the pandemic is recognized to the extent that eligible expenses have been incurred and funding allocations are reasonably determinable.

First Quarter 2022 Performance

For Q1 2022, FFO decreased by $8,998 to $15,394, compared to Q1 2021. The decrease was primarily due to lower NOI driven by retroactive pandemic funding received in Q1 2021, higher costs of operations, increase in current income taxes partially offset by increase in revenue and lower administrative expenses.

For Q1 2022, OFFO decreased by $9,209 to $16,134, compared to Q1 2021. The decrease was primarily attributable to decrease in FFO noted above.

For Q1 2022, AFFO decreased by $9,983 to $16,447, compared to Q1 2021. The decrease was primarily related to the decrease in FFO noted above, higher maintenance capital expenditures partially offset by lower net pandemic capital expenditure and lower construction funding principal.

Construction Funding

The Company receives construction funding subsidies from the Government of Ontario on a per bed per diem basis to support the costs of developing or redeveloping eligible LTC homes. There are several eligibility requirements, including receiving approval from the Ministry 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 March 31, 2022, the condition for funding has been met.

The construction funding amount to reconcile from OFFO to AFFO represents the change in the construction funding receivable balance, which consists of the cash to be received, offset by the interest income on the construction funding receivable recognized in "net income". For the years ending December 31, 2022 through 2026, and thereafter, the Company estimates that the construction funding amount will be as follows:

Thousands of Canadian dollars	Construction funding interest income[1]	Construction funding principal[2]	Total construction funding to be received
2022	890	9,104	9,994
2023	553	6,236	6,789
2024	356	3,086	3,442
2025	263	1,881	2,144
2026	178	1,766	1,944
Thereafter	676	4,145	4,821
	2,916	**26,218**	**29,134**

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 months ended March 31, 2022, interest income on construction funding of $255 (2021 - $353) was recognized, and an adjustment of $2,355 (2021 - $2,707) 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 March 31:

	Three Months Ended	
Thousands of Canadian dollars	**2022**	2021
Building maintenance	**817**	306
Mechanical and electrical	**364**	271
Suite renovations and common area upgrades	**488**	314
Communications and information systems	**46**	34
Furniture, fixtures and equipment	**327**	278
Total maintenance capital expenditures	**2,042**	1,203

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 March 31:

	Three Months Ended		
Thousands of Canadian dollars	**2022**	2021	Change
Cash provided by operating activities	**40,603**	18,891	21,712
Construction funding principal	**2,355**	2,707	(352)
Transaction costs	**1,339**	516	823
Maintenance capital expenditures	**(2,042)**	(1,203)	(839)
Net pandemic capital expenditures	**—**	(417)	417
Net change in working capital, interest and taxes	**(5,428)**	5,872	(11,300)
Restricted share units recovery	**206**	64	142
Gain on disposal of properties, net of tax	**(20,586)**	—	(20,586)
Adjusted funds from operations (AFFO)	**16,447**	26,430	(9,983)
Adjusted funds from operations (AFFO)	**16,447**	26,430	(9,983)
Dividends declared	**(16,136)**	(15,687)	(449)
AFFO retained over dividend reinvestment	**311**	10,743	(10,432)

AFFO retained over dividends declared for the three months ended March 31, 2022 is lower compared to the comparative period primarily due to decrease in NOI due mainly to a retroactive pandemic funding received in Q1 2021 related to pandemic expenses incurred in excess of available funding during the year ended December 31, 2020.

Refer to the "Cash Flow Analysis" section for details on the change from Q4 2021 to Q1 2022 on cash flow used in operating activities.

Reconciliation of Net Income to Net Operating Income

The IFRS measure most directly comparable to net operating income is "net income". The following table represents the reconciliation of net income to NOI for the periods ended March 31:

	Three Months Ended	
Thousands of Canadian dollars	**2022**	2021
Net income	**26,020**	10,143
Add back:		
Depreciation and amortization	**12,067**	17,349
Administrative expenses	**7,946**	8,311
Net finance charges	**3,331**	4,238
Provision for income taxes	**5,157**	3,702
Transactions costs	**1,339**	516
Share of net loss in joint venture	**—**	8
Gain on disposal of properties	**(23,722)**	—
Net operating income (NOI)	**32,138**	44,267

Financial Position Analysis

Balance Sheet Analysis

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

Thousands of Canadian dollars	**2022**	2021	Change
Total assets	**1,702,288**	1,609,189	93,099
Total liabilities	**1,203,016**	1,203,336	(320)
Total equity	**499,272**	405,853	93,419

Total assets increased by $93,099 to $1,702,288 primarily due to increase in cash and cash equivalents as a result of common shares issued on March 23, 2022, accounts receivable and prepaid expenses, partially offset by decreases as a result of disposal of assets held for sale and government funding receivable.

Total liabilities decreased by $320 to $1,203,016 primarily due to early repayment of long-term debt, decreases in liability pertaining to share-based compensation and financial instruments offset by increases in liability for government funding payable and accounts payable and accrued liabilities.

Total equity increased by $93,419 to $499,272 primarily due to the Company's net income for the period ended March 31, 2022 and the issuance of shares, partially offset by dividends declared during the period.

Cash Flow Analysis

The following table represents the summary of cash flows for the periods ended March 31, 2022:

	Three Months Ended		
Thousands of Canadian dollars	**2022**	2021	Change
Cash provided by (used in):			
Operating activities	**40,603**	18,891	21,712
Investing activities	**26,383**	(1,794)	28,177
Financing activities	**38,909**	(84,166)	123,075
Increase (decrease) in cash and cash equivalents during the period	**105,895**	(67,069)	172,964
Cash and cash equivalents, end of period	**134,948**	28,608	106,340

First Quarter 2022

Cash flows provided by operating activities for the three months ended March 31, 2022 increased by $21,712 to $40,603 primarily due to timing of government funding and assistance partially offset by increase in income taxes paid.

Cash flows used in investing activities for the three months ended March 31, 2022 increased by $28,177 to $26,383 primarily due to proceeds from disposal of assets held for sale.

Cash flows used in financing activities for the three months ended March 31, 2022 increased by $123,075 to $38,909 primarily due to proceeds from issuance of common shares, drawdown on long-term debt and lower repayment of long-term debt in relation to the comparative period.

Liquidity and Capital Resources

Liquidity

The Company's primary source of liquidity is cash flow generated from operating activities. The Company expects to meet its operating cash requirements through fiscal 2022 and beyond, including required working capital, capital expenditures, and currently scheduled interest payments on debt through fiscal 2022 and beyond, from cash on hand, cash flow from operations, proceeds from refinancing its debt, its committed but unutilized borrowing capacity and, if necessary, will pursue debt or equity financing to provide the Company with additional financial flexibility.

