Q3 2015



Report to Shareholders

Sienna Senior Living Inc.

Q3 2015

Sienna
SENIOR LIVING

Management's Discussion and Analysis

(in thousands of Canadian Dollars)

Sienna Senior Living Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Basis of Presentation

The following Management's Discussion and Analysis ("**MD&A**") for Sienna Senior Living Inc. (formerly Leisureworld Senior Care Corporation) (the "**Company**") provides a summary of the financial results for the three and nine month periods ended September 30, 2015. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and nine month periods ended September 30, 2015 and the notes thereto, the audited consolidated financial statements for the year ended December 31, 2014 and the notes thereto, and the MD&A for the year ended December 31, 2014. 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, 2014, can be found on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com. In accessing the Company's information, readers are reminded of the Company's predecessor name, Leisureworld Senior Care Corporation, and that the information of Leisureworld Senior Care Corporation is the information of the Company.

All references to "we", "our", "us" 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 long-term care and retirement homes and the third-party management business of the Company. The direct ownership of such homes and operation of such business is conducted by subsidiaries of the Company.

This MD&A was approved by the Board of Directors of the Company on November 11, 2015, and is based on information available to management as of that date.

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.

All dollar references, unless otherwise stated, are expressed in thousands of Canadian dollars.

The Company is listed on the Toronto Stock Exchange (the "**TSX**") under the trading symbol **SIA** (formerly **LW**). As of November 11, 2015, the following securities of the Company were outstanding: 36,454,394 common shares; and $46,000 in aggregate principal amount of convertible unsecured subordinated debentures (TSX symbol: **SIA.DB**, formerly **LW.DB**) which, in the aggregate, are convertible into 2,746,269 common shares (the "**Convertible Debentures**"). The Convertible Debentures have a maturity date of June 30, 2018.

Forward-Looking Statements

This document contains forward-looking information based on management's expectations, estimates and projections about the future results, performance, achievements, prospects or opportunities for the Company as of the date of this MD&A. Forward-looking statements involve significant known and unknown risks and uncertainties and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. Such known and unknown risks, uncertainties and other factors may cause the actual results to be materially different from any future results expressed or implied by such forward-looking statements. When used in this MD&A, such statements use words such as "may," "will," "expect," "believe," "plan", "should", "could", "anticipate", "intend", "continue", "project" and other similar terminology. The forward-looking statements contained in this MD&A are based on information currently available to management and that management currently believes are based on reasonable assumptions. However, neither the Company nor management can ensure actual results will be consistent with these forward-looking statements. These forward-looking statements are as of the date of this MD&A, and Sienna Senior Living Inc. and management assume no obligation to update or revise them to reflect new events or circumstances except as required by securities laws. Readers are cautioned not to place undue reliance on any forward-looking statements.

Non-IFRS Performance Measures

In this document we use 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**") and earnings before interest, taxes, depreciation and amortization ("**EBITDA**"). Management believes that NOI, FFO, OFFO, AFFO and EBITDA are relevant measures of the Company's performance, as described below. The IFRS measurement most directly related to these measures is cash flow from operations. Please refer to the "Business Performance" section of this MD&A for a reconciliation of cash flow from operations to AFFO.

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

"**FFO**" is a recognized earnings measure that is widely used by public real estate entities, particularly by those entities that own and operate income-producing properties. FFO is a financial measure which should not be considered as an alternative to net income, cash flow from operations, or any other operating or liquidity measure prescribed under IFRS. The Company presents FFO in accordance with the REALpac White Paper on Funds From Operations for IFRS (Source: White Paper on Funds From Operations for IFRS - Revised April 2014). The use of FFO, combined with the required IFRS presentations, has been included for the purpose of improving the understanding of the operating results.

"**OFFO**" is FFO adjusted for one-time items such as the tax shield on the Series A Debentures redemption premium and presentation of finance charges on a cash interest basis. Management is of the view that OFFO presents a better measure of earnings for the Company.

