Report to Shareholders

Q2 2022 Sienna Senior Living Inc.

Sienna
SENIOR LIVING

LETTER TO SHAREHOLDERS

Dear Fellow Shareholders,

Sienna's second quarter results highlight the tireless efforts of our team and the robust fundamentals in Canadian seniors' living despite the challenges caused by the global market turbulence. We are heading into the second half of 2022 generating strong same-property growth with occupancy levels reaching three-year highs in our retirement portfolio and accelerated resident admissions supporting occupancy at our long-term care communities.

With the backing of a strong balance sheet, we reached a number of important milestones in recent months, including the completion of the acquisitions of 12 high quality assets in Ontario and Saskatchewan, the official launch of our new retirement brand Aspira and the company-wide rollout of our share ownership program "SOAR" to team members. We also continued our keen focus on creating positive change for our stakeholders and the communities we serve, which is highlighted in our newly defined purpose and vision for our Company and Sienna's second Environmental, Social and Governance ("ESG") Report.

Strength through diversification

The acquisition of 12 retirement residences in Ontario and Saskatchewan was an important step towards further diversifying Sienna's balanced portfolio and the Company's overall net operating income. Our entry into Saskatchewan provides access to an exceptionally strong resources and agricultural market. A recent report from the Conference Board of Canada projects that Saskatchewan will lead Canada's economic growth in 2022 and will see its gross domestic product grow by 7.9% this year, largely driven by the energy sector and commodities. Against the backdrop of strong economic fundamentals and demographics, demand in the Saskatchewan seniors' living market has been growing steadily.

In combination with our redevelopment plans of our long-term care communities, growing our retirement platform is also an important aspect of our strategy to build and maintain a balanced portfolio in which our retirement and long-term care operations each make a significant contribution to the Company's overall net operating income. We believe that diversification adds to the financial strength of our business and benefits our stakeholders. It allows us to capture higher potential growth and operating margins inherent in our retirement portfolio, while benefitting from the stability of government-funded long-term care operations. It also enables us to offer a continuum of care to residents, from fully independent living to 24/7 care.

Occupancy improvements driving net operating income growth

The intrinsic benefits of each of our operating platforms were evident in our second quarter results. Our retirement operations continued to improve, leading to strong same-property occupancy growth during Q2 2022. Average same-property occupancy increased to a level not seen in nearly three years, and reached 88.6% in July 2022. Year-over-year, average same-property occupancy increased by 820 basis points in Q2 2022, leading to significant same-property net operating income ("NOI") growth despite higher labour costs and inflationary pressures.

In our long-term care portfolio, resident admissions progressed steadily throughout Q2 2022, however, the recent increase in COVID-19 outbreaks has slowed the admissions process at some care communities. Excluding the unavailable 3rd and 4th beds in multi-bed rooms due to capacity limitation and isolation beds, average occupancy reached 96.4% at the end of Q2 2022. NOI improvements in our long-term care portfolio were largely the result of a recovery of private-pay accommodations revenues, partially offset by higher labour and operating expenses as a result of a very tight labour market and high inflation.

Addressing a challenging labour market

Staffing within the seniors' living sector and the wider health care sector will likely remain one of the biggest and most pressing challenges in these sectors. To bridge the existing labour gap, we continue to advocate for faster immigration and expedited placements of internationally educated nurses.

Internally, we are making important investments in a new centralized scheduling system which will provide greater visibility to staffing on a real time basis, and a faster, more seamless process to fill staffing gaps. We also continued with enhanced recruitment campaigns at key colleges and universities, which resulted in the placement of over 1,100 students during the first six months of 2022, many of whom we hope to hire once they graduate.

Our recruitment strategy is focused on strengthening our employer brand by more clearly communicating what it means to be part of Sienna and supporting our goal to become the employer of choice in Canadian seniors' living. We plan to achieve this objective by offering a compelling team experience and by nurturing a purpose-driven culture. Making sure our team members feel supported and appreciated has never been more important and is reflected in many of our initiatives, like our share ownership program SOAR and various other team member recognition programs.

A newly defined purpose and vision

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

It conveys our belief that our role does not stop at providing the highest quality of service and care to our residents - it goes much further. Each and every day, we will strive to bring happiness into our residents' lives by enabling our team to put their passion for their work into action and supporting families to bring joy into our homes. In retirement and long-term care, we are committed to helping residents discover happiness through personalization, choice and community engagement in a comfortable, home-like setting.

And in doing this each and every day, it supports Sienna's vision to be **Canada's most trusted and most loved seniors' living provider**.

Prioritizing ESG initiatives

This newly defined purpose and vision for our company will drive every aspect of our business and will help us bring seniors' living to a new level where quality of life is at the forefront. This is reflected throughout our second ESG Report, which was published today. We are proud to play a leadership role in developing new approaches to better serve Canadian seniors. The impact that we have on residents, their families and our team members is incredibly important and special. Each of our actions and initiatives affects our residents' quality of life and well-being and impacts the communities we serve across the country.

Reaffirming our strategy to grow a balanced portfolio

The Canadian seniors' living sector continues to evolve at a fast pace. The unprecedented growth of our country's seniors' population coupled with the effects of the pandemic have been major factors in the transformation of the sector. Amid the continually changing seniors' living landscape, we are reaffirming our strategy to grow a balanced portfolio of both retirement residences and long-term care communities. With deep experience and scale in each segment, we run two distinct business lines, while taking advantage of the benefits inherent in shared services and scale.

Under the guidance of Dino Chiesa, who has decided to step down as Sienna's Chair of the Board of Directors after 12 years, we have transformed Sienna from a predominant long-term care operator in Ontario to Canada's largest diversified seniors' living company and I would like to express my gratitude to Dino for his guidance that supported Sienna's growth and transformation. Shelly Jamieson, who joined Sienna as an independent director in November 2021, has been appointed as Sienna's new Chair of the Board of Directors. Shelly's impressive expertise in seniors' living, health care and government will guide us as we continue to grow our Company and add value to our operating platforms.

The need for quality seniors' care and services has never been greater and I feel confident about Sienna's long-term growth potential and position to meet the needs of Canada's seniors' population during a time of unprecedented growth.

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

Q2 2022 Report to Shareholders

MANAGEMENT'S DISCUSSION AND ANALYSIS

Basis of Presentation

The following Management's Discussion and Analysis ("**MD&A**") for Sienna Senior Living Inc. (the "**Company**" or "**Sienna**") provides a summary of the financial results for the three and six months ended June 30, 2022. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements ("**interim consolidated financial statements**") for the three and six months ended June 30, 2022. This material is available on the Company's website at www.siennaliving.ca. Additional information about the Company, including its Annual Information Form ("**AIF**") for the year ended December 31, 2021 can be found on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com.

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

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

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

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

Additional Information

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

Review and Approval by the Board of Directors

This MD&A is dated as of August 11, 2022, the date this report was approved by the Board of Directors of the Company, and is based on information available to management of the Company as of that date.

Company Profile

The Company and its predecessors have been operating since 1972. The Company is a seniors' living provider serving the continuum of independent living ("**IL**"), independent supportive living ("**ISL**"), assisted living ("**AL**"), memory care ("**MC**") and long-term care (**"LTC"** or **"Long-term Care"**) through the ownership and operation of seniors' living residences in the Provinces of British Columbia, Saskatchewan and Ontario. As at June 30, 2022, the Company owns and operates a total of 80 seniors' living residences: 38 retirement residences ("**RRs**" or "**Retirement Residences**") (including the Company's 50% joint venture interest in 12 residences in Ontario and Saskatchewan); 34 LTC communities; and eight seniors' living residences providing both private-pay IL/AL and funded LTC (including the Company's joint ownership in two residences in British Columbia). The Company also provides management services to an additional 13 seniors' living residences in the Provinces of British Columbia and Ontario.

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

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

Notes:

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

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

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

As at August 11, 2022, the Company had 72,899,509 common shares outstanding.

Non-IFRS Performance Measures

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

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

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

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

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

Key Performance Indicators

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

Thousands of Canadian dollars, except occupancy, share and ratio data	Three Months Ended 2022	2021	Change	Six Months Ended 2022	2021	Change
OCCUPANCY						
Retirement - Average same property occupancy	**87.1 %**	78.9 %	8.2 %	**86.3 %**	79.0 %	7.3 %
Retirement - Acquisition, development and others - Average occupancy	**82.0 %**	51.1 %	30.9 %	**76.5 %**	53.6 %	22.9 %
Retirement - Average total occupancy	**86.6 %**	77.7 %	8.9 %	**85.7 %**	77.7 %	8.0 %
LTC - Average total occupancy	**88.5 %**	82.8 %	5.7 %	**87.8 %**	82.2 %	5.6 %
LTC - Average private occupancy	**82.4 %**	79.4 %	3.0 %	**81.4 %**	78.9 %	2.5 %
LTC - Average total occupancy excl. 3 and 4 ward beds and isolation beds (1)	**95.5 %**	n/a	n/a	**94.7 %**	n/a	n/a
FINANCIAL						
Total Adjusted Revenue	**180,151**	162,668	17,483	**354,433**	323,896	30,537
Total Adjusted Operating Expenses, net	**145,933**	131,643	14,290	**288,077**	248,604	39,473
Same property NOI (2)(9)	**33,131**	30,169	2,962	**64,773**	72,541	(7,768)
Total NOI (2)(9)	**34,218**	31,025	3,193	**66,356**	75,292	(8,936)
Administrative expenses	**10,057**	8,078	1,979	**18,003**	16,389	1,614
EBITDA (3)(9)	**24,163**	22,947	1,216	**72,077**	58,895	13,182
Net income (loss) (9)(10)	**(11,190)**	1,318	(12,508)	**14,830**	11,461	3,369
OFFO (4)(9)	**17,299**	15,126	2,173	**33,433**	40,469	(7,036)
AFFO (5)(9)	**17,162**	14,102	3,060	**33,609**	40,532	(6,923)
Total assets (6)	**1,747,872**	1,592,009	155,863	**1,747,872**	1,592,009	155,863
PER SHARE INFORMATION						
Net income (loss) per share, basic	**(0.154)**	0.020	(0.174)	**0.211**	0.170	0.041
Net income (loss) per share, diluted	**(0.154)**	0.020	(0.174)	**0.211**	0.170	0.041
OFFO per share (4)	**0.237**	0.226	0.011	**0.476**	0.604	(0.128)
AFFO per share (5)	**0.236**	0.210	0.026	**0.478**	0.605	(0.127)
Dividends per share	**0.234**	0.234	—	**0.468**	0.468	—
Payout ratio (7)	**99.2 %**	111.4 %	(12.2)%	**97.9 %**	77.4 %	20.5 %
FINANCIAL RATIOS						
Debt to Enterprise Value (8)	**50.2 %**	46.5 %	3.7 %	**50.2 %**	46.5 %	3.7 %
Debt to Gross Book Value as at period end	**43.4 %**	45.5 %	(2.1)%	**43.4 %**	45.5 %	(2.1)%
Weighted Average Cost of Debt as at period end	**3.4 %**	3.4 %	— %	**3.4 %**	3.4 %	— %
Debt to Adjusted EBITDA as at period end	**9.5**	7.4	2.1	**9.5**	7.4	2.1
Interest Coverage Ratio	**3.2**	3.1	0.1	**3.2**	3.1	0.1
Debt Service Coverage Ratio	**1.8**	1.6	0.2	**1.8**	2.2	(0.4)
Weighted Average Term to Maturity as at period end	**4.9**	5.0	(0.1)	**4.9**	5.0	(0.1)
CHANGE IN SAME PROPERTY NOI						
Retirement			**19.7 %**			**13.5 %**
LTC			**2.7 %**			**(23.6)%**
Total			**9.8 %**			**(10.7)%**

Notes:

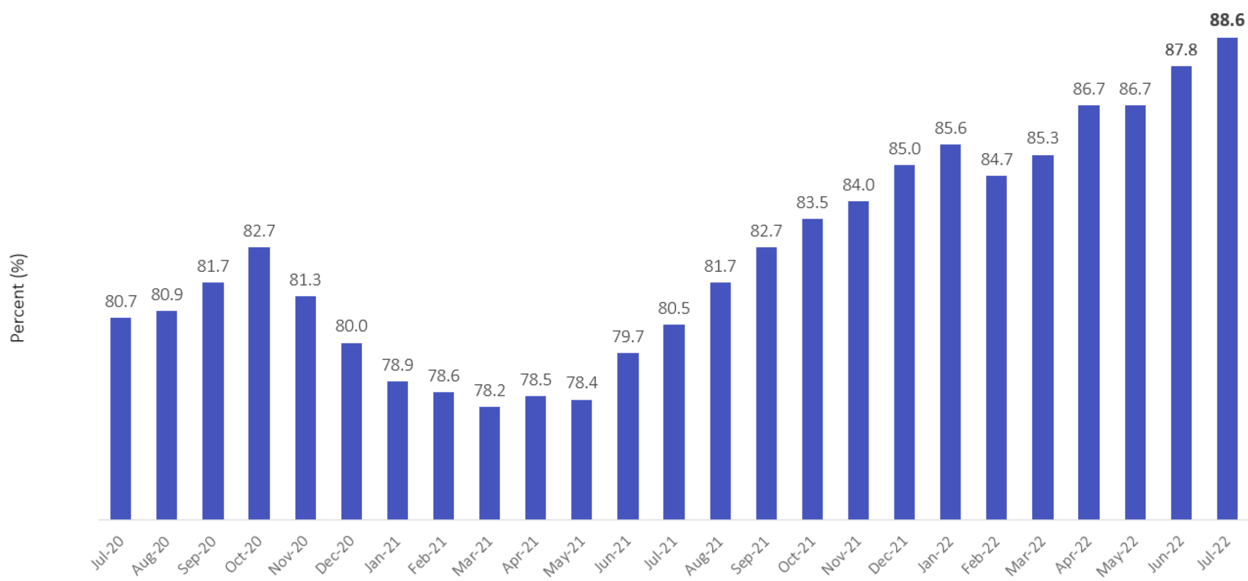
1. Long-term care residences received occupancy protection funding for vacancies caused by temporary closure of admissions due to an outbreak, including COVID-19, and for capacity limitations and isolation requirements until January 31, 2022.
2. NOI for the three months and six months ended June 30, 2022 includes net pandemic expenses (recoveries) of $2,585 and $4,315, respectively (2021 - $3,409 and $(7,618), respectively).
3. EBITDA for the three months ended June 30, 2022 increased by $1,216 to $24,163, compared to same period in 2021, primarily due to increase in NOI offset by higher administrative expenses. EBITDA for the six months ended June 30, 2022 increased by $13,182 to $72,077, compared to comparative period primarily due to increase in NOI, offset by higher administrative expenses.
4. OFFO for the three and six months ended June 30, 2022 includes after-tax net pandemic expenses (recoveries) of $1,932 and $3,349, respectively (2021 - $2,800 and $(4,475), respectively) and mark-to-market recovery on share-based compensation of $(441) and $(478), respectively (2021 - $313 and $288, respectively).
5. AFFO for the three and six months ended June 30, 2022 includes net pandemic capital expenditures (recoveries) of $nil (2021 - $(186) and $232, respectively), after-tax net pandemic expenses (recoveries) of $1,932 and $3,349, respectively (2021 - $2,800 and $(4,475), respectively) and mark-to-market recovery on share-based compensation of $(441) and $(478), respectively (2021 - $313 and $288, respectively).
6. Property and equipment and intangible assets included in total assets are measured at cost less accumulated depreciation and amortization and impairment loss.
7. Payout ratio for the three and six months ending June 30, 2022, excluding after-tax net pandemic impact and mark-to-market adjustments on share-based compensation, would be 91.2% and 90.2%, respectively (2021 - 94.0% and 86.3%, respectively).
8. Debt to Enterprise Value increased to 50.2% as at June 30, 2022 from 46.5% as at June 30, 2021, mainly due to a decline in enterprise value from a lower share price.
9. Includes the Company's 50% share of each of the revenue, operating expenses, and NOI of its Equity-Accounted Joint Venture.
10. Net income (loss) for the three and six months ended June 30, 2022 includes an impairment loss of $12.8 million, and for the six months ended June 30, 2022 and a gain on disposal of properties of $23.7 million.