As at March 31, 2022, the Company's liquidity was $326,448, as follows:

Thousands of Canadian dollars	**March 31, 2022**	December 31, 2021
Cash and cash equivalents	**134,948**	29,053
Available funds from credit facilities	**191,500**	196,500
Total	**326,448**	225,553

As at March 31, 2022, the Company had drawn $17,000 from its available credit facilities, which was repaid on April 08, 2022. The Company's liquidity was $331,010 as at May 12, 2022.

The Company had a working capital deficiency (current liabilities less current assets) of $48,392 as at March 31, 2022, including the current portion of long-term debt of $43,908. 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 $1,083,700 as at March 31, 2022, representing an decrease of $17,300 from $1,101,000 as at December 31, 2021, 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 $92,358 as at March 31, 2022. On October 6, 2021, DBRS confirmed Sienna's "BBB" investment grade credit rating with a "Stable" trend from DBRS, along with the "BBB" credit rating for the Company's Series A Unsecured Debentures, Series B Unsecured Debentures and Series C Unsecured Debentures (later defined in the "Debentures" section).

The Company's total debt is comprised as follows:

Thousands of Canadian dollars	**March 31, 2022**	December 31, 2021
Series A Unsecured Debentures	**150,000**	150,000
Series B Unsecured Debentures	**175,000**	175,000
Series C Unsecured Debentures	**125,000**	125,000
Credit facilities	**17,000**	12,000
Mortgages	**463,478**	496,167
Lease liability	**1,183**	1,312
	931,661	959,479
Fair value adjustments on acquired debt	**2,588**	2,683
Less: Deferred financing costs	**(10,665)**	(11,878)
Total debt	**923,584**	950,284

The Company's total debt as at March 31, 2022 was $923,584 (December 31, 2021 - $950,284). The decrease of $26,700 was primarily related to repayments on property-level mortgages offset by an increase in the amount drawn under the Unsecured Revolving Credit Facility (defined in the "Credit Facilities" section of this MD&A).

The following table summarizes the scheduled principal maturities of the Company's long-term debt commitments as at March 31, 2022:

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
2022	—	—	—	—	373	13,946	26,856	**3.83%**	**41,175**	3.83%
2023	—	—	—	—	443	16,922	60,824	**3.38%**	**78,189**	3.38%
2024	150,000	—	—	—	367	15,123	50,104	**4.10%**	**215,594**	3.39%
2025	—	—	—	17,000	—	11,557	41,065	**3.78%**	**69,622**	3.35%
2026	—	175,000	—	—	—	11,643	—	**—%**	**186,643**	3.45%
2027	—	—	125,000	—	—	11,033	35,115	**3.30%**	**171,148**	2.96%
2028	—	—	—	—	—	5,975	115,703	**3.35%**	**121,678**	3.35%
2029	—	—	—	—	—	1,810	5,477	**5.20%**	**7,287**	5.20%
2030	—	—	—	—	—	1,410	9,230	**1.65%**	**10,640**	1.65%
Thereafter	—	—	—	—	—	11,922	17,763	**5.00%**	**29,685**	5.00%
	150,000	**175,000**	**125,000**	**17,000**	**1,183**	**101,341**	**362,137**	**3.65%**	**931,661**	3.39%
Fair value adjustments on acquired debt									**2,588**	
Less: Deferred financing costs									**(10,665)**	
Total Debt									**923,584**	

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

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	**March 31, 2022**	December 31, 2021
Series A Unsecured Debentures	**150,000**	150,000
Series B Unsecured Debentures	**175,000**	175,000
Series C Unsecured Debentures	**125,000**	125,000
Less: Deferred financing costs	**(2,399)**	(2,558)
	447,601	447,442

Credit Facilities

The Company has a combined total borrowing capacity of $208,500 pursuant to its credit facilities and, as at March 31, 2022, has drawn $17,000 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 a non-revolving acquisition loan facility totaling $6,000 that matures on June 6, 2025. Borrowings under the credit facility are available by way of BAs at 175 bps per annum over the floating BA rate, or at the Canadian prime rate plus 75 bps per annum.

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

As at March 31, 2022, the Company had drawn $17,000 under the Unsecured Revolving Credit Facility (December 31, 2021 - $12,000).

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

Thousands of Canadian dollars	**March 31, 2022**	December 31, 2021
Credit facilities drawn	**17,000**	12,000
Less: Deferred financing costs	**(756)**	(493)
	16,244	11,507

Subsequent to the quarter, the Company repaid $17,000 on its unsecured credit facilities.

As at May 12, 2022, the Company's borrowing capacity was $208,500 and amounts drawn from its credit facilities were $0.

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 March 31, 2022, 54% of the Company's total property-level mortgages were insured by CMHC, which is in-line with the same period last year.

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

Thousands of Canadian dollars	**March 31, 2022**	December 31, 2021
Mortgages at fixed rates	**319,746**	351,046
Mortgages at variable rates	**143,732**	145,121
Fair value adjustments on acquired debt	**2,588**	2,683
Less: Deferred financing costs	**(7,510)**	(8,827)
	458,556	490,023

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

	March 31, 2022			December 31, 2021
	Fixed Rate[1]	**Variable Rate**	**Total**	Total
Weighted average interest rate	3.66 %	2.23 %	**3.65 %**	3.60 %
Weighted average term to maturity (years)	5.0	0.7	**4.9**	5.2

Note:

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

Lease Liability

The lease liability as at March 31, 2022 of $1,183 represents the Company's lease on its office equipment and Markham corporate office space.

Credit Ratings

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

Debt	Rating Agency	Credit Rating	Outlook
Series A Unsecured Debentures	DBRS	BBB	Stable
Series B Unsecured Debentures	DBRS	BBB	Stable
Series C Unsecured Debentures	DBRS	BBB	Stable

Financial Covenants

The Company is in compliance with all financial covenants on its borrowings as at March 31, 2022. However, there can be no assurance that covenant requirements will be met at all times. If the Company does not remain in compliance, its ability to amend the covenants or refinance its debt could be adversely affected.

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

The Company's interest coverage ratio, debt service coverage ratio and debt to Adjusted EBITDA ratio includes net pandemic expenses (recoveries) for the three months ended March 31, 2022 of $1,927 (2020 - $(9,907)).

Interest Coverage Ratio

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

	Three Months Ended	
Thousands of Canadian dollars, except ratio	**2022**	2021
Net finance charges	**3,331**	4,238
Add (deduct):		
Amortization of financing charges and fair value adjustments on acquired debt	**(552)**	(728)
Interest income on construction funding receivable	**255**	353
Other interest income	**29**	246
Fair value gain on interest rate swap contracts	**4,969**	4,115
Net finance charges, adjusted	**8,032**	8,224
Adjusted EBITDA	**26,802**	39,008
Interest coverage ratio	**3.3**	4.7
Interest coverage ratio, excluding net pandemic expenses (recoveries)	**3.6**	3.5

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

	Three Months Ended	
Thousands of Canadian dollars	**2022**	2021
Net income	**26,020**	10,143
Depreciation and amortization	**12,067**	17,349
Net finance charges	**3,331**	4,238
Provision for income taxes	**5,157**	3,702
Transaction costs	**1,339**	516
EBITDA	**47,914**	35,948
Proceeds from construction funding	**2,610**	3,060
Gain on disposal of properties	**(23,722)**	—
Adjusted EBITDA	**26,802**	39,008
Adjusted EBITDA, excluding net pandemic expenses (recoveries)	**28,729**	29,101

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 March 31:

	Three Months Ended	
Thousands of Canadian dollars, except ratio	**2022**	2021
Net finance charges, adjusted	**8,032**	8,224
Principal repayments[(1)]	**5,021**	5,442
Total debt service	**13,053**	13,666
Adjusted EBITDA	**26,802**	39,008
Deduct:		
Maintenance capital expenditures	**(2,042)**	(1,203)
Net pandemic capital (expenditures) recoveries	**—**	(417)
Cash income tax (paid) refunded	**(1,780)**	169
Adjusted EBITDA (for covenant calculations)	**22,980**	37,557
Debt service coverage ratio	**1.8**	2.7
Debt service coverage ratio, excluding net pandemic expenses (recoveries) and net pandemic capital recoveries (expenditures)	**1.9**	2.1

Note:

1. During the three months ended March 31, 2022, the Company made voluntary payments of $3,000 (2021 - $63,000) 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. As part of the disposition of Rideau Retirement Residence on January 31, 2022 the Company made a payment of $21,598 which was also excluded from the calculation.

Debt to Adjusted EBITDA Ratio

The Debt to Adjusted EBITDA ratio is an indicator of the approximate number of years required for current cash flows to repay all indebtedness. The Adjusted EBITDA below is annualized using the Adjusted EBITDA for the three months ended March 31, 2022.

	March 31	
Thousands of Canadian dollars, except ratio	**2022**	2021
Total indebtedness		
Series A Unsecured Debentures	**150,000**	150,000
Series B Unsecured Debentures	**175,000**	175,000
Series C Unsecured Debentures	**125,000**	—
Credit facilities	**17,000**	124,000
Mortgages	**463,478**	524,202
Lease liability	**1,183**	1,665
	931,661	974,867
Adjusted EBITDA	**107,208**	156,032
Debt to Adjusted EBITDA	**8.7**	6.2
Debt to Adjusted EBITDA, excluding net pandemic (recovery) expenses	**8.1**	8.4

Debt to Gross Book Value

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

	March 31	
Thousands of Canadian dollars, except ratio	**2022**	2021
Total indebtedness		
Series A Unsecured Debentures	**150,000**	150,000
Series B Unsecured Debentures	**175,000**	175,000
Series C Unsecured Debentures	**125,000**	—
Credit facilities	**17,000**	124,000
Mortgages	**463,478**	524,202
Lease liability	**1,183**	1,665
Total indebtedness	**931,661**	974,867
Total assets	**1,702,288**	1,616,357
Accumulated depreciation on property and equipment	**354,468**	315,539
Accumulated amortization on intangible assets	**186,341**	187,510
Gross book value	**2,243,097**	2,119,406
Debt to gross book value	**41.5 %**	46.0 %

Equity

Share Capital

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

Thousands of Canadian dollars, except shares	Common shares	Amount
Balance, January 1, 2021	67,039,123	878,516
Long-term incentive plan, net of loans receivable	—	187
Share purchase loan	—	325
Balance, December 31, 2021	67,039,123	879,028
Long-term incentive plan, net of loans receivable	—	399
Issued common shares, net of share issuance costs	5,750,000	83,136
Balance, March 31, 2022	**72,789,123**	**962,563**

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 had 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 are 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 terminated on April 4, 2022.

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

Dividends

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

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

Thousands of Canadian dollars	Three Months Ended 2022	2021	Change
Cash flows from operating activities	**40,603**	18,891	21,712
AFFO	**16,447**	26,430	(9,983)
Dividends declared	**(16,136)**	(15,687)	(449)
Cash flows from operating activities over dividends declared	**24,467**	3,204	21,263
AFFO retained	**311**	10,743	(10,432)

The increase in cash flows from operating activities over dividends declared is due mainly to the timing of government assistance received related to pandemic expenses. The decrease in AFFO retained for the three months ended March 31, 2022 is primarily attributable to lower NOI due to retroactive pandemic funding received in Q1 2021 related to pandemic expenses during the year ended December 31, 2020 and higher maintenance capital expenditures. 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. In February 2022, the Company has agreed to extend the lease for a further period of five years, commencing on November 1, 2024 and expiring on October 31, 2029.

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

Critical Accounting Estimates and Accounting Policies

The accounting policies and estimates that are critical to the understanding of the Company's business operations and results of operations are identified in Note 3 of the Company's annual audited consolidated financial statements for the year ended December 31, 2021. New or changes in accounting policies are identified in Note 3 of the Company's condensed interim consolidated financial statements for the three months ended March 31, 2022. Please refer to those condensed interim consolidated financial statements for further details.

Significant Judgments and Estimates

The critical accounting estimates used by management in applying the Company's accounting policies and the key sources of estimation uncertainty are identified in Note 3 of the Company's annual audited consolidated financial statements for the year ended December 31, 2021. Changes in significant judgments and estimates are identified in Note 3 of the Company's condensed interim consolidated financial statements for the three months ended March 31, 2022. Please refer to those condensed interim consolidated financial statements for further details.

Risk Factors

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

Developments Related to Pay Equity

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

Given the current status of the proceedings and significant number of judgements required in establishing the pay equity framework, including ongoing discussions with the unions, that will impact the measurement of any potential provision, management has assessed the conditions required for a provision and have concluded that it is not possible to reliably measure the potential outflow of resources, and accordingly no provision has been recorded in the Condensed Interim Consolidated Financial Statements as at March 31, 2022.