Second Quarter 2022 Summary

As outlined in detail under "Business Update" below, the second quarter of 2022 has been marked with significant progress with respect to many strategic initiatives to grow the Company and add value to our operating platforms. Increasing demand in many of Sienna's key markets coupled with successful marketing, sales and rebranding initiatives are reflected in Sienna's solid second quarter results. 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.

Occupancy - Average same property occupancy in the Retirement portfolio was 87.1% in Q2 2022, up 820 basis points **("bps")** from 78.9% in Q2 2021.

The following chart shows a summary of the monthly average Retirement same property occupancy percentage over the past two years:



Rent collections during Q2 2022 remained high at over 99% and are consistent with pre-pandemic levels.

Average occupancy in the LTC portfolio was 95.5% in Q2 2022, excluding the unavailable 3rd and 4th beds in multi-bed rooms due to capacity limitation, and isolation beds, and reached 96.4% at the end of Q2 2022. Effective February 2022, occupancy targets of 97% for long-stay beds and 90% for interim short-stay beds, excluding beds unavailable as a result of capacity limitations in multi-bed rooms and isolation requirements, have been reinstated. However, for the period of February 1, 2022 to September 30, 2022, LTC homes that do not achieve target resident days (97% occupancy for long-stay beds, 90% for interim short stay beds), will receive at a minimum 90% of their Level of Care ("LOC") per diem funding. As at June 30, 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.

Total Adjusted Revenue increased by 10.7% in Q2 2022, or $17,483, to $180,151, compared to Q2 2021. In the Retirement segment, revenues increased by $7,008 or 19.3% compared to Q2 2021 driven by occupancy growth, annual rental rate increases in line with market conditions, and additional revenues from the 12 retirement properties acquired during the quarter. LTC's revenues for Q2 2022 increased by $10,475, or 8.3% compared to Q2 2021, primarily due to flow-through funding for increased direct care provided to residents, as well as higher preferred accommodation revenues from increased occupancy compared to Q2 2021, offset partly by lower revenues from the sale of a LTC community in Q1 2022.

Total Adjusted Operating Expenses, net of government assistance increased by $14,290 in Q2 2022, or 10.9%, to $145,933, compared to Q2 2021. In the Retirement segment, expenses increased primarily due to higher labour, increased culinary, marketing, insurance and utilities expenses as well as additional operating expenses related to the 12 retirement properties acquired during the quarter. In the LTC segment, expenses increased mainly due to higher expenses related to an increase in government-funded direct care provided to residents, as well as increased labour, insurance and utilities costs, offset partly by lower expenses from the sale of a LTC community in Q1 2022.

Total NOI increased by $3,193 in Q2 2022, or 10.3%, to $34,218, compared to Q2 2021, mainly due to NOI growth in the Retirement segment of $3,630 driven by an increase in same property NOI as well as additional NOI from the 12 retirement properties acquired during the quarter. NOI in the LTC segment decreased by $437 mainly due to the sale of a long-term care community in Q1 2022, partially offset by higher LTC same property NOI.

Net loss was $(11,190) for Q2 2022 as compared to net income of $1,318 in Q2 2021. The decrease was primarily due to the recognition of an impairment loss on assets of $12,788, the share of net loss in joint venture of $(5,509), higher administrative expenses, higher transaction costs, partially offset by an income tax recovery, higher NOI and a decrease in net finance charges.

OFFO increased by 14.4% in Q2 2022, or $2,173, to $17,299 compared to Q2 2021. OFFO per share increased by 4.9% in Q2 2022, or $0.011, to $0.237. The increase was primarily due to higher NOI, partially offset by higher current income tax expense and higher administrative expenses.

AFFO increased by 21.7% in Q2 2022, or $3,060, to $17,162 compared to Q2 2021. AFFO per share increased 12.4% in Q2 2022, or $0.026, to $0.236. The increase was primarily related to the increase in OFFO, as well as lower maintenance costs as a result of timing of expenses.

Debt The Company's Debt to Gross Book Value decreased by 210 bps to 43.4% at the end of Q2 2022 from 45.5% at the end of Q2 2021, primarily due to the additional assets acquired through the Equity-Accounted Joint Venture using funds from the Company's equity offering and proceeds from property dispositions. Debt to Adjusted EBITDA increased to 9.5 years in Q2 2022 from 7.4 years in Q2 2021 and the Debt Service Coverage Ratio increased to 1.8 times in Q2 2022 from 1.6 times in Q2 2021. The Interest Coverage Ratio increased to 3.2 times in Q2 2022 from 3.1 times in Q2 2021. The Weighted Average Term to Maturity marginally decreased to 4.9 years from 5.0 years in Q2 2021. The Company is in compliance with all of its debt covenants.

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

Business Update

During the second quarter of 2022, we continued to make significant progress with respect to many strategic initiatives to grow the Company and add value to our operating platforms. Highlights during the second quarter include the completion of the acquisitions of 12 high quality assets in Ontario and Saskatchewan and their integration into our retirement platform, the official launch of our new retirement brand Aspira and the company-wide rollout of our share ownership program "**SOAR**" to team members, with an initial investment of $3.0 million.

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

Growth Initiatives

Completion of acquisitions of 12 retirement residences in Ontario and Saskatchewan

On May 16, 2022, we finalized the previously announced acquisition of a 50% ownership interest in a portfolio of 11 seniors' living assets in Ontario and Saskatchewan consisting of 1,048 high-quality, private-pay independent living, assisted living, and memory care suites. Sienna's share of the purchase price for the Portfolio was $153.8 million. Subsequent to the closing of this transaction, we completed the joint venture acquisition of the Village at Stonebridge, a retirement residence consisting of 186 high-quality, private-pay suites in Saskatoon, Saskatchewan. Sienna's share of the purchase price for this retirement residence was $35.8 million. The property is complementary to Sienna's four retirement residences acquired on May 16th, and further enhance Sienna's scale in Saskatchewan.

All 12 assets were acquired in partnership with Sabra Health Care REIT, Inc. ("**Sabra**"), with each of Sienna and Sabra holding a 50% interest. Sienna is the manager of the 12 retirement residences, which is an expansion of an established operating relationship with Sabra, whereby Sienna has managed eight of Sabra's retirement residences in Ontario and British Columbia for over five years. Sabra's partnership with the Company is an endorsement of Sienna as one of Canada's leading operators of seniors' living properties.

We expect these acquisitions to generate an approximate 6% unlevered yield in the first twelve months following the completion of the transactions.

We intend 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 acquisitions completed in Q2 2022:

Property	City	Year Built / Expanded	Number of Suites (at 100%)				
			IL	AL	MC	Total	Potential Expansion
The Barrieview	Barrie, ON	2019	78	23	23	124	-
Douglas Crossing	Uxbridge, ON	2017	102	28	18	148	-
Harvest Crossing	Tillsonburg, ON	2011/15	100	-	-	100	52
Lynde Creek 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	-
The Village at Stonebridge	Saskatoon, SK	2016	159	27		186	
Total Saskatchewan			**384**	**27**	**116**	**527**	**-**
Total Portfolio			**999**	**78**	**157**	**1,234**	**233**

The acquisitions were financed with net proceeds from the March 23, 2022 equity offering of $83 million, a one-time drawdown of $90 million on the unsecured acquisition term loan on May 16, 2022, and the assumption of two CMHC-insured property-level mortgages of $27 million at a weighted-average interest rate of 2.24%.

Acquisition of Woods Park Care Centre, Barrie, Ontario

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

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

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. Construction is in progress at our new campus of care in Brantford, Ontario, which will include 160 Class A beds and 147 retirement suites and will replace 122 older Class C beds. Construction of a new 160-bed long-term care community in Keswick, Ontario, is scheduled to start in late 2022.

Current supply chain issues and high inflation are key considerations as we move forward with our development program planning. We are closely monitoring cost escalations with respect to material and labour and their impact on our construction starts, estimated development yields and economic feasibility for current and future projects. While the current environment may lead to some delays, we remain fully committed to the redevelopment of our Class C long-term care portfolio.

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.

Retirement Operations Update

The operating environment continued to improve during the second quarter and combined with Sienna’s successful marketing and sales initiatives, resulted in strong occupancy gains and rental rate increases in line with market rates. Q2 2022 average same property occupancy was 87.1%, representing an 820 bps gain year over year compared to Q2 2021.

With respect to the 12 retirement residences acquired in May 2022, average occupancy was approximately 84.1%, excluding one property in lease-up that opened in 2019. As our marketing and sales teams are integrating the acquisition portfolio into our retirement platform, we believe that occupancy trends will become more consistent with the overall retirement portfolio of the Company.

Including the 12 retirement residences acquired in Q2 2022, which comprise a total of 1,234 suites, Sienna's retirement portfolio consisted of 4,389 suites across Ontario, Saskatchewan and British Columbia as at June 30, 2022, and contributed approximately 48% to the Company's NOI in Q2 2022. During Q2 2022, Sienna incurred $1.1 million of pandemic expenses in the retirement segment, for which it received $1.0 million in pandemic funding for the period.

Our sales and marketing teams continued with intensified sales activities, generating strong interest in our residences. We further strengthened community engagement across our portfolio, with a keen focus on building and maintaining excellent relationships with healthcare and business partners in the local communities of our residences. In addition, we focused on integrating the sales and marketing teams at the 12 recently acquired retirement residences into our retirement platform subsequent to the closing of the acquisitions in May 2022.

Our efforts coupled with strong demand in many of our key markets, resulted in an increase in rent deposits in our same property portfolio of 14% and an increase in move-ins of approximately 19% compared to Q2 2021. In addition, rent collection levels remained high at approximately 99% throughout Q2 2022.

Launch of Retirement Platform "Aspira"

During Q2 2022, we launched our new retirement platform Aspira, including a new dedicated website and the roll-out of Aspira's signature programs, including *Nourish by Aspira, Active by Aspira* and *Explore by Aspira*.

Since the launch, the immediate response to the new brand and signature programs was strong with initial results indicating that qualified leads have increased by approximately 26% during the first month after the launch compared to the same period in 2021.

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

Long-term Care Operations Update

In Q2 2022, the Company's long-term care portfolio, which comprises 6,632 beds in Ontario and British Columbia, contributed approximately 52% to the Company's overall NOI.

Our focus continues to be on improved quality of life and care outcomes. We have strengthened our ongoing review of quality of care based on quality indicators, clinical reviews and inspection reports. Sienna's care communities participate in third-party assessments, supporting the ongoing process of quality improvement and operational excellence. Later this year, new surveys are scheduled to be conducted by Accreditation Canada in British Columbia where we currently hold an award of Exemplary Standing and by the Commission on Accreditation of Rehabilitation Facilities in Ontario, where we currently hold the highest achievement status.

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

Unveiling of New LTC Platform

We are currently in the process of unveiling our 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 goal 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. As part of our initiative to revitalize residents’ dining experience, dining will be led by an executive chef and the social aspect of eating will be emphasized. We aim to bring more of a hospitality-like feel to our dining rooms over time.

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.

In February 2022, the Government of Ontario reinstated its occupancy targets of 97% for long-stay beds and 90% for interim short-stay beds, excluding beds unavailable as a result of capacity limitations in multi-bed rooms and isolation requirements. However, for the period from February 1, 2022 to September 30, 2022, LTC homes that do not achieve target resident days, will receive a minimum of 90% of their funding. As at June 30, 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.

Resident admissions progressed well throughout the second quarter, leading to occupancy improvements. Based on the total number of licensed beds, average occupancy was 88.5% in Q2. Excluding the 3rd and 4th beds in multi-bed rooms and isolation beds, same property average occupancy reached 95.5% during the second quarter, compared to 93.8% in Q1 2022.

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

COVID-19 Update

Sienna continues to have stringent precautions in place to manage the impact of COVID-19 at its residences. In addition, the majority of residents had received their third dose of the vaccine by the beginning of 2022 with many of them having received their fourth dose to date as well. With this added protection, infected residents’ and team members’ symptoms have been mostly mild or moderate during recent waves of the pandemic, which have been largely defined by staffing shortages.

As of August 10, 2022, 22 of Sienna’s 93 owned or managed residences are in outbreak with active cases of COVID-19 at 18 long-term care and 4 retirement residences. Of these residences, 13 residences have five or less active COVID-19 cases among its residents, including 2 residences with no active COVID-19 resident cases.

Approximately 89% of Sienna’s residents and approximately 75% of Sienna’s team members have received at a minimum three doses of a COVID-19 vaccine, with 62% of our residents having received their fourth dose as well, according to the most recent data available. 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 has made a previously temporary wage enhancement for personal support workers of $3/hour permanent in April 2022 and has been rolling out a one-time retention bonus for nurses of up to $5,000 across the province.

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 recent waves of COVID-19. Among our numerous initiatives, we are making investments in a new centralized scheduling and call-out system. This system will provide greater flexibility to staffing on a real-time basis, and a more seamless process to fill staffing gaps.

We are also continuing to strengthen our employer brand by more clearly communicating what it means to be part of Sienna.

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 1,100 students during the first six months of 2022, many of whom we hope to hire once they graduate.

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 in many other expense categories, including food, supplies and contracted services.

Significant agency premiums averaging 75% to 100% over the regular staffing rates combined with generally higher reliance on agency staff during the pandemic resulted in a substantial increase in staffing costs. Agency staffing costs totaled approximately $11.8 million, compared to $11.6 million in Q2 2021, with the majority of the staffing costs covered by government flow-through funding. The NOI impact of additional agency staffing costs in Q2 2022 was unchanged from Q2 2021. We believe that agency staffing costs will eventually 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 Q2 2022, utilities increased by $0.6 million, representing an approximate 15% 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.

Outlook

Strong demand for the services and care offered by Canadian seniors' living operators combined with Sienna's successful marketing and sales initiatives were reflected in the Company's Q2 2022 operating results and support our optimistic outlook.

For the balance of 2022, Sienna forecasts continued occupancy improvements in the 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 and marketing initiatives and operating platforms. In line with the positive occupancy trend, Sienna has updated its occupancy forecast for its retirement portfolio, increasing its projections for same property occupancy levels to reach approximately 89% - 90% by the end of 2022 from the previously stated 87% - 89%.

In Sienna's LTC portfolio, resident admissions progressed steadily throughout Q2 2022, however, the recent increase in COVID-19 outbreaks are impacting admissions at some care communities. Average same-property occupancy, excluding the unavailable 3rd and 4th beds in multi-bed rooms due to capacity limitation and isolation beds, reached 95.5% during the second quarter and 96.4% as at June 30, 2022. In February 2022, the Government of Ontario reinstated occupancy targets of 97% required for full funding. Given the long waiting list for long-term care beds, we anticipate to meet the required occupancy targets at the vast majority of our care communities for full funding in 2022.

With respect to our retirement platform, we expect year-over-year NOI growth and margin improvements in 2022 to be supported by occupancy improvements, rental rate increases in line with market rates and added scale from acquisitions. These factors are expected to contribute to revenue growth, while cost pressures 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 total operating margins to further improve by 50 to 100 bps in the second half of 2022 from Q2 2022.

With respect to pandemic-related expenses, we anticipate that net pandemic-related expenses could range from $2.0 to $3.0 million in Q3 2022 as a result of the recent increase of COVID-19 cases.

The acquisitions of 12 retirement residences in Ontario and Saskatchewan completed in May 2022 were an important step towards further diversifying Sienna's balanced portfolio and the Company's overall net operating income. Against the backdrop of strong economic fundamentals and demographics, demand in the Saskatchewan seniors' living market has been growing steadily. 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.