Controls and Procedures

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

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

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

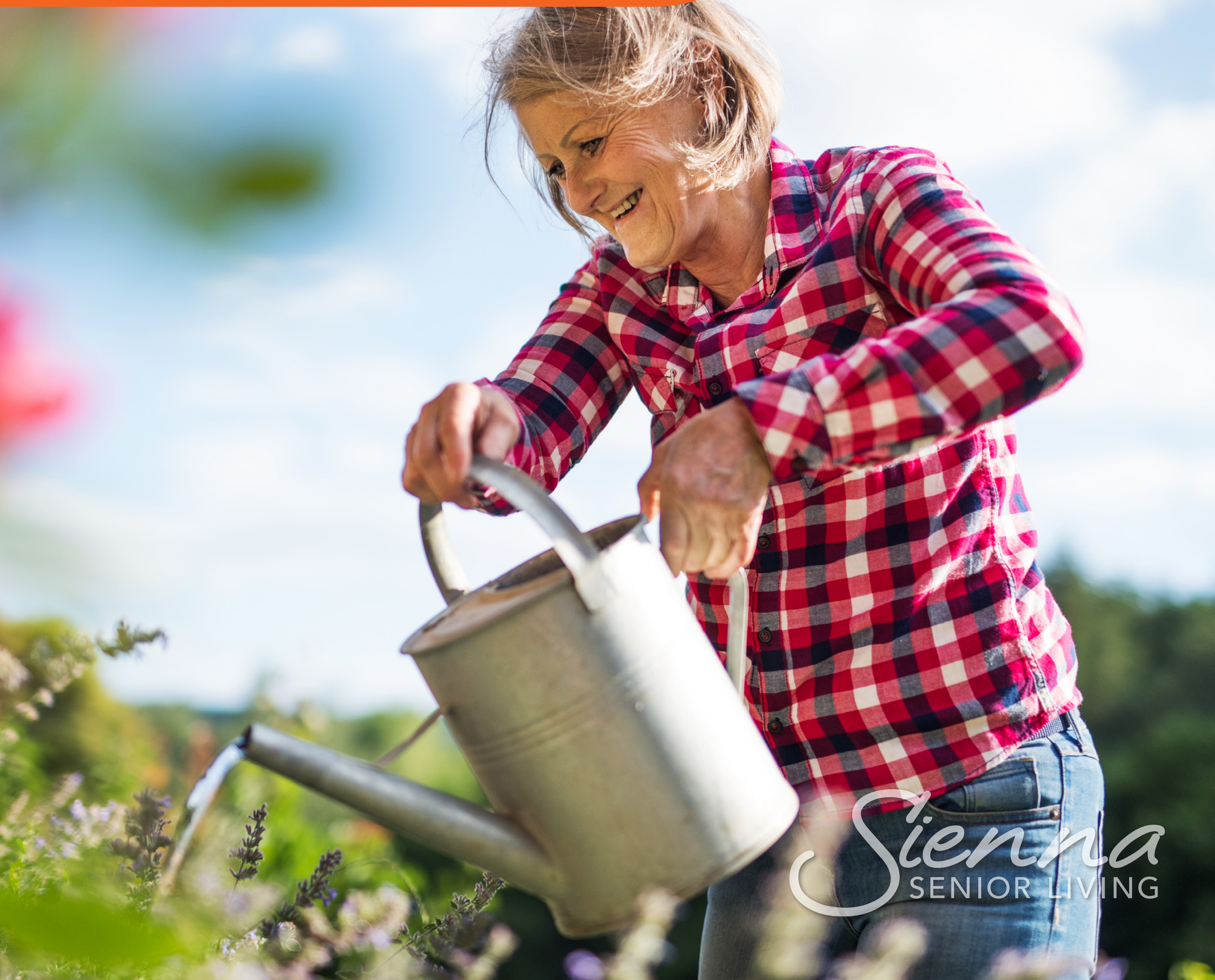
There were no material changes in the Company's disclosure controls and procedures and internal controls over financial reporting since year-end that have a material effect, or are reasonably likely to have a material effect, on the Company's control environment.

Forward-Looking Statements

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

Consolidated Financial Statements

Q1 2022 Report to Shareholders



Sienna
SENIOR LIVING

Condensed Interim Consolidated Financial Statements

Condensed Interim Consolidated Statements of Financial Position
(Unaudited)

Thousands of Canadian dollars

	Notes	**March 31, 2022**	December 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents		**134,948**	29,053
Accounts receivable and other receivables		**42,477**	21,469
Prepaid expenses and deposits		**15,453**	10,483
Government funding receivable		**4,998**	7,745
Construction funding receivable	4, 7	**8,582**	8,987
Assets held for sale	5	**—**	18,005
Derivative assets		**474**	—
		206,932	95,742
Non-current assets			
Government funding receivable		**14,589**	18,999
Derivative assets		**1,780**	501
Restricted cash	6	**4,130**	4,047
Construction funding receivable	4, 7	**15,281**	17,231
Investment in joint venture	23	**6,297**	6,297
Property and equipment	8	**1,095,071**	1,102,791
Intangible assets	9	**193,305**	195,915
Goodwill	10	**164,903**	167,666
Total assets		**1,702,288**	1,609,189
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	11	**136,896**	126,789
Government funding payable		**71,944**	50,721
Current portion of long-term debt	4, 12	**43,908**	51,150
Income taxes payable		**2,571**	904
Derivative liabilities		**5**	905
		255,324	230,469
Non-current liabilities			
Long-term debt	4, 12	**879,676**	899,134
Deferred income taxes	14	**53,634**	53,050
Government funding payable		**4,980**	7,520
Share-based compensation liability	17	**8,976**	10,247
Derivative liabilities		**426**	2,916
Total liabilities		**1,203,016**	1,203,336
EQUITY			
Shareholders' equity		**499,272**	405,853
Total equity		**499,272**	405,853
Total liabilities and equity		**1,702,288**	1,609,189

See accompanying notes

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

"Dino Chiesa"
Dino Chiesa
Chair and Director

"Stephen Sender"
Stephen Sender
Director

Thousands of Canadian dollars

	Notes	Share capital	Contributed surplus	Shareholders' deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
Balance, January 1, 2022		**879,028**	**203**	**(473,378)**	**—**	**405,853**
Issuance of shares, net of share issuance costs	15	**83,136**	**—**	**—**	**—**	**83,136**
Net income		**—**	**—**	**26,020**	**—**	**26,020**
Long-term incentive plan	15	**399**	**—**	**—**	**—**	**399**
Share purchase loan	15	**—**	**—**	**—**	**—**	**—**
Dividends	16	**—**	**—**	**(16,136)**	**—**	**(16,136)**
Balance, March 31, 2022		**962,563**	**203**	**(463,494)**	**—**	**499,272**

	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		—	—	10,143	—	10,143
Long-term incentive plan	15	151	—	—	—	151
Share purchase loan	15	325	—	—	—	325
Dividends	16	—	—	(15,687)	—	(15,687)
Balance, March 31, 2021		878,992	203	(436,821)	—	442,374

See accompanying notes.