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

Current supply chain challenges, rising material and labour costs, interest rates and rising inflation are key considerations as we move forward with our long-term care redevelopment program. As a result of these challenges, we are evolving and managing our redevelopment plan strategy for government-approved projects. Additionally, we are closely monitoring these market impacts and their implication with respect to our construction starts and estimated development yields for current and future projects.

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

The significant growth of our retirement platform highlights our strategy and commitment to grow a balanced portfolio of retirement residences and long-term care communities in Canada. With deep experience and scale in each segment, we run two distinct business lines, while taking advantage of the benefits inherent in shared services and scale. We believe that a balanced portfolio adds to the financial strength of our business by allowing us to capture higher potential growth and operating margins inherent in our retirement portfolio while benefiting from the stability of government-funded long-term care operations. In addition, it allows us to provide a continuum of care to residents - from a high level of independence to extensive assistance with activities of daily living and access to 24-hour nursing care.

For the balance of 2022 and beyond, we intend to capitalize on the improving fundamentals in Canadian seniors' living, achieve operating efficiencies through scale, and continue to grow the business through development and acquisitions.

Significant Events

Sale of a Retirement Residence

On January 31, 2022, the Company finalized the disposition of its 138-suite Rideau Retirement Residence in British Columbia. 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 March 31, 2022, the Company finalized the disposition of Camilla Care Community in Ontario, comprising 236 Class C beds. 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 $4,422. 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 acquired a 50% ownership interest in 11 seniors' living assets in Ontario and Saskatchewan for $153.8 million on May 16, 2022, and a 50% ownership interest in the Village at Stonebridge in Saskatoon for $35.8 million on June 1, 2022. The Company also entered into an agreement to purchase Woods Park in Barrie for $26.0 million, scheduled to close in the second half of 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. On May 26, 2022, a second tranche of 35,977 shares were issued to team members.

Our Purpose and Vision

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

It conveys our belief that our role does not stop at providing the highest quality of service and care to our residents - it goes much further. Each and every day, we will strive to bring happiness into our residents' lives by enabling our team to put their passion for their work into action and supporting families to bring joy into our homes. In retirement and long-term care, we are committed to helping residents discover happiness through personalization, choice and community engagement in a comfortable, home-like setting.

And in doing this each and every day, it supports Sienna's vision to be **Canada's most trusted and most loved seniors' living provider**. With this vision, we will equally meet the needs and expectations of our residents, families, team members and the communities we serve.

Company Strategy and Objectives

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

Organic Growth:

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

Acquisition and Development:

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

Environmental, Social and Governance (ESG) Responsibility

Sienna's commitment to corporate social responsibility is highlighted in our continued enhancements of the Company's ESG initiatives and disclosures, including Sienna's second ESG Report, which was published concurrent with Sienna's Q2 2022 Report. For more information on Sienna's ESG initiatives and our most recent report, please refer to the ESG section on Sienna's website under https://www.siennaliving.ca.

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

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

Diversity, Equity and Inclusion

A Diverse and Inclusive Workforce

Gender - Sienna's total workforce is predominantly female, with approximately 88% 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.

Fair Compensation and Gender Pay Equity

Approximately 98% 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. During Q2 2022, a total of 110,386 shares were issued to team members.

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

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

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

Labour Relations and Union Representation

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

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

Sienna's support of freedom of association and the right to collective bargaining is evidenced by the level of unionization in our residences, which includes approximately 109 collective bargaining units and an approximate 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, 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.

Improving Sienna's Environmental Footprint

Addressing Climate Change through Development

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

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

Committing to Waste Reduction by Going Paperless

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

Industry Update

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

Business of the Company

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

Quarterly Financial Information

Thousands of Canadian dollars, except occupancy, per share and ratio data	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2020 Q4	2020 Q3
Total Adjusted Revenue	180,151	174,282	174,175	170,423	162,668	161,228	168,834	166,850
Total Adjusted Operating expenses, net of government assistance	145,933	142,144	140,729	137,020	131,643	116,961	140,181	137,895
Net income (loss)	(11,190)	26,020	4,654	4,533	1,318	10,143	(8,729)	(6,484)
Per share basic and diluted	(0.154)	0.385	0.070	0.070	0.020	0.151	(0.130)	(0.097)
OFFO	17,299	16,134	18,258	18,265	15,126	25,343	14,156	13,624
Per share basic	0.237	0.239	0.272	0.272	0.226	0.378	0.211	0.203
OFFO, excluding net pandemic expenses (recoveries)	19,231	17,549	18,371	18,990	17,925	18,068	19,820	20,774
Per share, excluding net pandemic expenses (recoveries)	0.264	0.260	0.274	0.283	0.268	0.269	0.296	0.310
AFFO	17,162	16,447	16,555	15,671	14,102	26,430	13,174	14,187
Per share basic	0.236	0.243	0.247	0.234	0.210	0.394	0.196	0.212
AFFO, excluding net pandemic expenses (recoveries)	19,094	17,862	16,964	15,858	16,715	19,572	18,895	20,926
Per share, excluding net pandemic expenses (recoveries)	0.263	0.264	0.253	0.237	0.249	0.292	0.281	0.313
Dividends declared	17,055	16,136	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	86.6 %	84.7 %	82.7 %	80.3 %	77.7 %	77.7 %	80.7 %	80.7 %
Retirement - Average same property occupancy	87.1 %	85.5 %	84.6 %	82.1 %	78.9 %	78.1 %	81.9 %	81.8 %
LTC - Average total occupancy	88.5 %	87.0 %	88.9 %	86.2 %	82.8 %	80.3 %	84.8 %	87.4 %
LTC - Average private occupancy	82.4 %	80.4 %	82.2 %	82.9 %	79.4 %	78.2 %	83.3 %	86.3 %
Debt to enterprise value as at period end	50.2 %	47.4 %	49.5 %	46.5 %	46.5 %	50.1 %	52.1 %	57.8 %
Debt to gross book value as at period end	43.4 %	41.5 %	44.7 %	45.6 %	45.5 %	46.0 %	48.2 %	47.3 %
Debt to Adjusted EBITDA as at period end	9.5	8.7	7.9	7.8	7.4	6.2	9.4	8.9
Debt to Adjusted EBITDA, excluding net pandemic expenses (recoveries), as at period end	8.7	8.1	8.2	8.3	8.2	8.4	7.5	7.2
Interest coverage ratio	3.2	3.3	3.4	3.4	3.1	4.7	2.8	2.5
Interest coverage ratio, excluding net pandemic expenses (recoveries)	3.6	3.6	3.4	3.6	3.5	3.5	3.7	3.6
Total assets	1,747,872	1,702,288	1,609,189	1,606,834	1,592,009	1,616,357	1,678,129	1,733,832
Total debt	985,754	923,584	950,284	971,878	958,212	964,873	1,032,624	1,028,854
Weighted average shares outstanding	72,855,687	67,614,123	67,039,123	67,039,123	67,039,123	67,039,123	67,039,123	67,039,123

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

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

Operating Results

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

	Three Months Ended			Six Months Ended		
Thousands of Canadian dollars	**2022**	2021	Change	**2022**	2021	Change
Revenue	**176,545**	162,668	13,877	**350,827**	323,896	26,931
Expenses						
Operating, net of government assistance	**143,190**	131,643	11,547	**285,334**	248,604	36,730
Depreciation and amortization	**11,834**	11,991	(157)	**23,901**	29,340	(5,439)
Administrative expenses	**10,057**	8078	1,979	**18,003**	16,389	1,614
Share of net loss in joint ventures	**5,509**	—	5,509	**5,509**	8	5,501
Impairment loss	**12,788**	—	12,788	**12,788**	—	12,788
Net finance charges	**5,563**	8,637	(3,074)	**8,894**	12,875	(3,981)
Transaction costs	**1,810**	559	1,251	**3,149**	1,075	2,074
Gain on disposal of properties	**—**	—	—	**(23,722)**	—	(23,722)
	190,751	160,908	29,843	**333,856**	308,291	25,565
Income (loss) before provision for (recovery of) income taxes	**(14,206)**	1,760	(15,966)	**16,971**	15,605	1,366
Provision for (recovery of) income taxes						
Current	**409**	(177)	586	**3,855**	2,803	1,052
Deferred	**(3,425)**	619	(4,044)	**(1,714)**	1,341	(3,055)
	(3,016)	442	(3,458)	**2,141**	4,144	(2,003)
Net income (loss)	**(11,190)**	1,318	(12,508)	**14,830**	11,461	3,369
Total assets	**1,747,872**	1,609,189	138,683	**1,747,872**	1,609,189	138,683
Total debt	**985,754**	950,284	35,470	**985,754**	950,284	35,470

Retirement

The Company's Retirement portfolio consists of 38 Retirement Residences as of June 30, 2022, four of which are located in British Columbia, five are located in Saskatchewan, and 29 are located in Ontario. Our Retirement portfolio operates in well located markets and generated approximately 48% of its total NOI in Q2 2022.

Long-term Care

The Company's LTC portfolio consists of 42 LTC communities, eight of which are located in British Columbia and 34 of which are located in Ontario. Our LTC portfolio contributed approximately 52% to its total NOI in Q2 2022.

Joint Arrangement

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

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

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

Notes:

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

On January 25, 2022, the Company formed a joint venture with a third party, of which it owns a 50% interest. The joint venture first acquired a portfolio of 11 seniors' living assets in Ontario and Saskatchewan on May 16, 2022 for $153.8 million, and subsequently acquired another retirement residence in Saskatchewan on June 1, 2022 for $35.8 million. The Company has accounted for this joint venture using the equity method of accounting, since this joint arrangement is structured through a separate legal vehicle, and the Company has rights to the net assets of the arrangement.

Net Operating Income Consolidated

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

	Three Months Ended			Six Months Ended		
Thousands of Canadian dollars	**2022**	2021	Change	**2022**	2021	Change
Revenue						
Same property	**176,274**	157,339	18,935	**345,402**	313,144	32,258
Share of revenue from Equity-Accounted Joint Venture (2)	**3,606**	—	3,606	**3,606**	—	3,606
Acquisition, development and others	**271**	5,329	(5,058)	**5,425**	10,752	(5,327)
Total Adjusted Revenue	**180,151**	162,668	17,483	**354,433**	323,896	30,537
Operating Expenses, net						
Same property	**140,715**	123,792	16,923	**276,511**	247,188	29,323
Net pandemic expenses (recoveries) (1)	**2,585**	3,409	(824)	**4,315**	(7,618)	11,933
Share of operating expenses from Equity-Accounted Joint Venture (2)	**2,743**	—	2,743	**2,743**	—	2,743
Acquisition, development and other	**(110)**	4,442	(4,552)	**4,508**	9,034	(4,526)
Total Adjusted Operating Expenses, net	**145,933**	131,643	14,290	**288,077**	248,604	39,473
NOI						
Same property (2)	**33,131**	30,169	2,962	**64,773**	72,541	(7,768)
Share of Equity-Accounted Joint Venture (2)	**863**	—	863	**863**	—	863
Acquisition, development and other	**224**	856	(632)	**720**	2,751	(2,031)
Total NOI	**34,218**	**31,025**	**3,193**	**66,356**	75,292	(8,936)

Notes:

1. For Q2 2022, includes government assistance related to the pandemic of $12,063 (2021 - $22,027) and incremental pandemic related expenses of $14,648 (2021 - $25,436), resulting in net pandemic expenses (recoveries) of $2,585 (2021 - $3,409). For the six months ended June 30, 2022, includes government assistance related to the pandemic of $37,108 (2021 - $64,094) and incremental pandemic related expenses of $41,423 (2021 - $56,476), resulting in net pandemic expenses (recoveries) of $4,315 (2021 - $(7,618)). Government assistance related to the pandemic is recognized to the extent that eligible expenses have been incurred and funding allocations are reasonably determinable.
2. Includes the Company's pro rata share of each of the revenue, operating expenses, and NOI of its Equity-Accounted Joint Venture.

Second Quarter 2022 Operating Results

The Company's total same property revenues for Q2 2022 increased by $18,935 to $176,274, compared to Q2 2021. Retirement's same property revenues for Q2 2022 increased by $3,755 to $38,738, compared to Q2 2021, primarily due to occupancy growth and annual rental rate increases in line with market conditions. LTC's same property revenues for Q2 2022 increased by $15,180 to $137,536, compared to Q2 2021, primarily due to flow-through funding for increased direct care provided to residents, as well as higher preferred accommodation revenues from increased occupancy.

The Company's total same property operating expenses, excluding net pandemic expenses, for Q2 2022 increased by $16,923 to $140,715, compared to Q2 2021. Retirement's same property operating expenses, excluding net pandemic expenses of $66, for Q2 2022 increased by $2,247 to $23,671, compared to Q2 2021, primarily due to higher labour costs, increased culinary, marketing, insurance and utilities costs. LTC's operating expenses for Q2 2022, excluding net pandemic expenses of $2,519, increased by $14,676 to

$117,044, compared to Q2 2021, mainly due to higher expenses related to an increase in government-funded direct care provided to residents, as well as increased labour, insurance and utilities costs.

The Company's total same property NOI for Q2 2022 increased by $2,962 to $33,131, compared to Q2 2021. Retirement's same property NOI for Q2 2022 increased by $2,494 to $15,124. LTC's same property NOI for Q2 2022 increased by $468 to $18,007 compared to Q2 2021.

Six Months Ended June 30, 2022 Operating Results

The Company's total same property revenues for the six months ended June 30, 2022 increased by $32,258 to $345,402, compared to the six months ended June 30, 2021. Retirement's same property revenues for the six months ended June 30, 2022 increased by $6,578 to $76,270, compared to the six months ended June 30, 2021, primarily due to occupancy growth and annual rental rate increases in line with market conditions. LTC's same property revenues for the six months ended June 30, 2022 increased by $25,680 to $269,132, compared to the six months ended June 30, 2021, primarily due to flow-through funding for increased direct care provided to residents, annual inflationary funding increases, and higher preferred accommodation revenues from increased occupancy compared to Q2 2021.

The Company's total same property operating expenses, excluding net pandemic expenses, for the six months ended June 30, 2022 increased by $29,323 to $276,511, compared to the six months ended June 30, 2021. Retirement's same property operating expenses, excluding net pandemic expenses, for the six months ended June 30, 2022 increased by $4,218 to $47,059, compared to the six months ended June 30, 2021, primarily due to higher labour, increased culinary, utilities, insurance and marketing costs. LTC's operating expenses for the six months ended June 30, 2022, excluding net pandemic expenses of $3,638, increased by $25,105 to $229,452, compared to the six months ended June 30, 2021, mainly due to higher expenses related to an increase in government-funded direct care, annual inflationary labour cost increases, higher insurance and utilities.

The Company's total same property NOI for the six months ended June 30, 2022 decreased by $7,768 to $64,773, compared to the six months ended June 30, 2021. Retirement's same property NOI for the six months ended June 30, 2022 increased by 3,404 to $28,670. LTC's same property NOI for the six months ended June 30, 2022 decreased by $11,172 to $36,103 compared to the six months ended June 30, 2021. The decrease in LTC's same property NOI was due to net pandemic expenses of $3,638 in the first six months of 2022, which included $2.2 million of retroactive pandemic funding related to 2021 as compared to net pandemic recoveries of $9,306 in the first six months of 2021. The year to date June 30, 2021, included a retroactive pandemic funding of $15,342 received in Q1 2021 related to pandemic expenses incurred in excess of available funding during the year ended December 31, 2020.

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

Net Operating Income by Segment

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

Retirement

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

	Three Months Ended			Six Months Ended		
Thousands of Canadian dollars	**2022**	2021	Change	**2022**	2021	Change
Retirement Revenue						
Same property	**38,738**	34,983	3,755	**76,270**	69,692	6,578
Share of revenue from Equity-Accounted Joint Venture (2)	**3,606**	—	3,606	**3,606**	—	3,606
Acquisition, development and others	**890**	1,243	(353)	**1,726**	2,590	(864)
Total Adjusted Retirement Revenue	**43,234**	36,226	7,008	**81,602**	72,282	9,320
Retirement Expenses, net						
Same property	**23,671**	21,424	2,247	**47,059**	42,841	4,218
Net pandemic expenses (1)	**66**	956	(890)	**677**	1,688	(1,011)
Share of expenses from Equity-Accounted Joint Venture (2)	**2,743**	—	2,743	**2,743**	—	2,743
Acquisition, development and other	**181**	903	(722)	**801**	1,851	(1,050)
Total Adjusted Retirement Expenses, net	**26,661**	23,283	3,378	**51,280**	46,380	4,900
Retirement NOI						
Same property	**15,124**	12,630	2,494	**28,670**	25,266	3,404
Share of Equity-Accounted Joint Venture (2)	**863**	—	863	**863**	—	863
Acquisition, development and other	**586**	313	273	**789**	636	153
Total Adjusted Retirement NOI	**16,573**	12,943	3,630	**30,322**	25,902	4,420

Notes:

1. For Q2 2022, includes government assistance related to the pandemic of $1,080 (2021 - $756) and incremental pandemic related expenses of $1,146 (2021 - $1,712), resulting in net pandemic expenses of $66 (2021 - $956). For the six months ended June 30, 2022, includes government assistance related to the pandemic of $1,753 (2021 - $2,713) and incremental pandemic related expenses of $2,430 (2021 - $4,401), resulting in net pandemic expenses of $677 (2021 - $1,688). Government assistance related to the pandemic is recognized to the extent that eligible expenses have been incurred and funding allocations are reasonably determinable.
2. Includes the Company's pro rata share of each of the revenue, operating expenses, and NOI of its Equity-Accounted Joint Venture.

Second Quarter 2022 Retirement Results

Retirement's same property revenues for Q2 2022 increased by $3,755 to $38,738, compared to Q2 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 Q2 2022 increased by $2,247 to $23,671 compared to Q2 2021, primarily due to higher labour, culinary costs, utilities, insurance and marketing costs. Net pandemic expenses for Q2 2022 were $66 representing a decrease of $890 compared to Q2 2021.

Retirement's same property NOI for Q2 2022 increased by $2,494 to $15,124, compared to Q2 2021. Excluding net pandemic expenses, Retirement's same property NOI for Q2 2022 increased by $1,507 to $15,067, compared to Q2 2021.

Six Months Ended June 30, 2022 Retirement Results

Retirement's same property revenues for the six months ended June 30, 2022 increased by $6,578 to $76,270, compared to the six months ended June 30, 2021, primarily attributable to occupancy growth and annual rental rate increases in line with market conditions.

Retirement's same property operating expenses, excluding net pandemic expenses, for the six months ended June 30, 2022 increased by $4,218 to $47,059 compared to the six months ended June 30, 2021, primarily due to higher labour, culinary costs, utilities, insurance and marketing costs. Net pandemic expenses for the six months ended June 30, 2022 were $677 representing a decrease of $1,011 compared to the six months ended June 30, 2021.

Retirement's same property NOI for the six months ended June 30, 2022 increased by $3,404 to $28,670, compared to the six months ended June 30, 2021. Excluding net pandemic expenses, Retirement's same property NOI for the six months ended June 30, 2022 increased by $2,359 to $29,211, compared to the six months ended June 30, 2021.

Long-term Care

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

	Three Months Ended			Six Months Ended		
Thousands of Canadian dollars	**2022**	2021	Change	**2022**	2021	Change
Long-term Care Revenue						
Same property	**137,536**	122,356	15,180	**269,132**	243,452	25,680
Development and other [1]	**(619)**	4,086	(4,705)	**3,699**	8,162	(4,463)
Total Long-term Care Revenue	**136,917**	126,442	10,475	**272,831**	251,614	21,217
Long-term Care Expenses, net						
Same property	**117,044**	102,368	14,676	**229,452**	204,347	25,105
Net pandemic expenses (recoveries) [2]	**2,519**	2,453	66	**3,638**	(9,306)	12,944
Development and other [1]	**(291)**	3,539	(3,830)	**3,707**	7,183	(3,476)
Total Long-term Care Expenses, net	**119,272**	108,360	10,912	**236,797**	202,224	34,573
Long-term Care NOI						
Same property	**18,007**	17,539	468	**36,103**	47,275	(11,172)
Development and other [1]	**(362)**	543	(905)	**(69)**	2,115	(2,184)
Total Long-term Care NOI	**17,645**	18,082	(437)	**36,034**	49,390	(13,356)

Notes:

1. Includes the financial results of one long-term care community which was sold in March 2022.
2. For Q2 2022, includes government assistance related to the pandemic of $10,982 (2021 - $21,271) and incremental pandemic related expenses of $13,501 (2021 - $23,724), resulting in net pandemic expenses (recoveries) of $2,519 (2021 -$2,453). For the six months ended June 30, 2022, includes government assistance related to the pandemic of $35,357 (2021 - $61,381) and incremental pandemic related expenses of $38,995 (2021 - $52,075), resulting in net pandemic expenses (recoveries) of $3,638 (2021 - $(9,306)). Government assistance related to the pandemic is recognized to the extent that eligible expenses have been incurred and funding allocations are reasonably determinable.

Second Quarter 2022 Long-term Care Results

LTC's same property revenues for Q2 2022 increased by $15,180 to $137,536, compared to Q2 2021, primarily due to flow-through funding for increased direct care provided to residents and higher preferred accommodation revenues from increased occupancy compared to Q2 2021.

Excluding net pandemic expenses, LTC's same property operating expenses for Q2 2022 increased by $14,676 to $117,044, compared to Q2 2021, mainly due to higher expenses related to an increase in government-funded direct care provided to residents, as well as increased labour, insurance and utilities costs. Net pandemic expenses for Q2 2022 were $2,519, representing an increase in net pandemic expenses of $66 compared to Q2 2021, mainly due to increased net pandemic expenses in British Columbia, partially offset by reduction in net pandemic expenses in Ontario.

LTC's same property NOI for Q2 2022 increased by $468 to $18,007, compared to Q2 2021. Excluding net pandemic expenses, LTC's same property NOI for Q2 2022 increased by $504 to $20,492, compared to Q2 2021.

Six Months Ended June 30, 2022 Long-term Care Results

LTC's same property revenues for Q2 2022 increased by $25,680 to $269,132, compared to the six months ended June 30, 2021, primarily due to flow-through funding for increased direct care provided to residents, annual inflationary funding increases, and higher preferred accommodation revenues from increased occupancy compared to Q2 2021.

LTC's same property operating expenses, excluding net pandemic expenses, for the six months ended June 30, 2022 increased by $25,105 to $229,452, compared to the six months ended June 30, 2021, mainly due to higher expenses related to an increase in government-funded direct care, higher labour, insurance and utilities costs. Net pandemic expenses for the six months ended June 30, 2022 were $3,638, which included $2.2 million of retroactive pandemic funding related to 2021 compared to net pandemic recoveries of $9,306 to the six months ended June 30, 2021, which included retroactive pandemic funding of $15.3 million 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 the six months ended June 30, 2022 decreased by $11,172 to $36,103, compared to the six months ended June 30, 2021. Excluding net pandemic expenses, LTC's same property NOI for the six months ended June 30, 2022 increased by $575 to $39,680, compared to the same period in 2021.

Depreciation and Amortization

Second Quarter 2022

Depreciation and amortization for Q2 2022 decreased by $157 to $11,834, compared to Q2 2021, due to timing of additions and disposals during the period.

Six months ended June 30, 2022

Depreciation and amortization for the six months ended June 30, 2022 decreased by $5,439 to $23,901 compared to the comparative prior year period, due to completion of the amortization of resident relationships in 2021 and timing of additions and disposals.

Impairment loss

Second Quarter 2022 and Six months ended June 30, 2022

The Company incurred an impairment loss of $12,788 before recognition of a deferred tax benefit of $3,398 on one of its long term care communities for the three and six months ended June 30, 2022. The impairment provision is comprised of a write-down of property and equipment of $11,362, and of licences in the amount of $1,426.

Administrative Expenses

	Three months Ended June 30,			Six months ended June 30,		
Thousands of Canadian dollars	**2022**	2021	Change	**2022**	2021	Change
General and administrative expenses	**7,766**	6,823	943	**14,986**	13,708	1,278
SOAR Program	**1,660**	—	1,660	**1,660**	—	1,660
Pandemic related expenses	**47**	404	(357)	**244**	1,524	(1,280)
Share-based compensation	**584**	851	(267)	**1,113**	1,157	(44)
Total administrative expenses	**10,057**	8,078	1,979	**18,003**	16,389	1,614

Second Quarter 2022

Administrative expenses for Q2 2022 increased by $1,979 to $10,057, compared to Q2 2021, primarily due to the Company's introduction of the SOAR program and increase in general and administrative costs, partially offset by lower pandemic related expenses and share-based compensation costs.

Six months ended June 30, 2022

Administrative expenses for the six months ended June 30, 2022 increased by $1,614 to $18,003, compared to the six months ended June 30, 2021, primarily due to the Company's introduction of the SOAR program and increase in general and administrative costs, partially offset by lower pandemic related expenses.

Share of Net Loss in Joint Venture

Second Quarter 2022 and Six months ended June 30, 2022

The Company's share of net loss in a joint venture related to the newly entered into joint venture with Sabra was $5,509 (2021 - $nil). This balance is comprised of NOI of $863, less depreciation and amortization of $2,748, less finance costs of $110 and transaction costs of $3,514.

Net Finance Charges

Thousands of Canadian dollars	Three months ended June 30, 2022	2021	Change	Six months ended June 30, 2022	2021	Change
Finance costs						
Interest expense on mortgages	**3,773**	3,919	(146)	**7,402**	7,905	(503)
Interest expense on debentures	**3,547**	2,989	558	**7,055**	5,577	1,478
Interest on unsecured term loan	**336**	—	336	**336**	—	336
Interest expense on credit facilities	**152**	692	(540)	**377**	1,621	(1,244)
Interest expense on right-of-use assets	**30**	16	14	**42**	33	9
Redemption premium paid	**—**	160	(160)	**—**	160	(160)
Amortization of financing charges and fair value adjustments on acquired debt	**585**	677	(92)	**1,137**	1,405	(268)
Net settlement payment on interest rate swap contracts	**402**	698	(296)	**1,060**	1,402	(342)
Fair value gain on interest rate swap contracts	**(2,777)**	(155)	(2,622)	**(7,746)**	(4,270)	(3,476)
	6,048	8,996	(2,948)	**9,663**	13,833	(4,170)
Finance income						
Interest income on construction funding receivable	**230**	320	(90)	**485**	673	(188)
Other interest income	**255**	39	216	**284**	285	(1)
	485	359	126	**769**	958	(189)
Net finance charges	**5,563**	8,637	(3,074)	**8,894**	12,875	(3,981)

Second Quarter 2022

Net finance charges for Q2 2022 decreased by $3,074 to $5,563, compared to Q2 2021, primarily attributable to higher fair value gains on interest rate swap contracts due to higher average interest rates in 2022.

Six months ended June 30, 2022

Net finance charges for the six months ended June 30, 2022 decreased by $3,981 to $8,894, compared to the six months ended June 30, 2021, primarily attributable to higher fair value gains on interest rate swap contracts due to higher average interest rates in 2022.

Transaction Costs

Second Quarter 2022

Transaction costs for Q2 2022 increased by $1,251 to $1,810 compared to Q2 2021 primarily attributable to the increase in activities related to post-acquisition integrations and development projects.

Six months ended June 30, 2022

Transaction costs for the six months ended June 30, 2022 increased by $2,074 to $3,149 compared to the six months ended June 30, 2021 primarily attributable to the increase in activities related to post-acquisition integrations and development projects.

Income Taxes

Second Quarter 2022

Income tax expense for Q2 2022 decreased by $3,458 resulting in an income tax recovery of $3,016 (current tax expense of $409 and deferred tax recovery of $3,425), compared to Q2 2021 income tax expense of $442 (current tax recovery of $177 and deferred tax expense of $619). This is primarily attributable to the deferred income tax recovery from the timing difference relating to the recognition of the impairment loss between tax and accounting.

Six months ended June 30, 2022

Income tax expense for six months ended June 30, 2022 decreased by $2,003 resulting in an income tax expense of $2,141 (current tax expense of $3,855 and deferred tax recovery of $1,714), compared to six months ended June 30, 2021 income tax expense of $4,144 (current tax expense of $2,803 and deferred tax expense of $1,341). This is primarily attributable to an increase in NOI, non-deductible share based compensation, and the tax gain on property dispositions. The deferred income tax recovery is primarily attributable to the timing difference relating to the impairment loss between tax and accounting.

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

	Three months ended June 30,			Six months ended June 30,		
Thousands of Canadian dollars, except share and per share data	**2022**	2021	Change	**2022**	2021	Change
Net income (loss)	**(11,190)**	1,318	(12,508)	**14,830**	11,461	3,369
Deferred income tax expense (recovery)	**(3,425)**	619	(4,044)	**(1,714)**	1,341	(3,055)
Depreciation and amortization	**10,986**	11,103	(117)	**22,207**	27,525	(5,318)
Transaction costs	**1,809**	559	1,250	**3,148**	1,075	2,073
Net settlement payment on interest rate swap contracts	**402**	698	(296)	**1,060**	1,402	(342)
Fair value gain on interest rate swap contracts	**(2,777)**	(155)	(2,622)	**(7,746)**	(4,270)	(3,476)
Gain on disposal of properties, net of tax	**(284)**	—	(284)	**(20,870)**	—	(20,870)
Shares granted under SOAR program	**1,660**	—	1,660	**1,660**	—	1,660
Impairment loss	**12,788**	—	12,788	**12,788**	—	12,788
Equity-Accounted Joint Venture:						
Depreciation and amortization	**2,750**	—	2,750	**2,750**	—	2,750
Transaction cost	**3,514**	—	3,514	**3,514**	—	3,514
Funds from operations (FFO)	**16,233**	14,142	2,091	**31,627**	38,534	(6,907)
Depreciation and amortization - corporate	**848**	888	(40)	**1,694**	1,815	(121)
Amortization of financing charges and fair value adjustments on acquired debt (2)	**620**	677	(57)	**1,172**	1,405	(233)
Net settlement payment on interest rate swap contracts	**(402)**	(698)	296	**(1,060)**	(1,402)	342
Redemption premium paid	—	117	(117)	—	117	(117)
Operating funds from operations (OFFO)	**17,299**	15,126	2,173	**33,433**	40,469	(7,036)
Construction funding	**2,379**	2,432	(53)	**4,734**	5,140	(406)
Maintenance capital expenditure (3)	**(2,516)**	(3,642)	1,126	**(4,558)**	(4,845)	287
Net pandemic capital expenditure (1)	—	186	(186)	—	(232)	232
Adjusted funds from operations (AFFO)	**17,162**	14,102	3,060	**33,609**	40,532	(6,923)
Adjusted funds from operations (AFFO)	**17,162**	14,102	3,060	**33,609**	40,532	(6,923)
Dividends declared	**(17,055)**	(15,687)	(1,368)	**(33,191)**	(31,374)	(1,817)
AFFO retained	**107**	(1,585)	1,692	**418**	9,158	(8,740)
FFO per share	**0.223**	0.211	0.012	**0.450**	0.575	(0.125)
OFFO per share	**0.237**	0.226	0.011	**0.476**	0.604	(0.128)
AFFO per share	**0.236**	0.210	0.026	**0.478**	0.605	(0.127)
Weighted average common shares outstanding	**72,855,687**	67,039,123		**70,249,385**	67,039,123	

Notes:

1. For the three and six months ended June 30, 2022, includes pandemic capital expenditures of $10,653 and $15,685, respectively (2021 - $235 and $9,657), offset by related pandemic funding of $10,653 and $15,685, respectively (2021 - $420 and $9,425, respectively), resulting in net pandemic capital expenditures (underspend) of $nil and $nil (2021 - $(185) and $232, respectively). Government assistance related to the pandemic is recognized to the extent that eligible expenses have been incurred and funding allocations are reasonably determinable.
2. Includes the Company's share of amortization of financing charges and fair value adjustments on acquired debt in Equity-Accounted Joint Venture of $35.
3. Includes the Company's share of maintenance capital expenditure in Equity-Accounted Joint Venture of $23.