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

Thousands of Canadian dollars, except share and per share data

	Notes	Three months ended March 31, 2022	2021
Revenue	19,22	**174,282**	161,228
Expenses			
Operating expenses, net of government assistance		**142,144**	116,961
Depreciation and amortization		**12,067**	17,349
Administrative	20	**7,946**	8,311
Share of net loss in joint venture	23	**—**	8
	21	**162,157**	142,629
Income before net finance charges, transaction costs, gain on disposal of properties and and provision for income taxes		**12,125**	18,599
Net finance charges	13	**3,331**	4,238
Transaction costs		**1,339**	516
Gain on disposal of properties	5	**(23,722)**	—
		(19,052)	4,754
Income before provision for income taxes		**31,177**	13,845
Provision for income taxes			
Current		**3,446**	2,980
Deferred		**1,711**	722
	14	**5,157**	3,702
Net income and comprehensive income		**26,020**	10,143
Net income per share (basic and diluted)	15	**$0.39**	$0.15
Weighted average number of common shares outstanding	15	**67,614,123**	67,039,123

See accompanying notes.

Thousands of Canadian dollars

	Notes	Three months ended March 31, 2022	2021
OPERATING ACTIVITIES			
Net income		**26,020**	10,143
Add (deduct) items not affecting cash			
Depreciation of property and equipment	8	**11,557**	11,437
Amortization of intangible assets	9	**510**	5,912
Current income tax expense		**3,446**	2,980
Deferred income tax expense		**1,711**	722
Share of net loss in joint venture	23	**—**	8
Share-based compensation expense	17	**529**	306
Net finance charges	13	**3,331**	4,238
Gain on disposal of properties	5	**(23,722)**	—
		23,382	35,746
Non-cash changes in working capital			
Accounts receivable and other receivables		**(680)**	1,436
Prepaid expenses and deposits		**(4,970)**	129
Accounts payable and other liabilities		**8,213**	8,806
Government funding, net, and excluding government assistance related to pandemic expenses		**(10,156)**	(44,944)
		(7,593)	(34,573)
Interest paid on long-term debt		**(8,744)**	(7,366)
Net settlement payment on interest rate swap contracts		**(658)**	(704)
Income taxes (paid) refunded		**(1,780)**	169
Government assistance related to pandemic expenses		**35,996**	25,619
Cash provided by operating activities		**40,603**	18,891
INVESTING ACTIVITIES			
Purchase of property and equipment		**(10,881)**	(11,174)
Government assistance related to capital expenditures		**5,032**	9,005
Proceeds from disposal of properties	8	**29,952**	—
Purchase of intangible assets	9	**(276)**	(195)
Amounts received from construction funding	7	**2,610**	3,060
Interest received from cash	13	**29**	246
Investment in joint venture	23	**—**	(2,464)
Change in restricted cash	6	**(83)**	(272)
Cash provided by (used in) investing activities		**26,383**	(1,794)
FINANCING ACTIVITIES			
Net proceeds from issuance of common shares	17	**82,632**	—
Repayment of long-term debt	12	**(35,691)**	(68,442)
Proceeds from long-term debt	12	**8,000**	—
Deferred financing costs		**(345)**	(37)
Dividends paid	16	**(15,687)**	(15,687)
Cash provided by (used in) financing activities		**38,909**	(84,166)
Increase (decrease) in cash and cash equivalents during the period		**105,895**	(67,069)
Cash and cash equivalents, beginning of period		**29,053**	95,677
Cash and cash equivalents, end of period		**134,948**	28,608

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 March 31, 2022, the Company owns and operates a total of 68 seniors' living residences: 26 retirement residences ("**RRs**", "**Retirement Residences**" or "**RET**"); 34 LTC residences; and eight seniors' living residences providing both private-pay IL and AL and funded LTC (including the Company's joint ownership in two residences in British Columbia). The Company also provides management services to 13 seniors' living residences in British Columbia and Ontario.

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

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

As at March 31, 2022, the Company had outstanding 72,789,123 common shares.

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

2 Basis of preparation

These unaudited condensed interim consolidated financial statements ("**interim consolidated financial statements**") have been prepared in accordance with International Accounting Standard ("**IAS**") 34, *Interim Financial Reporting*. The interim consolidated financial statements should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended December 31, 2021, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

The interim consolidated financial statements were approved by the Board of Directors on May 12, 2022.

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, 2021.

4 Financial instruments

The following financial instruments are at amortized cost and the fair value is disclosed as follows as at March 31, 2022 and December 31, 2021:

	As at March 31, 2022		As at December 31, 2021	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Current and long-term portion of construction funding receivable	**23,863**	**23,127**	26,218	27,230
Financial Liabilities				
Current and long-term portion of debt	**923,584**	**912,349**	950,284	974,298

Liquidity risk

Liquidity risk is the risk the Company may encounter difficulties in meeting its obligations associated with financial liabilities and commitments. The Company has credit agreements in place related to its long-term debt. These credit agreements contain a number of standard financial and other covenants. The Company was in compliance with all covenants on its borrowings as at March 31, 2022. A failure by the Company to comply with the obligations in these credit agreements could result in a default that, if not rectified or waived, could permit acceleration of the relevant indebtedness.

As at March 31, 2022, the Company had negative working capital (current assets less current liabilities) of $48,392 (December 31, 2021 - $134,727), with the decrease primarily due to funds received as a result of the issuance of 5,750,000 common shares on March 23, 2022. To support the Company's working capital deficiency, the Company has available cash from operations, access to multiple sources of financing (Note 12), and a history of successfully refinancing debt.

5 Assets held for sale

On August 30, 2021, the Company entered into an agreement to sell Rideau Retirement Residence with 138 suites in British Columbia. The sale was completed on January 31, 2022. A pre-tax gain on disposal of $12,690 was recognized during the quarter.

On November 4, 2021, the Company entered into an agreement to sell Camilla Care Community with 236 Class C beds in Ontario. The sale was completed on March 31, 2022. A pre-tax gain on disposal of $11,032 was recognized during the quarter.

6 Restricted cash

Restricted cash comprises the capital maintenance reserve funds required for certain property-level mortgages. As at March 31, 2022, the Company has $4,130 in restricted cash (December 31, 2021 - $4,047).

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

7 Construction funding receivable

As at March 31, 2022, the Company is eligible to receive funding from the Government of Ontario of approximately $23,863 (December 31, 2021 - $26,218) related to the costs of developing or redeveloping eligible LTC residences. The receipt of this funding is subject to the condition that the residences continue to operate as long-term care residences for the period for which the residences are entitled to the construction funding. As at March 31, 2022, the condition for the funding has been met.

As at March 31, 2022, the weighted average remaining term of the construction funding is approximately 6.2 years. The fair value of the construction funding receivable is determined by discounting the expected future cash flows of the receivable using the applicable Government of Ontario bond rates.