Second Quarter 2022 Performance

For Q2 2022, FFO increased by $2,091 to $16,233, compared to Q2 2021. The increase was primarily due to higher NOI driven by an increase in revenue partially offset by higher cost of operations.

For Q2 2022, OFFO increased by $2,173 to $17,299, compared to Q2 2021. The increase was primarily attributable to increase in FFO.

For Q2 2022, AFFO increased by $3,060 to $17,162, compared to Q2 2021. The increase was primarily related to the increase in OFFO noted above and lower maintenance capital expenditures.

Six Months Ended June 30, 2022 Performance

FFO for the six months ended June 30, 2022 decreased by $6,907 to $31,627, over the six months ended June 30, 2021. The decrease was primarily due to lower NOI, driven by increase in cost of operations and retroactive pandemic funding received in 2021.

OFFO for the six months ended June 30, 2022 decreased by $7,036 to $33,433, over the comparative period. The decrease was primarily attributable to decrease in FFO.

AFFO for the six months ended June 30, 2022 decreased by $6,923 to $33,609, over the comparative period. The decrease in AFFO was principally related to the decrease in OFFO.

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 June 30, 2022, the condition for funding has been met.

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

Thousands of Canadian dollars	Construction funding interest income (1)	Construction funding principal (2)	Total construction funding to be received
2022	396	4,370	4,766
2023	553	6,236	6,789
2024	356	3,086	3,442
2025	263	1,881	2,144
2026	178	1,766	1,944
Thereafter	676	4,146	4,822
	2,422	**21,485**	**23,907**

Notes:

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

For the three and six months ended June 30, 2022, interest income on construction funding of $230 and $485, respectively (2021 - $320 and $673, respectively) was recognized, and an adjustment of $2,379 and $4,734, respectively (2021 - $2,432 and $5,140, respectively) was made to AFFO for construction funding principal received.

Maintenance Capital Expenditures

The Company monitors all of its properties for ongoing maintenance requirements. As part of the capital investments' monitoring process, items are assessed and prioritized based on the urgency and necessity of the expenditure to sustain or maintain the condition of buildings, or to meet residents' needs. The following table summarizes the Company's maintenance capital expenditures for the periods ended June 30:

	Three months ended		Six months ended	
Thousands of Canadian dollars	**2022**	2021	**2022**	2021
Building maintenance	**371**	1,027	**1,186**	1,332
Mechanical and electrical	**462**	535	**826**	806
Suite renovations and common area upgrades	**987**	1,046	**1,477**	1,360
Communications and information systems	**190**	29	**236**	63
Furniture, fixtures and equipment	**506**	1,005	**833**	1,284
Total maintenance capital expenditures	**2,516**	3,642	**4,558**	4,845
Capital Investments in Equity-Accounted Joint Venture	**23**	—	**23**	—

Building Maintenance

Building maintenance include the costs for structures, roofing, exterior grounds, fire safety, mold remediation 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 June 30:

	Three Months Ended			Six Months Ended		
Thousands of Canadian dollars	**2022**	2021	Change	**2022**	2021	Change
Cash provided by operating activities	**31,345**	33,579	(2,234)	**71,948**	52,470	19,478
Construction funding principal	**2,379**	2,432	(53)	**4,734**	5,140	(406)
Transaction costs	**1,810**	559	1,251	**3,149**	1,075	2,074
Maintenance capital expenditures	**(2,516)**	(3,642)	1,126	**(4,558)**	(4,845)	287
Net pandemic capital expenditures	**—**	186	(186)	**—**	(232)	232
Net change in working capital, interest and taxes	**(16,556)**	(19,316)	2,760	**(45,706)**	(13,444)	(32,262)
Restricted share units recovery	**194**	187	7	**400**	251	149
Tax on disposal of properties	**(284)**	—	(284)	**2,852**	—	2,852
Redemption premium	**—**	117	(117)	**—**	117	(117)
FFO of Equity-Accounted Joint Venture	**790**	—	790	**790**	—	790
Adjusted funds from operations (AFFO)	**17,162**	14,102	3,060	**33,609**	40,532	(6,923)
Adjusted funds from operations (AFFO)	**17,162**	14,102	3,060	**33,609**	40,532	(6,923)
Dividends declared	**(17,055)**	(15,687)	(1,368)	**(33,191)**	(31,374)	(1,817)
AFFO retained over dividend reinvestment	**107**	(1,585)	1,692	**418**	9,158	(8,740)

AFFO retained over dividends declared for the three months ended June 30, 2022 is higher compared to the comparative period primarily due to increase in NOI and lower maintenance capital expenditures.

AFFO retained over dividends declared for the six months ended June 30, 2022 is lower compared to the comparative period primarily due to decrease in NOI as a result of retroactive pandemic funding received in 2021.

Refer to the "Cash Flow Analysis" section for details on the change from Q4 2021 to Q2 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 June 30:

	Three Months Ended		Six Months Ended	
Thousands of Canadian dollars	**2022**	2021	**2022**	2021
Net income (loss)	**(11,190)**	1,318	**14,830**	11,461
Add back:				
Depreciation and amortization	**11,834**	11,991	**23,901**	29,340
Administrative expenses	**10,057**	8,078	**18,003**	16,389
Net finance charges	**5,563**	8,637	**8,894**	12,875
Provision for (recovery of) income taxes	**(3,016)**	442	**2,141**	4,144
Transactions costs	**1,810**	559	**3,149**	1,075
Share of net loss in Equity-Accounted Joint Venture	**5,509**	—	**5,509**	8
Gain on disposal of properties	**—**	—	**(23,722)**	—
Impairment loss	**12,788**	—	**12,788**	—
Share of NOI in Equity-Accounted Joint Venture	**863**	—	**863**	—
Net operating income (NOI)	**34,218**	31,025	**66,356**	75,292

Financial Position Analysis

Balance Sheet Analysis

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

Thousands of Canadian dollars	**2022**	2021	Change
Total assets	**1,747,872**	1,609,189	138,683
Total liabilities	**1,275,311**	1,203,336	71,975
Total equity	**472,561**	405,853	66,708

Total assets increased by $138,683 to $1,747,872 primarily due to the Company's investment in Sienna-Sabra LP, increase in cash and cash equivalents, prepaid expenses and deposits partially offset by decreases in construction funding receivable, government funding receivable, account receivable and other assets, the disposal of assets held for sale and impairment losses.

Total liabilities increased by $71,975 to $1,275,311 primarily due to the addition of a new unsecured term loan, increases in liability for government funding payable, accounts payable and accrued liabilities and income tax liability, partially offset by repayment of maturing debt.

Total equity increased by $66,708 to $472,561 primarily due to the Company's issuance of shares, partially offset by dividends declared during the period.

Cash Flow Analysis

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

Thousands of Canadian dollars	Three Months Ended			Six Months Ended		
	2022	2021	Change	**2022**	2021	Change
Cash provided by (used in):						
Operating activities	**31,345**	33,579	(2,234)	**71,948**	52,470	19,478
Investing activities	**(147,996)**	(2,858)	(145,138)	**(121,613)**	(4,652)	(116,961)
Financing activities	**43,853**	(33,069)	76,922	**82,762**	(117,235)	199,997
Increase (decrease) in cash and cash equivalents during the period	**(72,798)**	(2,348)	(70,450)	**33,097**	(69,417)	102,514
Cash and cash equivalents, end of period	**62,150**	26,260	35,890	**62,150**	26,260	35,890

Second Quarter 2022

Cash flows provided by operating activities for the three months ended June 30, 2022 decreased by $2,234 to $31,345 primarily due to the timing of net government funding and assistance received compared to Q1 2021, partially offset by lower interest paid on long term debt.

Cash flows used in investing activities for the three months ended June 30, 2022 increased by $145,138 to $147,996 primarily due to the Company's investment in Sienna-Sabra LP and net additions to property and equipment, partially offset by proceeds from the disposal of properties.

Cash flows provided by financing activities for the three months ended June 30, 2022 increased by $76,922 to $43,853 primarily due to proceeds received from the Company's new unsecured term loan, partially offset by the repayment of maturing long-term debt and higher dividends paid due to a higher number of common shares outstanding.

Six Months Ended June 30, 2022

Cash flows provided by operating activities for the six months ended June 30, 2022 increased by $19,478 to $71,948 primarily due to timing of government funding and assistance received compared to the prior year.

Cash flows used in investing activities for the six months ended June 30, 2022 increased by $116,961 to $121,613 primarily due to the Company's investment in Sienna-Sabra LP and net additions to property and equipment, partially offset by proceeds from disposal of properties.

Cash flows provided by financing activities for the six months ended June 30, 2022 increased by $199,997 to $82,762 primarily due to issuance of equity in Q1 2022, lower repayments of long-term debt and proceeds received from the Company's new unsecured term loan, partially offset by an increase in dividends paid 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 June 30, 2022, the Company's liquidity was $270,650, as follows:

Thousands of Canadian dollars	**June 30, 2022**	December 31, 2021
Cash and cash equivalents	**62,150**	29,053
Available funds from credit facilities	**208,500**	196,500
Total	**270,650**	225,553

The Company's liquidity was $262,543 as at August 11, 2022.

In addition, as at June 30, 2022, the Company's share of cash and cash equivalents held in our Equity-Accounted Joint Venture was $2,343.

The Company had a working capital deficiency (current liabilities less current assets) of $268,881 as at June 30, 2022, including the current portion of long-term debt of $157,868. 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 June 30, 2022, representing a decrease of $17,300 from $1,101,000 as at December 31, 2021. The decrease in the unencumbered asset pool since the beginning of the year is due to the sale of one long term care community during the year. The unencumbered asset pool provides the Company with financial flexibility to enter into different financing options.

Debt

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

The Company's goal is to continue to optimize its debt maturity schedule over a 10-year period in order to manage interest rate and financial risks. The Company's strategy is to build a 10-year debt maturity ladder by refinancing approximately 10% of its debt annually, which is approximately $100 million as at June 30, 2022. On October 6, 2021, DBRS confirmed Sienna's "BBB" investment grade credit rating with a "Stable" trend from DBRS, along with the "BBB" credit rating for the Company's Series A Unsecured Debentures, Series B Unsecured Debentures and Series C Unsecured Debentures (later defined in the "Debentures" section).

The Company's total debt is comprised as follows:

Thousands of Canadian dollars	**June 30, 2022**	December 31, 2021
Series A Unsecured Debentures	**150,000**	150,000
Series B Unsecured Debentures	**175,000**	175,000
Series C Unsecured Debentures	**125,000**	125,000
Unsecured Term Loan	**90,000**	—
Credit facilities	**—**	12,000
Mortgages	**452,472**	496,167
Lease liability	**1,072**	1,312
	993,544	959,479
Fair value adjustments on acquired debt	**2,496**	2,683
Less: Deferred financing costs	**(10,286)**	(11,878)
Total debt	**985,754**	950,284

The Company's total debt as at June 30, 2022 was $985,754 (December 31, 2021 - $950,284). The increase of $35,470 was primarily related to the unsecured term loan used by the Company to investment in Sienna-Sabra LP for its acquisitions, partially offset by repayment of maturing debt.

The following table summarizes the scheduled principal maturities of the Company's long-term debt commitments as at June 30, 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)	Unsecured Term Loan	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	—	—	—	—	262	9,045	20,752	**4.27 %**	**30,059**	4.27 %
2023	—	—	—	90,000	443	16,922	60,824	**3.38 %**	**168,189**	3.43 %
2024	150,000	—	—	—	367	15,123	50,104	**4.10 %**	**215,594**	3.38 %
2025	—	—	—	—	—	11,557	41,065	**3.78 %**	**52,622**	3.78 %
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	—	—	—	—	—	11,921	17,763	**5.00 %**	**29,684**	5.00 %
	150,000	**175,000**	**125,000**	**90,000**	**1,072**	**96,439**	**356,033**	**3.66 %**	**993,544**	3.39 %
Fair value adjustments on acquired debt									**2,496**	
Less: Deferred financing costs									**(10,286)**	
Total debt									**985,754**	

Notes:

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

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

Thousands of Canadian dollars	**June 30, 2022**	December 31, 2021
Mortgages	**26,627**	—
Fair value adjustments on acquired debt	**(2,627)**	—
Less: Deferred financing costs	**(42)**	—
Total mortgages	**23,958**	—

Year	Regular Principal Repayments
2022	**450**
2023	**915**
2024	**936**
2025	**957**
2026	**978**
2027	**1,000**
2028	**1,023**
2029	**1,046**
2030	**1,069**
Thereafter	**18,253**
	26,627
Fair value adjustments on acquired debt	**(2,627)**
Less: Deferred financing costs	**(42)**
Total debt	**23,958**

Debentures

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

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

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

The balances related to the debentures are as follows:

Thousands of Canadian dollars	**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	**(2,239)**	(2,558)
	447,761	447,442

Unsecured Term Loan

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

Credit Facilities

The Company has a combined total borrowing capacity of $208,500 pursuant to its credit facilities.

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

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

Thousands of Canadian dollars	**June 30, 2022**	December 31, 2021
Credit facilities drawn	**—**	12,000
Less: Deferred financing costs	**(416)**	(493)
	(416)	11,507

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

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

Thousands of Canadian dollars	**June 30, 2022**	December 31, 2021
Mortgages at fixed rates	**310,139**	351,046
Mortgages at variable rates [(1)]	**142,333**	145,121
Fair value adjustments on acquired debt	**2,496**	2,683
Less: Deferred financing costs	**(7,564)**	(8,827)
	447,404	490,023

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

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

	June 30, 2022			December 31, 2021
	Fixed Rate	**Variable Rate**	**Total**	Total
Weighted average interest rate	3.67 %	3.50 %	**3.65 %**	3.60 %
Weighted average term to maturity (years)	4.8	0.4	**4.9**	5.2

Lease Liability

The lease liability as at June 30, 2022 of $1,072 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 June 30, 2022. However, there can be no assurance that covenant requirements will be met at all times. If the Company does not remain in compliance, its ability to amend the covenants or refinance its debt could be adversely affected.