The following table summarizes the construction funding activity:

As at January 1, 2021	35,998
Add: Interest income earned	1,269
Less: Construction funding payments received	(11,049)
As at December 31, 2021	26,218
Add: Interest income earned	255
Less: Construction funding payments received	(2,610)
As at March 31, 2022	23,863
Less: Current portion	(8,582)
Long- term receivable	**15,281**

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

8 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, 2022	132,353	1,213,371	76,841	2,178	14,235	1,271	5,498	3,072	1,448,819
Disposals	(1,339)	(3,785)	(5)	—	—	—	—	—	(5,129)
Additions[2][3]	—	2,643	976	—	172	(17)	2,075	—	5,849
As at March 31, 2022	131,014	1,212,229	77,812	2,178	14,407	1,254	7,573	3,072	1,449,539
Accumulated depreciation									
As at January 1, 2022	—	293,485	41,162	1,226	7,318	977	—	1,860	346,028
Disposals	—	(3,071)	(41)	—	(1)	(4)	—	—	(3,117)
Charges for the period	—	8,335	2,408	74	510	105	—	125	11,557
As at March 31, 2022	—	298,749	43,529	1,300	7,827	1,078	—	1,985	354,468
Net book value as at March 31, 2022	**131,014**	**913,480**	**34,283**	**878**	**6,580**	**176**	**7,573**	**1,087**	**1,095,071**
Net book value as at December 31, 2021	132,353	919,886	35,679	952	6,917	294	5,498	1,212	1,102,791

(1) Includes right-of-use building and related accumulated depreciation of $2,250 and $1,253, respectively (December 31, 2021 - $2,250 and $1,157, respectively), and the right-of-use equipment and related accumulated depreciation of $822 and $732, respectively (December 31, 2021 - $822 and $703, respectively)

(2) Includes pandemic capital expenditures for the three months ended March 31, 2022 of $5,032 (2021 - $9,422), reduced by related government assistance for the three months ended March 31, 2022 of $5,032 (2021 - $9,005).

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

9 Intangible assets

	Licences	Resident relationships	Service contracts	Computer software	Total
Cost					
As at January 1, 2022	190,945	167,572	10,968	15,446	384,931
Disposals	(2,376)	(3,179)	—	(6)	(5,561)
Additions	—	—	—	276	276
As at March 31, 2022	188,569	164,393	10,968	15,716	379,646
Accumulated amortization					
As at January 1, 2022	—	167,572	10,945	10,499	189,016
Disposals	—	(3,179)	—	(6)	(3,185)
Charges for the period	—	—	21	489	510
As at March 31, 2022	—	164,393	10,966	10,982	186,341
Net book value as at March 31, 2022	**188,569**	**—**	**2**	**4,734**	**193,305**
Net book value as at December 31, 2021	190,945	—	23	4,947	195,915

10 Goodwill

	March 31, 2022
Cost and carrying value, at January 1, 2022	167,666
Write-off due to disposition of Camilla	(2,763)
Cost and carrying value, at March 31, 2022	**164,903**

11 Accounts payable and other liabilities

	March 31, 2022	December 31, 2021
Accounts payable and other liabilities [1]	**63,634**	53,946
Accrued wages and benefits	**64,043**	62,702
Accrued interest payable	**3,541**	4,912
Dividends payable (Note 16)	**5,678**	5,229
Total	**136,896**	126,789

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

12 Long-term debt

	Interest rate	Maturity date	March 31, 2022	December 31, 2021
Series A Unsecured Debentures	3.109 %	November 4, 2024	**150,000**	150,000
Series B Unsecured Debentures	3.450 %	February 27, 2026	**175,000**	175,000
Series C Unsecured Debentures	2.820 %	March 31, 2027	**125,000**	125,000
Credit facilities	Floating	March 19, 2025	**17,000**	12,000
Mortgages at fixed rates	1.65% - 5.80%	2022-2041	**319,746**	351,046
Mortgages at variable rates	Floating	2022-2029	**143,732**	145,121
Lease liability	3.39% - 3.87%	2021-2024	**1,183**	1,312
			931,661	959,479
Fair value adjustments on acquired debt			**2,588**	2,683
Less: Deferred financing costs			**(10,665)**	(11,878)
Total debt			**923,584**	950,284
Less: Current portion			**43,908**	51,150
			879,676	899,134

Credit facilities

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

	March 31, 2022	December 31, 2021
Credit facilities available	**208,500**	208,500
Amounts drawn under credit facilities	**17,000**	12,000
Remaining available balance under credit facilities	**191,500**	196,500

Subsequent to March 31, 2022, the Company fully repaid $17,000 on its unsecured credit facilities.

Mortgages

The following table summarizes the scheduled maturities of the Company's property-level mortgages as at March 31, 2022:

	Mortgages			
Year	Regular principal payments	Principal due at maturity	**Total**	% of Total
2022	13,946	26,856	**40,802**	8.8 %
2023	16,922	60,824	**77,746**	16.8 %
2024	15,123	50,104	**65,227**	14.1 %
2025	11,557	41,065	**52,622**	11.4 %
2026	11,643	—	**11,643**	2.5 %
2027	11,033	35,115	**46,148**	10.0 %
2028	5,975	115,703	**121,678**	26.3 %
2029	1,810	5,477	**7,287**	1.6 %
2030	1,410	9,230	**10,640**	2.3 %
Thereafter	11,922	17,763	**29,685**	6.4 %
	101,341	362,137	**463,478**	100 %

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 March 31,	
	2022	2021
Finance costs		
Interest expense on mortgages	**3,629**	3,986
Interest expense on debentures	**3,508**	2,588
Interest expense on credit facilities	**225**	929
Interest expense on right-of-use assets	**12**	17
Amortization of financing charges and fair value adjustments on acquired debt	**552**	728
Net settlement payment on interest rate swap contracts	**658**	704
Fair value gain on interest rate swap contracts	**(4,969)**	(4,115)
	3,615	4,837
Finance income		
Interest income on construction funding receivable	**255**	353
Other interest income	**29**	246
	284	599
Net finance charges	**3,331**	4,238

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

	Three months ended March 31,	
	2022	2021
Income before provision for income taxes	**31,177**	13,845
Canadian combined income tax rate	**26.57 %**	26.57 %
Income tax expense	**8,284**	3,679
Adjustments to income tax provision:		
Non-deductible items	**(3,153)**	24
Other items charged to equity	**26**	(1)
Provision for income taxes	**5,157**	3,702

The following are the deferred tax assets (liabilities) recognized by the Company and movements thereon during the three months ended March 31, 2022:

	Depreciable tangible and intangible assets	**Share issuance**	**Construction funding interest**	**Other**	**Total**
As at January 1, 2021	(53,450)	1,144	1,236	3,085	(47,985)
Charge to net income	(1,283)	(701)	(337)	(3,049)	(5,370)
Book to filing adjustment	269	—	—	36	305
As at December 31, 2021	(54,464)	443	899	72	(53,050)
Charge to net income	(430)	(167)	(68)	(1,046)	(1,711)
Credit to equity	—	1,127	—	—	1,127
As at March 31, 2022	**(54,894)**	**1,403**	**831**	**(974)**	**(53,634)**

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	Amount
Balance, January 1, 2021	67,039,123	878,516
Long-term incentive plan, net of loans receivable	—	187
Share purchase loan	—	325
Balance, December 31, 2021	67,039,123	879,028
Long-term incentive plan, net of loans receivable	—	399
Issued common shares, net of share issuance costs	5,750,000	83,136
Balance, March 31, 2022	**72,789,123**	**962,563**

On March 23, 2022 the Company issued an additional 5,750,000 common shares. For the three months ended March 31, 2022, the weighted average of total shares outstanding was 67,614,123.

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 had the option to purchase shares beginning on April 5, 2021. The NCIB expired on April 4, 2022.

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

Net income per share

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

16 Dividends

For the three months ended March 31, 2022**,** the Company paid monthly dividends of $0.078 per common share totaling $15,687 (2021 - $15,687). Dividends payable of $5,678 are included in accounts payable and other liabilities as at March 31, 2022 (December 31, 2021 - $5,229). Subsequent to March 31, 2022, the Board of Directors declared dividends of $0.078 per common share for April totaling $5,678.

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

17 Share-based compensation

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

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

During the three months ended March 31, 2022, 153,604 restricted share units ("**RSUs**") (2021 - 52,485) were granted pursuant to the RSUP. Total expenses related to the RSUP for the three months ended March 31, 2022 were $206 (2021 - $64), including mark-to-market adjustments, which were recognized in administrative expenses. During the three months ended March 31, 2022, 21,525 RSUs vested (2021 - 9,712) and were settled in cash, resulting in a decrease of $190 (2021 - $135) in the share-based compensation liability. The total liability recorded as part of the share-based compensation liability as at March 31, 2022 was $666 (December 31, 2021 - $650).

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

	Number of RSUs
Outstanding, January 1, 2021	43,543
Granted	96,608
Forfeited	(4,687)
Dividend reinvested	5,215
Settled in cash	(9,712)
Outstanding, December 31, 2021	130,967
Granted	153,604
Forfeited	(9,694)
Dividend reinvested	1,909
Settled in cash	(12,527)
Outstanding, March 31, 2022	**264,259**

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

During the three months ended March 31, 2022, 10,443 deferred share units ("**DSUs**") (2021 - 10,196) were granted pursuant to the DSUP. Total expenses related to the DSUP for the three months ended March 31, 2022 were $395 (2021 - $312), including mark-to-market adjustments, which were recognized in administrative expenses. The total liability recorded related to the DSUP as a part of the share-based compensation liability as at March 31, 2022 was $7,224 (December 31, 2021 - $6,829). The value of each deferred share unit is measured at each reporting date and is equivalent to the fair value of a common share at the reporting date.

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

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

	Number of DSUs
Outstanding, January 1, 2021	386,000
Granted	42,140
Dividends reinvested	26,239
Outstanding, December 31, 2021	454,379
Granted	10,443
Dividends reinvested	7,042
Outstanding, March 31, 2022	**471,864**

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

During the three months ended March 31, 2022, 27,243 (2021 - 30,672) executive deferred share units ("**EDSUs**") were granted. Total expenses related to the EDSUP for the three months ended March 31, 2022 were $196 (2021 - $94) including mark-to-market adjustments, which were recognized in administrative expenses. During the three months ended March 31, 2022, 136,483 EDSUs vested (2021 - 103,948) and were settled in cash, resulting in a decrease of $1,878 (2021 - $1,390) 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 March 31, 2022 was $1,086 (December 31, 2021 - $2,768). The value of each vested EDSU is measured at each reporting date and is equivalent to the fair value of a common share at the reporting date.

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

	Number of EDSUs
Outstanding, January 1, 2021	306,594
Granted	30,672
Forfeited	(5,858)
Dividends reinvested	2,795
Settled in cash	(103,948)
Outstanding, December 31, 2021	230,255
Granted	27,243
Forfeited	(1,667)
Dividends reinvested	1,172
Settled in cash	(136,483)
Outstanding, March 31, 2022	**120,520**

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

Share-based compensation expense, under Notes 18 and 20, includes a fair value (gain) on Total Return Swap contracts for the three months ended March 31, 2022 of $(268), (2021 - $(164)), and mark-to-market expense on share-based compensation liability for the three months ended March 31, 2022 of $158 (2021 - $130).

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 March 31,	
	2022	2021
Salaries and short-term employee benefits	**1,553**	1,312
Share-based compensation expense (Note 17)	**482**	306
	2,035	1,618

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. Funding for incremental COVID-19 costs is provided in addition to ongoing long-term care funding, all of which are subject to periodic reconciliations with the regulatory authorities. Funding for incremental COVID-19 costs is required to be spent entirely on resident care, with any excess amounts not allocated to direct resident care or pandemic expenses required to be returned to the regulatory authorities. During the three months ended March 31, 2022, the Company received approximately $189,010 (2021 - $142,757), which includes $147,981 (2021 - 108,849) for licences, and $41,029 (2021 - 33,908) for pandemic related funding.

20 Administrative expenses

	Three months ended March 31,	
	2022	2021
General and administrative expenses	**7,220**	6,885
Pandemic related expenses	**197**	1,120
Share-based compensation expense (Notes 17, 18)	**529**	306
Total administrative expenses	**7,946**	8,311

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 March 31,	
	2022	2021
Salaries, benefits and other people costs	**108,011**	99,345
Depreciation and amortization	**12,067**	17,349
Food	**7,611**	7,048
Purchased services and non-medical supplies	**6,419**	5,791
Utilities	**5,836**	5,206
Property taxes	**3,696**	3,876
Share-based compensation expense [1] (Notes 17, 18)	**529**	306
Other	**16,061**	13,615
Total expenses before net pandemic expenses	**160,230**	152,536
Pandemic labour	**21,804**	26,197
Personal protective equipment	**1,643**	2,081
Other pandemic related expenses[2]	**3,521**	3,883
Government assistance[3]	**(25,041)**	(42,068)
Net pandemic expenses (recoveries)	**1,927**	(9,907)
Total expenses	**162,157**	142,629

[1] Share-based compensation expense, 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 months ended March 31, 2022, the LTC segment received retroactive pandemic funding of $2,222 related to pandemic expenses incurred in excess of available government funding for the years ended December 31, 2020 and 2021.