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

Interest Coverage Ratio

The Interest Coverage Ratio is a common measure used to assess an entity's ability to service its debt obligations. In general, higher ratios indicate a lower risk of default. Adjusted EBITDA as referenced below, is presented in accordance with defined terms in certain covenant calculations. The interest coverage ratio is calculated as follows for the periods ended June 30:

	Three months ended		Six months ended	
Thousands of Canadian dollars, except ratio	**2022**	2021	**2022**	2021
Net finance charges	**5,563**	8,637	**8,894**	12,875
Add (deduct):				
Redemption premium paid	**—**	(160)	**—**	(160)
Amortization of financing charges and fair value adjustments on acquired debt	**(585)**	(677)	**(1,137)**	(1,405)
Interest income on construction funding receivable	**230**	320	**485**	673
Interest expenses from Equity-Accounted Joint Venture	**73**	—	**73**	—
Other interest income	**255**	39	**284**	285
Fair value gain on interest rate swap contracts	**2,777**	155	**7,746**	4,270
Net finance charges, adjusted	**8,313**	8,314	**16,345**	16,538
Adjusted EBITDA	**26,769**	25,699	**53,571**	64,707
Interest coverage ratio	**3.2**	3.1	**3.3**	3.9

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

	Three months ended		Six months ended	
Thousands of Canadian dollars	**2022**	2021	**2022**	2021
Net income	**(11,190)**	1,318	**14,830**	11,461
Depreciation and amortization (1)	**14,582**	11,991	**26,649**	29,340
Net finance charges (1)	**5,673**	8,637	**9,004**	12,875
Provision for income taxes	**(3,016)**	442	**2,141**	4,144
Transaction costs (1)	**5,324**	559	**6,663**	1,075
Impairment loss	**12,788**	—	**12,788**	—
EBITDA	**24,161**	22,947	**72,075**	58,895
Proceeds from construction funding	**2,608**	2,752	**5,218**	5,812
Gain on disposal of properties	**—**	—	**(23,722)**	—
Adjusted EBITDA	**26,769**	25,699	**53,571**	64,707

Notes:

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

Debt Service Coverage Ratio

The Debt Service Coverage Ratio is a common measure used to assess an entity's ability to service its debt obligations. Maintaining the debt service coverage ratio forms part of the Company's debt covenant requirements. In general, higher ratios indicate a lower risk of default. Adjusted EBITDA as referenced below, is presented in accordance with defined terms in certain covenant calculations. The following is the calculation for the periods ended June 30:

	Three months ended		Six months ended	
Thousands of Canadian dollars, except ratio	**2022**	2021	**2022**	2021
Net finance charges, adjusted (1)	**8,313**	8,314	**16,345**	16,538
Principal repayments (1)(2)	**5,036**	5,393	**10,058**	10,835
Total debt service (1)	**13,349**	13,707	**26,403**	27,373
Adjusted EBITDA	**26,769**	25,699	**53,571**	64,707
Deduct:				
Maintenance capital expenditures	**(2,516)**	(3,642)	**(4,558)**	(4,845)
Net pandemic capital (expenditures) recoveries	**—**	186	**—**	(232)
Cash income tax (paid) refunded	**(420)**	—	**(2,200)**	169
Adjusted EBITDA (for covenant calculations)	**23,833**	22,243	**46,813**	59,799
Debt service coverage ratio	**1.8**	1.6	**1.8**	2.2

Notes:

1. Includes the Company's proportionate share of Equity-Accounted Joint Venture.
2. Debt repayments on maturity and voluntary payments towards the Company's credit facilities have been excluded from the debt service coverage ratio calculation.

Debt to Adjusted EBITDA Ratio

The Debt to Adjusted EBITDA ratio is an indicator of the approximate number of years required for current cash flows to repay all indebtedness. The Annualized Adjusted EBITDA below is annualized using the Adjusted EBITDA for the six months ended June 30, 2022.

	June 30,	
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**	125,000
Unsecured Term Loan	**90,000**	—
Mortgages	**452,472**	506,667
Mortgages related to Equity-Accounted Joint Venture	**26,627**	—
Lease liability	**1,072**	1,545
	1,020,171	958,212
Annualized Adjusted EBITDA	**107,142**	129,414
Debt to Annualized Adjusted EBITDA	**9.5**	7.4

Note:

1. Includes the Company's proportionate share of Equity-Accounted Joint Venture.

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.

	June 30,	
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**	125,000
Unsecured Term Loan	**90,000**	—
Mortgages	**452,472**	506,667
Mortgages related to Equity-Accounted Joint Venture	**26,627**	—
Lease liability	**1,072**	1,545
Total indebtedness	**1,020,171**	958,212
Total assets (1)	**1,775,847**	1,592,009
Accumulated depreciation on property and equipment (1)	**382,508**	327,013
Accumulated amortization on intangible assets (1)	**190,717**	188,027
Gross book value (1)	**2,349,072**	2,107,049
Debt to gross book value	**43.4 %**	45.5 %

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

Equity

Share Capital

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

Thousands of Canadian dollars, except shares	**Common shares**	**Amount**
Balance, January 1, 2021	67,039,123	878,516
Long-term incentive plan, net of loans receivable	—	187
Share purchase loan	—	325
Balance, December 31, 2021	67,039,123	879,028
Long-term incentive plan, net of loans receivable	—	405
Common shares issued pursuant to bought deal, net of share issuance costs	5,750,000	83,004
Common shares issued pursuant to SOAR program	110,386	1,660
Balance, June 30, 2022	**72,899,509**	**964,097**

On June 15, 2022, the Company received approval from the TSX on its notice of intention to renew its normal course issuer bid (**"NCIB"**) for a portion of the Company's common shares. Pursuant to the notice, the Company has the authority to acquire up to a maximum of 3,644,975 of its common shares for cancellation over the next 12 months. Purchases by the Company under the NCIB will be made through the facilities of the TSX or through a Canadian alternative trading system and in accordance with applicable regulatory requirements at a price per common share equal to the market price at the time of acquisition. The number of common shares that can be purchased pursuant to the NCIB is subject to a current daily maximum of 83,079 common shares, subject to the Company's ability to make one block purchase of its common shares per calendar week that exceeds such limits. All common shares purchased by the Company under the NCIB will be cancelled upon purchase. The Company had the option to purchase shares beginning on June 20, 2022. The NCIB will terminate on June 19, 2023.

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

Dividends

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

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

	Three Months Ended			Six Months Ended		
Thousands of Canadian dollars	**2022**	2021	Change	**2022**	2021	Change
Cash flows from operating activities	**31,345**	33,579	(2,234)	**71,948**	52,470	19,478
AFFO	**17,162**	14,102	3,060	**33,609**	40,532	(6,923)
Dividends declared	**(17,055)**	(15,687)	(1,368)	**(33,191)**	(31,374)	(1,817)
Cash flows from operating activities over dividends declared	**14,290**	17,892	(3,602)	**38,757**	21,096	17,661
AFFO retained	**107**	(1,585)	1,692	**418**	9,158	(8,740)

The increase (decrease) in cash flows from operating activities over dividends declared for the three and six months ended June 30, 2022 is due mainly to the timing of government assistance received related to pandemic expenses and changes in working capital.

The increase (decrease) in AFFO retained for the three and six months ended June 30, 2022 is primarily attributable to lower NOI due to retroactive pandemic funding received in Q1 2021 related to pandemic expenses incurred during the year ended December 31, 2020.

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

The Company has suspended its dividend reinvestment plan.

Capital Disclosure

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

The Company's objectives when managing capital are to:

(i) maintain a capital structure that provides options to the Company for accessing capital on commercially reasonable terms, without exceeding its debt capacity, or the limitations in its credit facilities, or taking on undue risks;

(ii) maintain financial flexibility in order to meet financial obligations, including debt service payments and regular dividend payments; and

(iii) deploy capital to provide an appropriate investment return to its shareholders.

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

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

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

Contractual Obligations and Other Commitments

Leases

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

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

Critical Accounting Estimates and Accounting Policies

The accounting policies and estimates that are critical to the understanding of the Company's business operations and results of operations are identified in Note 3 of the Company's annual audited consolidated financial statements for the year ended December 31, 2021. New or changes in accounting policies are identified in Note 3 of the Company's condensed interim consolidated financial statements for the three and six months ended June 30, 2022. Please refer to those condensed interim consolidated financial statements for further details.

Significant Judgments and Estimates

The critical accounting estimates used by management in applying the Company's accounting policies and the key sources of estimation uncertainty are identified in Note 3 of the Company's annual audited consolidated financial statements for the year ended December 31, 2021. Changes in significant judgments and estimates are identified in Note 3 of the Company's condensed interim consolidated financial statements for the three and six months ended June 30, 2022. Please refer to those condensed interim consolidated financial statements for further details.

Risk Factors

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

Developments Related to Pay Equity

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

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

Controls and Procedures

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

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

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

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

Forward-Looking Statements

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

Consolidated Financial Statements

Q2 2022 Report to Shareholders

Condensed Interim Consolidated Financial Statements

Condensed Interim Consolidated Statements of Financial Position
(Unaudited)

Thousands of Canadian dollars

	Notes	**June 30, 2022**	December 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents		**62,150**	29,053
Accounts receivable and other receivables		**19,105**	21,469
Prepaid expenses and deposits		**12,986**	10,483
Government funding receivable		**9,097**	7,745
Construction funding receivable	4, 7	**7,963**	8,987
Assets held for sale	5	**—**	18,005
Derivative assets		**1,360**	—
		112,661	95,742
Non-current assets			
Government funding receivable		**14,630**	18,999
Derivative assets		**2,788**	501
Restricted cash	6	**3,768**	4,047
Construction funding receivable	4, 7	**13,522**	17,231
Investment in joint ventures	24	**164,838**	6,297
Property and equipment	8	**1,078,934**	1,102,791
Intangible assets	9	**191,828**	195,915
Goodwill	11	**164,903**	167,666
Total assets		**1,747,872**	1,609,189
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	12	**128,284**	126,789
Government funding payable		**92,808**	50,721
Current portion of long-term debt	4, 13	**157,868**	51,150
Income taxes payable		**2,560**	904
Derivative liabilities		**22**	905
		381,542	230,469
Non-current liabilities			
Long-term debt	4, 13	**827,886**	899,134
Deferred income taxes	15	**50,161**	53,050
Government funding payable		**6,612**	7,520
Share-based compensation liability	18	**8,146**	10,247
Derivative liabilities		**964**	2,916
Total liabilities		**1,275,311**	1,203,336
EQUITY			
Shareholders' equity		**472,561**	405,853
Total equity		**472,561**	405,853
Total liabilities and equity		**1,747,872**	1,609,189

Commitments and contingencies (Note 25)

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

Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited)

Thousands of Canadian dollars

	Notes	Share capital	Contributed surplus	Shareholders' deficit	Total shareholders' equity
Balance, January 1, 2022		**879,028**	**203**	**(473,378)**	**405,853**
Issuance of shares, net of share issuance costs	16	**84,664**	**—**	**—**	**84,664**
Net income		**—**	**—**	**14,830**	**14,830**
Long-term incentive plan	16	**405**	**—**	**—**	**405**
Dividends	17	**—**	**—**	**(33,191)**	**(33,191)**
Balance, June 30, 2022		**964,097**	**203**	**(491,739)**	**472,561**

	Notes	Share capital	Contributed surplus	Shareholders' deficit	Total shareholders' equity
Balance, January 1, 2021		878,516	203	(431,277)	447,442
Net income		—	—	11,461	11,461
Long-term incentive plan	16	164	—	—	164
Share purchase loan	16	325	—	—	325
Dividends	17	—	—	(31,374)	(31,374)
Balance, June 30, 2021		879,005	203	(451,190)	428,018

See accompanying notes.

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

Thousands of Canadian dollars, except share and per share data

		Three months ended June 30,		Six months ended June 30,	
	Notes	**2022**	2021	**2022**	2021
Revenue	20, 23	**176,545**	162,668	**350,827**	323,896
Expenses and other items					
Operating expenses, net of government assistance		**143,190**	131,643	**285,334**	248,604
Depreciation and amortization		**11,834**	11,991	**23,901**	29,340
Administrative	21	**10,057**	8,078	**18,003**	16,389
Share of net loss in joint ventures	24	**5,509**	—	**5,509**	8
Impairment loss	10	**12,788**	—	**12,788**	—
Net finance charges	14	**5,563**	8,637	**8,894**	12,875
Transaction costs		**1,810**	559	**3,149**	1,075
Gain on disposal of properties	5	**—**	—	**(23,722)**	—
	22	**190,751**	160,908	**333,856**	308,291
Income (loss) before provision for (recovery of) income taxes		**(14,206)**	1,760	**16,971**	15,605
Provision for (recovery of) income taxes					
Current		**409**	(177)	**3,855**	2,803
Deferred		**(3,425)**	619	**(1,714)**	1,341
	15	**(3,016)**	442	**2,141**	4,144
Net income (loss) and comprehensive income (loss)		**(11,190)**	1,318	**14,830**	11,461
Net income (loss) per share (basic and diluted)	16	**($0.15)**	$0.02	**$0.21**	$0.17
Weighted average number of common shares outstanding	16	**72,855,687**	67,039,123	**70,249,385**	67,039,123

See accompanying notes.

Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)

Thousands of Canadian dollars

	Notes	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
OPERATING ACTIVITIES					
Net income (loss)		**(11,190)**	1,318	**14,830**	11,461
Add (deduct) items not affecting cash					
Depreciation of property and equipment	8	**11,383**	11,474	**22,940**	22,911
Amortization of intangible assets	9	**451**	517	**961**	6,429
Current income tax expense (recovery)		**409**	(177)	**3,855**	2,803
Deferred income tax expense (recovery)		**(3,425)**	619	**(1,714)**	1,341
Share of net loss in joint ventures	24	**5,509**	—	**5,509**	8
Share-based compensation expense	18	**584**	851	**1,113**	1,157
Share issuance under Sienna Ownership and Reward program	16	**1,660**	—	**1,660**	—
Net finance charges	14	**5,563**	8,637	**8,894**	12,875
Impairment loss	10	**12,788**	—	**12,788**	—
Gain on disposal of properties	5	—	—	**(23,722)**	—
		23,732	23,239	**47,114**	58,985
Non-cash changes in working capital					
Accounts receivable and other receivables		**3,618**	(1,461)	**2,938**	(25)
Prepaid expenses and deposits		**2,467**	79	**(2,503)**	208
Accounts payable and other liabilities		**(9,686)**	(7,681)	**(1,473)**	1,125
Government funding, net, and excluding government assistance related to pandemic expenses		**(19,436)**	(20,706)	**(29,592)**	(65,650)
		(23,037)	(29,769)	**(30,630)**	(64,342)
Interest paid on long-term debt		**(6,320)**	(7,135)	**(15,064)**	(14,501)
Net settlement payment on interest rate swap contracts		**(402)**	(698)	**(1,060)**	(1,402)
Income taxes (paid) refunded		**(420)**	—	**(2,200)**	169
Government assistance related to pandemic expenses		**37,792**	47,942	**73,788**	73,561
Cash provided by operating activities		**31,345**	33,579	**71,948**	52,470
INVESTING ACTIVITIES					
Purchase of property and equipment		**(17,261)**	(4,965)	**(28,142)**	(16,139)
Government assistance related to capital expenditures		**10,653**	420	**15,685**	9,425
Proceeds from disposal of properties	5	**19,837**	—	**49,789**	—
Purchase of intangible assets	9	**(400)**	(232)	**(676)**	(427)
Amounts received from construction funding	7	**2,608**	2,752	**5,218**	5,812
Interest received	14	**255**	39	**284**	285
Investment in joint ventures	24	**(164,050)**	(672)	**(164,050)**	(3,136)
Change in restricted cash	6	**362**	(200)	**279**	(472)
Cash used in investing activities		**(147,996)**	(2,858)	**(121,613)**	(4,652)
FINANCING ACTIVITIES					
Net proceeds from issuance of common shares	16	**(798)**	—	**81,834**	—
Repayment of long-term debt	13	**(27,991)**	(141,655)	**(63,682)**	(210,097)
Proceeds from long-term debt	13	**90,000**	125,000	**98,000**	125,000
Deferred financing costs		**(311)**	(727)	**(656)**	(764)
Dividends paid	17	**(17,047)**	(15,687)	**(32,734)**	(31,374)
Cash from (used in) financing activities		**43,853**	(33,069)	**82,762**	(117,235)
Increase (decrease) in cash and cash equivalents during the period		**(72,798)**	(2,348)	**33,097**	(69,417)
Cash and cash equivalents, beginning of period		**134,948**	28,608	**29,053**	95,677
Cash and cash equivalents, end of period		**62,150**	26,260	**62,150**	26,260

See accompanying notes.

1 Organization

Sienna Senior Living Inc. (the "**Company**") and its predecessors have been operating since 1972. The Company is a seniors' living provider serving the continuum of independent living ("**IL**"), independent supportive living ("**ISL**"), assisted living ("**AL**"), memory care ("**MC**") and long-term care ("**LTC**" or "**Long-term Care**") through the ownership and operation of seniors' living residences in the Provinces of British Columbia, Saskatchewan, and Ontario. As at June 30, 2022, the Company owns and operates a total of 80 seniors' living residences: 38 retirement residences ("**RRs**", "**Retirement Residences**" or "**RET**") (including the Company's joint venture interest in 12 residences in Ontario and Saskatchewan); 34 LTC residences; and eight seniors' living residences providing both private-pay IL and AL and funded LTC (including the Company's joint ownership in two residences in British Columbia). The Company also provides management services to 13 seniors' living residences in British Columbia and Ontario.

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

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

As at June 30, 2022, the Company had outstanding 72,899,509 common shares.

2 Basis of preparation

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

The condensed interim consolidated financial statements were approved by the Board of Directors on August 11, 2022.

3 Summary of significant accounting policies, judgments and estimation uncertainty

In preparing these condensed interim consolidated financial statements, the accounting policies utilized are consistent with those utilized in the preparation of the annual audited consolidated financial statements for the year ended December 31, 2021.

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

4 Financial instruments

The following financial instruments are at amortized cost and the fair value is disclosed as follows as at June 30, 2022 and December 31, 2021:

	As at June 30, 2022		As at December 31, 2021	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Current and long-term portion of construction funding receivable	**21,485**	**21,253**	26,218	27,230
Financial Liabilities				
Current and long-term portion of debt	**985,754**	**1,004,487**	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 June 30, 2022. A failure by the Company to comply with the obligations in these credit agreements could result in a default that, if not rectified or waived, could permit acceleration of the relevant indebtedness.

As at June 30, 2022, the Company had negative working capital (current assets less current liabilities) of $268,881 (December 31, 2021 - $134,727), which is primarily related to the principal amount of maturing debt of $146,156. To support the Company's working capital deficiency, the Company has available cash from operations, access to multiple sources of financing (Note 13), and a history of successfully refinancing debt.

5 Assets held for sale

The Company completed the sale of Rideau Retirement Residence with 138 suites in British Columbia on January 31, 2022. A pre-tax gain on disposal of $12,690 was recognized during the six months ended June 30, 2022.

The Company completed the sale of Camilla Care Community with 236 Class C beds in Ontario on March 31, 2022. A pre-tax gain on disposal of $11,032 was recognized during the six months ended June 30, 2022.

6 Restricted cash

Restricted cash comprises the capital maintenance reserve funds required for certain property-level mortgages. As at June 30, 2022, the Company has $3,768 in restricted cash (December 31, 2021 - $4,047).

7 Construction funding receivable

As at June 30, 2022, the Company is eligible to receive funding from the Government of Ontario of approximately $21,485 (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 June 30, 2022, the condition for the funding has been met.

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

As at June 30, 2022, the weighted average remaining term of the construction funding is approximately 6.2 years. The fair value of the construction funding receivable is determined by discounting the expected future cash flows of the receivable using the applicable Government of Ontario bond rates.

The following table summarizes the construction funding activity:

As at January 1, 2021	35,998
Add: Interest income earned	1,269
Less: Construction funding payments received	(11,049)
As at December 31, 2021	26,218
Add: Interest income earned	485
Less: Construction funding payments received	(5,218)
As at June 30, 2022	21,485
Less: Current portion	(7,963)
	13,522

8 Property and equipment

	Land	Buildings	Furniture and fixtures	Automobiles	Computer hardware	Circulating equipment	Construction in progress	Right-of-use building and equipment [(1)]	Total
Cost									
As at January 1, 2022	132,353	1,213,371	76,841	2,178	14,235	1,271	5,498	3,072	1,448,819
Disposals	(1,339)	(3,785)	(5)	—	—	—	—	—	(5,129)
Additions [(2)]	—	5,973	2,300	253	726	—	3,205	—	12,457
As at June 30, 2022	131,014	1,215,559	79,136	2,431	14,961	1,271	8,703	3,072	1,456,147
Accumulated depreciation									
As at January 1, 2022	—	293,485	41,162	1,226	7,318	977	—	1,860	346,028
Disposals	—	(3,071)	(45)	—	(1)	—	—	—	(3,117)
Impairment loss [(3)]		11,197	64		1		100		11,362
Charges for the period	—	16,680	4,619	166	1,016	208	—	251	22,940
As at June 30, 2022	—	318,291	45,800	1,392	8,334	1,185	100	2,111	377,213
Net book value as at June 30, 2022	**131,014**	**897,268**	**33,336**	**1,039**	**6,627**	**86**	**8,603**	**961**	**1,078,934**
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 $1,351, respectively (December 31, 2021 - $2,250 and $1,157, respectively), and the right-of-use equipment and related accumulated depreciation of $822 and $760, respectively (December 31, 2021 - $822 and $703, respectively)

(2) Includes pandemic capital expenditures for the three and six months ended June 30, 2022 of $10,653 (2021 - $235) and $15,685 (2021 - $9,657), respectively, reduced by related government assistance for the three and six months ended June 30, 2022 of $10,653 (2021 - $420) and $15,685 (2021 - $9,425), respectively.

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

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

9 Intangible assets

	Indefinite life	Finite life			
	Licences	Resident relationships	Service contracts	Computer software	Total
Cost					
As at January 1, 2022	190,945	167,572	10,968	15,446	384,931
Disposals	(2,376)	(3,179)	—	(6)	(5,561)
Additions	—	—	—	676	676
As at June 30, 2022	188,569	164,393	10,968	16,116	380,046
Accumulated amortization					
As at January 1, 2022	—	167,572	10,945	10,499	189,016
Disposals	—	(3,179)	—	(6)	(3,185)
Impairment loss (1)	1,426	—	—	—	1,426
Charges for the period	—	—	23	938	961
As at June 30, 2022	1,426	164,393	10,968	11,431	188,218
Net book value as at June 30, 2022	**187,143**	**—**	**—**	**4,685**	**191,828**
Net book value as at December 31, 2021	190,945	—	23	4,947	195,915

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

10 Impairment of assets

In Q2 2022, the Company carried out a review of the recoverable amount of one of its properties and associated intangible assets within the long-term care segment which requires significant building remediation in light of increasing cost estimates and revisions to the scope of the prevention work. The cash-generating unit is one long-term care home location as this is the lowest level that generates independent cash inflows. The review led to the recognition of an impairment loss of $12,788 which has been recognized in net income and is comprised of impairment of property and equipment, and indefinite lived intangibles, license, of $11,362 and $1,426, respectively. The Company estimated the fair value of the property less costs of disposal to be greater than the value in use and hence the recoverable amount of the relevant assets have been determined on the basis of their fair value less costs of disposal. The estimated fair value of the property was based on recent market prices of comparable land in the vicinity, adjusting the prices to account for differences in size, shape and location. The fair value measurement of the cash-generating unit is categorized as level 3 of the fair value hierarchy. The cash-generating unit was impaired to its recoverable amount of $5,000 which is its carrying value at June 30, 2022.

11 Goodwill

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

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

12 Accounts payable and other liabilities

	June 30, 2022	December 31, 2021
Accounts payable and other liabilities [1]	**55,858**	53,946
Accrued wages and benefits	**61,680**	62,702
Accrued interest payable	**5,060**	4,912
Dividends payable (Note 17)	**5,686**	5,229
Total	**128,284**	126,789

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

13 Long-term debt

	Interest rate	Maturity date	**June 30, 2022**	December 31, 2021
Series A Unsecured Debentures	3.109%	November 4, 2024	**150,000**	150,000
Series B Unsecured Debentures	3.450%	February 27, 2026	**175,000**	175,000
Series C Unsecured Debentures	2.820%	March 31, 2027	**125,000**	125,000
Unsecured Term Loan	Floating	May 15, 2023	**90,000**	—
Credit facilities	Floating	March 19, 2025	—	12,000
Mortgages at fixed rates	1.65% - 5.80%	2022-2041	**310,139**	351,046
Mortgages at variable rates	Floating	2022-2029	**142,333**	145,121
Lease liability	3.39% - 3.87%	2023-2029	**1,072**	1,312
			993,544	959,479
Fair value adjustments on acquired debt			**2,496**	2,683
Less: Deferred financing costs			**(10,286)**	(11,878)
Total debt			**985,754**	950,284
Less: Current portion			**(157,868)**	(51,150)
			827,886	**899,134**

On May 16, 2022, the Company entered into a credit agreement with a Canadian lender for an unsecured acquisition term loan facility of $90,000 due on May 15, 2023. Borrowings under the unsecured term loan are at an interest rate of CDOR plus 145 bps per annum. The unsecured term loan is subject to certain customary financial and non-financial covenants.

Credit facilities

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

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

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

Mortgages

The following table summarizes the scheduled maturities of the Company's property-level mortgages as at June 30, 2022:

	Mortgages			
Year	Regular principal payments	Principal due at maturity	**Total**	% of Total
2022	9,045	20,752	**29,797**	6.6 %
2023	16,922	60,824	**77,746**	17.2 %
2024	15,123	50,104	**65,227**	14.4 %
2025	11,557	41,065	**52,622**	11.6 %
2026	11,643	—	**11,643**	2.6 %
2027	11,033	35,115	**46,148**	10.2 %
2028	5,975	115,703	**121,678**	26.8 %
2029	1,810	5,477	**7,287**	1.6 %
2030	1,410	9,230	**10,640**	2.4 %
Thereafter	11,921	17,763	**29,684**	6.6 %
	96,439	356,033	**452,472**	100 %

14 Net finance charges

	Three months ended June 30,		**Six months ended June 30,**	
	2022	2021	**2022**	2021
Finance costs				
Interest expense on mortgages	**3,773**	3,919	**7,402**	7,905
Interest expense on debentures	**3,547**	2,989	**7,055**	5,577
Interest on unsecured term loan	**336**	—	**336**	—
Interest expense on credit facilities	**152**	692	**377**	1,621
Interest expense on right-of-use assets	**30**	16	**42**	33
Redemption premium paid	**—**	160	**—**	160
Amortization of financing charges and fair value adjustments on acquired debt	**585**	677	**1,137**	1,405
Net settlement payment on interest rate swap contracts	**402**	698	**1,060**	1,402
Fair value gain on interest rate swap contracts	**(2,777)**	(155)	**(7,746)**	(4,270)
	6,048	8,996	**9,663**	13,833
Finance income				
Interest income on construction funding receivable	**230**	320	**485**	673
Other interest income	**255**	39	**284**	285
	485	359	**769**	958
Net finance charges	**5,563**	8,637	**8,894**	12,875

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

15 Income taxes

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	**2022**	2021
Income (loss) before provision for (recovery of) income taxes	**(14,206)**	1,760	**16,971**	15,605
Canadian combined income tax rate	**26.57 %**	26.57 %	**26.57 %**	26.57 %
Income tax (recovery) expense	**(3,775)**	467	**4,509**	4,146
Adjustments to income tax provision:				
Non-deductible items	**813**	45	**(2,340)**	69
Book to filing adjustment	**—**	(79)	**—**	(79)
Other items	**(54)**	9	**(28)**	8
Provision for (recovery of) income taxes	**(3,016)**	442	**2,141**	4,144

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

	Depreciable tangible and intangible assets	Share issuance	Construction funding interest	Other	Total
As at January 1, 2021	(53,450)	1,144	1,236	3,085	(47,985)
Charge to net income	(1,283)	(701)	(337)	(3,049)	(5,370)
Book to filing adjustment	269	—	—	36	305
As at December 31, 2021	(54,464)	443	899	72	(53,050)
Charge to net income	3,066	(338)	(129)	(885)	1,714
Credit to equity	—	1,175	—	—	1,175
As at June 30, 2022	**(51,398)**	**1,280**	**770**	**(813)**	**(50,161)**

16 Share capital

Authorized

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

Issued and outstanding

	Common shares	Amount
Balance, January 1, 2021	67,039,123	878,516
Long-term incentive plan, net of loans receivable	—	187
Share purchase loan	—	325
Balance, December 31, 2021	67,039,123	879,028
Long-term incentive plan, net of loans receivable	—	405
Common shares issued pursuant to bought deal, net of share issuance costs	5,750,000	83,004
Common shares issued pursuant to SOAR program (as defined below)	110,386	1,660
Balance, June 30, 2022	**72,899,509**	**964,097**

On March 23, 2022 the Company issued an additional 5,750,000 common shares. On April 28, 2022 and May 26, 2022, 74,409 and 35,977 shares were issued, respectively, to team members under the Sienna Ownership and Reward (**"SOAR"**) program. For the three and six months ended June 30, 2022, the weighted average of total shares outstanding was 72,855,687 and 70,249,385, respectively. (2021 - 67,039,123 and 67,039,123).

Normal course issuer bid

On June 15, 2022, the Company received approval from the TSX on its notice of intention to renew its normal course issuer bid (**"NCIB"**) for a portion of the Company's common shares. Pursuant to the notice, the Company has the authority to acquire up to a maximum of 3,644,975 of its common shares for cancellation over the next 12 months. Purchases by the Company under the NCIB will be made through the facilities of the TSX or through a Canadian alternative trading system and in accordance with applicable regulatory requirements at a price per common share equal to the market price at the time of acquisition. The number of common shares that can be purchased pursuant to the NCIB is subject to a current daily maximum of 83,079 common shares, subject to the Company's ability to make one block purchase of its common shares per calendar week that exceeds such limits. All common shares purchased by the Company under the NCIB will be cancelled upon purchase. The Company had the option to purchase shares beginning on June 20, 2022. The NCIB will terminate on June 19, 2023.

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

Net income (loss) per share

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

17 Dividends

For the three and six months ended June 30, 2022**,** the Company paid monthly dividends of $0.078 per common share totaling $17,047 and $32,734, respectively (2021 - $15,687 and $31,374, respectively). Dividends payable of $5,686 are included in accounts payable and other liabilities as at June 30, 2022 (December 31, 2021 - $5,229). Subsequent to June 30, 2022, the Board of Directors declared dividends of $0.078 per common share for July 2022 totaling $5,686.

18 Share-based compensation

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

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

During the six months ended June 30, 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 and six months ended June 30, 2022 were $194 and $400, respectively (2021 - $187 and $251, respectively), including mark-to-market adjustments, which were recognized in administrative expenses. During the six months ended June 30, 2022, 15,477 RSUs vested (2021 - 9,712) and were settled in cash, resulting in a decrease of $230 (2021 - $135) in the share-based compensation liability. The total liability recorded as part of the share-based compensation liability as at June 30, 2022 was $820 (December 31, 2021 - $650).

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

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

	Number of RSUs
Outstanding, January 1, 2021	43,543
Granted	96,608
Forfeited	(4,687)
Dividend reinvested	5,215
Settled in cash	(9,712)
Outstanding, December 31, 2021	130,967
Granted	153,604
Forfeited	(15,651)
Dividend reinvested	6,010
Settled in cash	(15,477)
Outstanding, June 30, 2022	**259,453**

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

During the six months ended June 30, 2022, 21,411 deferred share units ("**DSUs**") (2021 - 19,067) were granted pursuant to the DSUP. Total expenses (recovery) related to the DSUP for the three and six months ended June 30, 2022 were $(848) and $(453), respectively (2021 - $1,102 and $1,414, respectively), including mark-to-market adjustments, which were recognized in administrative expenses. The total liability recorded related to the DSUP as a part of the share-based compensation liability as at June 30, 2022 was $6,376 (December 31, 2021 - $6,829). The value of each deferred share unit is measured at each reporting date and is equivalent to the fair value of a common share at the reporting date.

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

	Number of DSUs
Outstanding, January 1, 2021	386,000
Granted	42,140
Dividends reinvested	26,239
Outstanding, December 31, 2021	454,379
Granted	21,411
Dividends reinvested	15,059
Outstanding, June 30, 2022	**490,849**

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

During the six months ended June 30, 2022, 27,243 (2021 - 30,672) executive deferred share units ("**EDSUs**") were granted. Total expenses (recovery) related to the EDSUP for the three and six months ended June 30, 2022 were $(126) and $70, respectively (2021 - $470 and $564, respectively) including mark-to-market adjustments, which were recognized in administrative expenses. During the six months ended June 30, 2022, 137,198 EDSUs vested (2021 - 103,948) and were settled in cash, resulting in a decrease of $1,888 (2021 - $1,389) in the share-based compensation liability. The total liability recorded related to the EDSUP as a part of the share-based compensation liability as at June 30, 2022 was $950 (December 31, 2021 - $2,768). The value of each vested EDSU is measured at each reporting date and is equivalent to the fair value of a common share at the reporting date.