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 26 RRs, four of which are located in British Columbia and 22 of which are located in Ontario, and the RR management services business;
- LTC - this segment consists of 34 LTC residences located in Ontario, eight seniors' living residences located in British Columbia and the LTC management services business; and
- Corporate, Eliminations and Other - this segment represents the results of head office, intercompany eliminations and other items that are not allocated to the segments.

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

	Three months ended March 31, 2022			
	Retirement[1]	LTC	Corporate, eliminations and other	Total
Gross revenue	38,368	140,368	17,062	195,798
Less: Internal revenue	—	4,454	17,062	21,516
Net revenue	38,368	135,914	—	174,282
Operating expense, net of government assistance [2]	24,619	117,525	—	142,144
Depreciation and amortization	5,522	5,699	846	12,067
Administrative expense [2]	—	—	7,946	7,946
Income before net finance charges, transaction costs, gain on disposal of properties and provision for income taxes	8,227	12,690	(8,792)	12,125
Finance costs	(1,507)	1,141	3,981	3,615
Finance income	—	(270)	(14)	(284)
Transaction costs	70	17,471	(16,202)	1,339
Gain on disposal of properties	(12,690)	(11,032)	—	(23,722)
Provision for income taxes	—	—	5,157	5,157
Net income (loss)	22,354	5,380	(1,714)	26,020
Purchase of property and equipment, net of disposals [3]	(14,952)	8,716	(7,932)	(14,168)
(Disposal) purchase of intangible assets	—	(2,376)	276	(2,100)

[1] For the three months ended March 31, 2022, the Retirement segment recognized accommodation revenues of $19,184 and service revenues of $19,184.

[2] Includes net pandemic expense of $611 for Retirement, $1,119 for LTC and $197 for corporate, eliminations and other.

[3] Includes pandemic capital expenditures for the three months ended March 31, 2022 of $5,032 (2021 - $9,422), reduced by related government assistance for the three months ended March 31, 2022 of $5,032 (2021 - $9,005). Also includes capital expenditures for the three months ended March 31, 2022 of $108 (2021 - nil), reduced by eligible operational government funding for the three months ended March 31, 2022 of $108 (2021 - nil).

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

	Three months ended March 31, 2021			
	Retirement[1]	LTC	Corporate, eliminations and other	Total
Gross revenue	36,056	129,388	15,886	181,330
Less: Internal revenue	—	4,216	15,886	20,102
Net revenue	36,056	125,172	—	161,228
Operating expense, net of government assistance [2]	23,097	93,864	—	116,961
Depreciation and amortization	10,730	6,124	495	17,349
Administrative expense [2]	—	—	8,311	8,311
Share of net loss in joint venture	—	—	8	8
Income (loss) before net finance charges, transaction costs and recovery of income taxes	2,229	25,184	(8,814)	18,599
Finance costs	(367)	1,261	3,943	4,837
Finance income	—	(392)	(207)	(599)
Transaction costs	—	—	516	516
Provision for income taxes	—	—	3,702	3,702
Net income (loss)	2,596	24,315	(16,768)	10,143
Purchase of property and equipment, net of disposals[3]	816	1,124	229	2,169
Purchase of intangible assets	1	2	192	195

(1) For the three months ended March 31, 2021, the Retirement segment recognized accommodation revenues of $17,667 and service revenues of $18,389.

(2) Includes net pandemic expense (recovery) of $732 for Retirement, $(11,759) for LTC and $1,120 for corporate, eliminations and other.

(3) Excludes pandemic capital expenditures for the three months ended March 31, 2021 of $9,422, reduced by related government assistance for the three months ended March 31, 2021 of $9,005.

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

	As at March 31, 2022			
	Retirement	**LTC**	**Corporate, eliminations and other**	**Total**
Total assets	**723,482**	**852,144**	**126,662**	**1,702,288**

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

	As at March 31, 2022			
	Retirement	**LTC**	**Corporate, eliminations and other**	**Total**
Total liabilities	**296,493**	**346,320**	**560,203**	**1,203,016**

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

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

	March 31, 2022	December 31, 2021
Current assets	**176**	354
Long-term assets	**14,488**	12,520
Total assets	**14,664**	12,874
Current liabilities	**1,092**	1,095
Long-term liabilities	**4,576**	2,783
Total liabilities	**5,668**	3,878
Net assets	**8,996**	8,996
Share of net investment in joint venture	**6,297**	6,297

	Three months ended March 31	
	2022	2021
Expenses	—	11
Net loss	—	(11)
Share of net loss in joint venture	—	(8)

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

Joint operations

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

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

	March 31, 2022	December 31, 2021
Current assets	**3,243**	3,853
Long-term assets	**95,975**	97,322
Total assets	**99,218**	101,175
Current liabilities	**8,164**	6,694
Long-term liabilities	**61,933**	62,280
Total liabilities	**70,097**	68,974
Net assets	**29,121**	32,201
Share of net assets	**15,272**	16,479

As at March 31, 2022, the Company's share of net assets in Nicola Lodge and Glenmore Lodge was $7,758 and $7,514, respectively (December 31, 2021 - $9,016 and $7,463, respectively).

	Three months ended March 31,	
	2022	2021
Revenue	**8,019**	7,110
Expenses		
Operating, net[(1)]	**7,124**	5,922
Depreciation and amortization	**644**	671
	7,768	6,593
Income before net finance charges	**251**	517
Net finance charges	**706**	720
Net loss	**(455)**	(203)
Share of net loss in joint venture	**(251)**	(87)

(1) Includes net pandemic expenses for the three months ended March 31, 2022 of $649 (2021 - $708).

For the three months ended March 31, 2022, the Company's share of net loss in Nicola Lodge and Glenmore Lodge was $(109) and $(142), respectively (2021 - $(75) and $(12), respectively).

24 Commitments and contingencies

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

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

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

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

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

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

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

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

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

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

Pay Equity Claim Proceedings

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

Given the current status of the proceedings and significant number of judgements required in establishing the pay equity framework, including ongoing discussions with two unions amongst the parties, that will impact the measurement of any potential provision, management has assessed the conditions required for a provision and have concluded that it is not possible to reliably measure the potential outflow of resources, and accordingly no provision has been recorded in the Condensed Interim Consolidated Financial Statements as at March 31, 2022.

25 Subsequent Events

On April 19, 2022 the Company received shareholder approval for its Sienna Ownership and Reward program ("SOAR"). On April 29, 2022, 74,409 shares were issued to team members as part of the SOAR program. A second tranche of shares is expected to be issued during Q2 2022.

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