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

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

	Number of EDSUs
Outstanding, January 1, 2021	306,594
Granted	30,672
Forfeited	(5,858)
Dividends reinvested	2,795
Settled in cash	(103,948)
Outstanding, December 31, 2021	230,255
Granted	27,243
Forfeited	(2,503)
Dividends reinvested	2,849
Settled in cash	(137,198)
Outstanding, June 30, 2022	**120,646**

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

Share-based compensation expense (recovery), under Notes 18 and 19, includes a fair value loss (gain) on Total Return Swap contracts for the three and six months ended June 30, 2022 of $1,364 and $1,096, respectively, (2021 - $(908) and $(1,072), respectively), and mark-to-market expense (recovery) on share-based compensation liability for the three and six months ended June 30, 2022 of $(1,441) and $(1,283) (2021 - $1,334 and $1,464, respectively).

19 Key management compensation

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	**2022**	2021
Salaries and short-term employee benefits	**1,829**	1,377	**3,382**	2,689
Share-based compensation expense (Note 18)	**448**	851	**930**	1,157
	2,277	2,228	**4,312**	3,846

20 Economic Dependence

The Company holds licences related to each of its LTC residences and receives funding from the applicable health authorities related to those licences, which are included in revenues. In addition, the Company has received government assistance to support pandemic related expenses for LTC and Retirement Residences which is recorded against operating expenses. Funding for incremental COVID-19 costs is provided in addition to ongoing long-term care funding, all of which are subject to periodic reconciliations with the regulatory authorities. Funding for incremental COVID-19 costs is required to be spent entirely on resident care, with any excess amounts not allocated to direct resident care or pandemic expenses required to be returned to the regulatory authorities. During the three and six months ended June 30, 2022, the Company received approximately $161,639 and $350,649, respectively (2021 - $183,813 and $326,570, respectively) in respect of these licences and pandemic related funding.

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

21 Administrative expenses

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	**2022**	2021
General and administrative expenses	**7,766**	6,823	**14,986**	13,708
SOAR program	**1,660**	—	**1,660**	—
Pandemic related expenses	**47**	404	**244**	1,524
Share-based compensation expense	**584**	851	**1,113**	1,157
Total administrative expenses	**10,057**	8,078	**18,003**	16,389

22 Expenses by category

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	**2022**	2021
Salaries, benefits and people costs	**112,106**	100,127	**220,117**	199,472
Depreciation and amortization	**11,834**	11,991	**23,901**	29,340
Impairment loss	**12,788**	—	**12,788**	—
Food	**8,119**	7,441	**15,730**	14,489
Purchased services and non-medical supplies	**6,445**	6,070	**12,864**	11,861
Utilities	**4,281**	3,699	**10,117**	8,905
Net finance charges	**5,563**	8,637	**8,894**	12,875
Property taxes	**3,916**	3,745	**7,612**	7,621
Share of net loss in joint venture	**5,509**	—	**5,509**	8
Transaction costs	**1,810**	559	**3,149**	1,075
SOAR program	**1,660**	—	**1,660**	—
Share-based compensation expense	**584**	851	**1,113**	1,157
Other	**13,502**	13,975	**29,563**	27,582
Total expenses before net pandemic expenses	**188,117**	157,095	**353,017**	314,385
Pandemic labour	**12,781**	22,304	**34,585**	48,501
Personal protective equipment	**1,398**	1,335	**3,041**	3,416
Other pandemic related expenses [1]	**522**	2,201	**4,043**	6,083
Government assistance [2]	**(12,067)**	(22,027)	**(37,108)**	(64,094)
Net pandemic expenses (recovery)	**2,634**	3,813	**4,561**	(6,094)
Gain on disposal of properties	—	—	(23,722)	—
Total expenses and other items	**190,751**	160,908	**333,856**	308,291

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

(2) There are various programs and financial assistance provided by the government to support COVID-19 related expenses. During the three and six months ended June 30, 2022, the LTC segment received additional retroactive pandemic funding of $nil and $2,222 for pandemic expenses incurred during the years ended December 31, 2020 and 2021.

23 Segmented information

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

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

The Company is comprised of the following main business segments:

- Retirement - this segment consists of 38 RRs, of which five retirement residences are located in Saskatchewan, four of which are located in British Columbia and 29 of which are located in Ontario, and the RR management services business;
- LTC - this segment consists of 34 LTC residences located in Ontario, eight seniors' living residences located in British Columbia and the LTC management services business; and
- Corporate, Eliminations and Other - this segment represents the results of head office, intercompany eliminations and other items that are not allocated to the segments.

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

	Three months ended June 30, 2022				
	Retirement [1]	LTC	Corporate, eliminations and other	Adjustments for Joint Venture [4]	Total
Gross revenue	43,234	140,672	17,382	(3,606)	197,682
Less: Internal revenue	—	3,755	17,382	—	21,137
Net revenue	43,234	136,917	—	(3,606)	176,545
Operating expense, net of government assistance[2]	26,661	119,272	—	(2,743)	143,190
Depreciation and amortization	8,144	5,590	848	(2,748)	11,834
Administrative expense [2]	—	—	10,057	—	10,057
Share of net loss in joint venture	—	—	—	5,509	5,509
Finance costs	495	1,304	4,359	(110)	6,048
Finance income	—	(274)	(211)	—	(485)
Transaction costs	3,532	798	994	(3,514)	1,810
Impairment loss	—	12,788	—	—	12,788
Recovery of income taxes	—	—	(3,016)	—	(3,016)
Net income (loss)	4,402	(2,561)	(13,031)	—	(11,190)
Purchase of property and equipment, net of disposals [3]	3,230	2,044	1,334	—	6,608
Purchase of intangible assets	—	(3,185)	400	—	(2,785)

[1] For the three months ended June 30, 2022, the Retirement segment recognized accommodation revenues of $20,752 and service revenues of $22,482.

[2] Includes net pandemic expense (recovery) of $66 for Retirement, $2,519 for LTC and $46 for Corporate, eliminations and other.

[3] Includes pandemic capital expenditures in the LTC segment for the three months ended June 30, 2022 of $10,653, fully funded by related government assistance.

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

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

	Three months ended June 30, 2021				
	Retirement [1]	LTC	Corporate, eliminations and other	Adjustments for Joint Venture	Total
Gross revenue	36,226	130,755	16,052	—	183,033
Less: Internal revenue	—	4,313	16,052	—	20,365
Net revenue	36,226	126,442	—	—	162,668
Operating expense, net of government assistance [2]	23,283	108,360	—	—	131,643
Depreciation and amortization	5,431	5,639	921	—	11,991
Administrative expense [2]	—	—	8,078	—	8,078
Share of net loss in joint venture	—	—	—	—	—
Finance costs	3,037	1,873	4,086	—	8,996
Finance income	—	(339)	(20)	—	(359)
Transaction costs	—	—	559	—	559
Provision for income taxes	—	—	442	—	442
Net income (loss)	4,475	10,909	(14,066)	—	1,318
Purchase of property and equipment [3]	1,436	2,423	686	—	4,545
Purchase of intangible assets	—	—	232	—	232

[1] For the three months ended June 30, 2021, the Retirement segment recognized accommodation revenues of $17,388 and service revenues of $18,838.

[2] Includes net pandemic expense of $956 for Retirement, $2,453 for LTC and $404 for Corporate, eliminations and other.

[3] Includes pandemic capital expenditures in the LTC segment for the three months ended June 30, 2021 of $235, offset by government assistance for the three months ended June 30, 2021 of $420.

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

	Six months ended June 30, 2022				
	Retirement [1]	LTC	Corporate, eliminations and other	Adjustments for Joint Venture [4]	Total
Gross revenue	81,602	281,040	34,444	(3,606)	393,480
Less: Internal revenue	—	8,209	34,444	—	42,653
Net revenue	81,602	272,831	—	(3,606)	350,827
Operating expense, net of government assistance [2]	51,280	236,797	—	(2,743)	285,334
Depreciation and amortization	13,666	11,289	1,694	(2,748)	23,901
Administrative expense [2]	—	—	18,003	—	18,003
Share of net loss in joint venture	—	—	—	5,509	5,509
Finance costs	(1,012)	2,445	8,340	(110)	9,663
Finance income	—	(544)	(225)	—	(769)
Transaction costs	3,602	855	2,206	(3,514)	3,149
Impairment loss	—	12,788	—	—	12,788
Gain on disposal of properties	(12,690)	(11,032)	—	—	(23,722)
Provision for income taxes	—	—	2,141	—	2,141
Net income (loss)	26,756	20,233	(32,159)	—	14,830
Purchase of property and equipment, net of disposals [3]	4,917	4,505	(2,094)	—	7,328
Purchase of intangible assets, net of disposals	(5,561)	—	676	—	(4,885)

[1] For the six months ended June 30, 2022, the Retirement segment recognized accommodation revenues of $39,169 and service revenues of $42,433.

[2] Includes net pandemic expense of $678 for Retirement, $3,639 for LTC and $244 for Corporate, eliminations and other.

[3] Includes pandemic capital expenditures for the six months ended June 30, 2022 of $15,685, which were fully funded by related government assistance.

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

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

	Six months ended June 30, 2021				
	Retirement [1]	LTC	Corporate, eliminations and other	Adjustments for Joint Venture	Total
Gross revenue	72,282	260,143	31,938	—	364,363
Less: Internal revenue	—	8,529	31,938	—	40,467
Net revenue	72,282	251,614	—	—	323,896
Operating expense, net of government assistance [2]	46,380	202,224	—	—	248,604
Depreciation and amortization	16,161	11,763	1,416	—	29,340
Administrative expense [2]	—	—	16,389	—	16,389
Share of net loss in joint venture	—	—	8	—	8
Finance costs	2,670	3,134	8,029	—	13,833
Finance income	—	(731)	(227)	—	(958)
Transaction costs	—	—	1,075	—	1,075
Provision for income taxes	—	—	4,144	—	4,144
Net income (loss)	7,071	35,224	(30,834)	—	11,461
Purchase of property and equipment [3]	2,252	3,547	915	—	6,714
Purchase of intangible assets	—	—	427	—	427

(1) For the six months ended June 30, 2021, the Retirement segment recognized accommodation revenues of $35,418 and service revenues of $36,864.

(2) Includes net pandemic expense (recovery) of $1,688 for Retirement, $(9,306) for LTC and $1,524 for corporate, eliminations and other.

(3) Includes pandemic capital expenditures for the six months ended June 30, 2021 of $9,657, reduced by related government assistance for the six months ended June 30, 2021 $9,425.

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

	As at June 30, 2022				
	Retirement	**LTC**	**Corporate, eliminations and other**	**Adjustments for Joint Venture [1]**	**Total**
Total assets	**912,520**	**835,159**	**28,168**	**(27,975)**	**1,747,872**

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

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

	As at June 30, 2022				
	Retirement	**LTC**	**Corporate, eliminations and other**	**Adjustments for Joint Venture [1]**	**Total**
Total liabilities	**319,184**	**359,307**	**624,795**	**(27,975)**	**1,275,311**

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

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

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

24 Joint arrangements

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

Joint Arrangements	Number of properties	Sienna ownership	Joint arrangement type	Accounting treatment	Investment in joint venture balance
Sienna-RSH Niagara Falls LP [(1)]	0	70 %	Joint venture	Equity	6,297
Sienna-Sabra LP	12	50 %	Joint venture	Equity	158,541
Sienna Baltic Development LP [(2)]	2	40%/77%	Joint operation	Proportionate	N/A
					164,838

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

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

Joint ventures

Sienna-RSH Niagara Falls LP

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

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

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

	June 30, 2022	December 31, 2021
Current assets	—	354
Long-term assets	**18,278**	12,520
Total assets	**18,278**	12,874
Current liabilities	**2,412**	1,095
Long-term liabilities	**6,870**	2,783
Total liabilities	**9,282**	3,878
Net assets	**8,996**	8,996
Share of net investment in joint venture	**6,297**	6,297

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	**2022**	2021
Expenses	—	—	—	11
Net loss	—	—	—	(11)
Share of net loss in joint venture	—	—	—	(8)

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

On January 25, 2022, the Company formed a joint venture with a third party for the purpose of owning and operating retirement residences. The Company owns 50% interest in this joint venture. The joint venture first acquired a portfolio of 11 seniors' living assets in Ontario and Saskatchewan on May 16, 2022, and subsequently acquired another retirement residence in Saskatchewan on June 1, 2022. The Company has accounted for this joint venture using the equity method of accounting, since this joint arrangement is structured through a separate legal vehicle, and the Company has rights to the net assets of the arrangement.

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

Investment in Joint Venture as at January 1, 2022	—
Contributions to joint venture in the second quarter	164,050
Share of net loss in joint venture	(5,509)
Investment in joint ventures as at June 30, 2022	**158,541**

	June 30, 2022
Current assets	**4,754**
Long-term assets	**368,278**
Total assets	**373,032**
Current liabilities	**9,419**
Long-term liabilities	**46,530**
Total liabilities	**55,949**
Net assets	**317,083**
Share of net investment in joint venture	**158,541**

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

	Three months ended June 30,	Six months ended June 30,
	2022	**2022**
Revenue	**7,212**	**7,212**
Expenses	**5,486**	**5,486**
Depreciation and amortization	**5,499**	**5,499**
Net finance charges	**219**	**219**
Transaction costs	**7,027**	**7,027**
Net loss	**(11,018)**	**(11,018)**
Share of net loss in joint venture	**(5,509)**	**(5,509)**

Acquisitions by Sienna Sabra LP

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

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

The net purchase prices for these two acquisitions were $250.4 million and $70.6 million, respectively, and were allocated to the assets and liabilities of the joint venture on a preliminary basis.

Transaction costs for the acquisitions during the quarter were $6,656 and $372, respectively.

Related party transactions occur between Sienna and its joint ventures. These related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to between the related parties. Except as disclosed elsewhere in these condensed interim consolidated financial statements, the related party balances are included in accounts receivable and payable, and in management fee revenue, as applicable. As of June 30, 2022, $2,051 (December 31, 2021 - $nil) of the Company's accounts receivable related to its investments in joint ventures. For the three and six months ended June 30, 2022, $199 (June 30, 2021 - $nil) of the Company's management fees related to its investment in joint ventures.

Joint operations

Sienna Baltic Development LP

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

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

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

	June 30, 2022	December 31, 2021
Current assets	**2,195**	3,853
Long-term assets	**96,090**	97,322
Total assets	**98,285**	101,175
Current liabilities	**7,200**	6,694
Long-term liabilities	**61,582**	62,280
Total liabilities	**68,782**	68,974
Net assets	**29,503**	32,201
Share of net assets	**15,009**	16,479

As at June 30, 2022, the Company's share of net assets in Nicola Lodge and Glenmore Lodge was $8,355 and $6,654, respectively (December 31, 2021 - $9,016 and $7,463, respectively).

	Three months ended June 30,		**Six months ended June 30,**	
	2022	2021	**2022**	2021
Revenue	**8,258**	7,861	**16,277**	14,971
Expenses				
Operating, net [1]	**6,831**	5,820	**13,955**	11,742
Depreciation and amortization	**658**	656	**1,302**	1,327
Net finance charges	**723**	717	**1,429**	1,437
Net income (loss)	**46**	668	**(409)**	465
Share of net income (loss)	**6**	456	**(245)**	369

[1] Includes net pandemic expenses for the three and six months ended June 30, 2022 of $417 and $1,064, respectively (2021 - $407 and $1,114, respectively).

For the three months ended June 30, 2022, the Company's share of net income (loss) in Nicola Lodge and Glenmore Lodge was $33 and $(27), respectively (2021 - $65 and $391, respectively).

For the six months ended June 30, 2022, the Company's share of net income (loss) in Nicola Lodge and Glenmore Lodge was $(76) and $(169), respectively (2021 - $(10) and $379, respectively).

25 Commitments and contingencies

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

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

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

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

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

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

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

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

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

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

Pay Equity Claim Proceedings

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

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

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