"**AFFO**" is defined as OFFO plus the principal portion of construction funding received and non-cash deferred share unit compensation expense less maintenance capital expenditures ("**maintenance capex**"). Other adjustments may be made to AFFO as determined by management and the Board of Directors at their discretion.

Management believes AFFO is useful in the assessment of the Company's operating cash performance, and is also a relevant measure of the ability of the Company to pay dividends to shareholders.

"**EBITDA**" is defined as earnings before interest, taxes, depreciation and amortization, construction funding proceeds and non-recurring items. Other adjustments may be made as determined by management and the Board of Directors at their discretion.

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

Key Performance Indicators

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

- **Occupancy**: Occupancy is a key driver of the Company's revenues.
- **NOI**: This value represents the underlying performance of the operating business segments. Please refer to the "Non-IFRS Performance Measures" section of this MD&A above.
- **OFFO and OFFO per Share**: Management uses OFFO as an operating and financial performance measure. Please refer to the "Non-IFRS Performance Measures" section of this MD&A above.
- **AFFO and AFFO per Share**: These indicators are used by management to help measure the Company's ability to pay dividends. Please refer to the "Non-IFRS Performance Measures" section of this MD&A above.
- **Payout Ratio**: Management monitors the ratio of dividends per share to basic AFFO per share to ensure that the Company adheres to its dividend policy, in line with the Company's objectives.
- **Debt Service Coverage Ratio**: This ratio is useful for management to ensure that it is in compliance with its financial covenants.
- **Debt to Gross Book Value**: In conjunction with the debt service coverage ratio, management monitors this to ensure compliance with certain financial covenants.
- **Weighted Average Cost of Debt**: This is a point in time calculation which is useful in comparing interest rates, either period over period, or to the then current market parameters.
- **Debt to EBITDA Ratio**: This ratio measures the number of years required for current cash flows to repay all indebtedness.
- **Interest Coverage Ratio**: Interest coverage ratio is a common measure used by debt rating agencies to assess an entity's ability to service its debt obligations.
- **Weighted Average Term to Maturity**: This indicator is used by management to monitor its debt maturities.
- **Same Property Percent Change in NOI**: This measure is similar to "same-store sales" measures used in the retail business and is intended to measure the period over period performance of the same asset base, excluding assets undergoing new development, redevelopment or demolition.

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

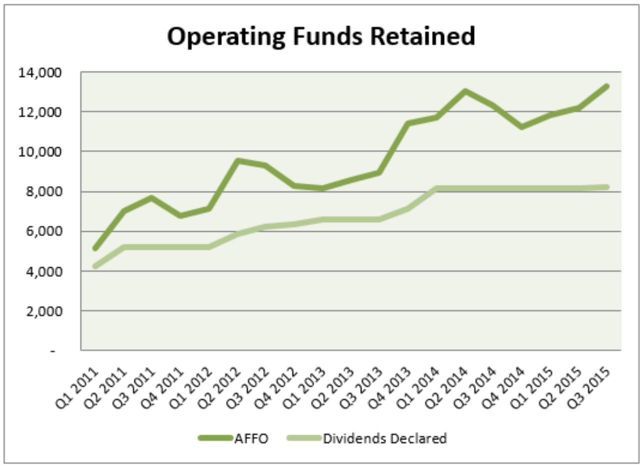
The following table presents the key performance indicators for the three and nine months ended September 30, 2015 and 2014:

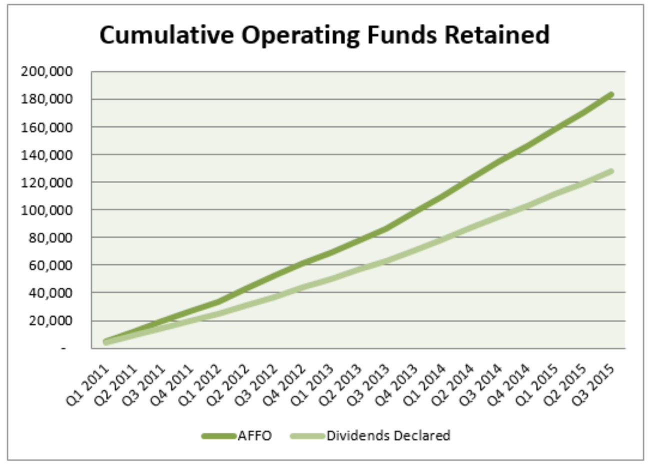
	Three Months Ended			Nine Months Ended		
Thousands of Dollars, except occupancy, share and ratio data	**2015**	2014	Change	**2015**	2014	Change
OCCUPANCY						
LTC - Average total occupancy	**99.1%**	98.9%	0.2%	**98.6%**	98.6%	—%
LTC - Average private occupancy	**99.9%**	99.9%	—%	**99.7%**	99.3%	0.4%
Retirement - Average occupancy	**90.2%**	84.3%	5.9%	**88.0%**	83.5%	4.5%
Retirement - As at occupancy	**92.3%**	84.9%	7.4%	**92.3%**	84.9%	7.4%
FINANCIAL						
NOI [1]	**22,444**	21,419	1,025	**63,392**	61,122	2,270
OFFO	**11,497**	11,071	426	**31,554**	31,327	227
AFFO	**13,256**	12,341	915	**37,271**	37,092	179
PER SHARE INFORMATION						
OFFO per share, basic	**0.316**	0.305	0.011	**0.867**	0.864	0.003
OFFO per share, diluted	**0.306**	0.294	0.012	**0.843**	0.834	0.009
AFFO per share, basic	**0.364**	0.340	0.024	**1.025**	1.023	0.002
AFFO per share, diluted	**0.351**	0.327	0.024	**0.989**	0.982	0.007
Dividends per share	**0.225**	0.225	—	**0.675**	0.675	—
Payout ratio (basic AFFO)	**61.8%**	66.2%	-4.4%	**65.9%**	66.0%	-0.1%
FINANCIAL RATIOS						
Debt Service Coverage Ratio	**2.4**	2.3	0.1	**2.1**	2.1	—
Debt to Gross Book Value as at period end	**54.7%**	56.8%	-2.1%	**54.7%**	56.8%	-2.1%
Weighted Average Cost of Debt as at period end	**3.8%**	3.9%	-0.1%	**3.8%**	4.0%	-0.2%
Debt to EBITDA Ratio as at period end	**7.5**	7.9	(0.4)	**7.5**	7.9	(0.4)
Interest Coverage Ratio	**3.6**	3.3	0.3	**3.4**	3.0	0.4
Weighted Average Term to Maturity as at period end	**4.8**	5.0	(0.2)	**4.8**	5.0	(0.2)

	2015 v. 2014	2015 v. 2014
SAME PROPERTY PERCENT CHANGE IN NOI		
Long-Term Care	2.3%	1.6%
Retirement	13.5%	10.4%
Total	4.8%	3.7%

Notes:

1. For the three and nine months ended September 30, 2015, the Company recorded MOHLTC reconciliation adjustments that decreased revenue and NOI by $nil (2014 - $69) and $511 (2014 - $1,025), respectively. The adjustments relate to the difference between the Company's annual reconciliation filings with the MOHLTC and their assessments of those filings as it relates to the 2007 and 2008 reconciliation years. These adjustments are based on current period correspondence with the MOHLTC and the Company's best estimate of the probability of recovery of the outstanding amounts.





Operating funds retained is equal to AFFO less dividends declared.

Company Profile

Sienna Senior Living Inc. was incorporated as "Leisureworld Senior Care Corporation" under the *Business Corporations Act* (Ontario) on February 10, 2010, and subsequently continued under the *Business Corporations Act* (British Columbia) on March 18, 2010. The Company closed the initial public offering (the "**IPO**") of its common shares on March 23, 2010. Effective May 1, 2015, the Company changed its name to Sienna Senior Living Inc. pursuant to a Notice of Alteration filed with the British Columbia Registry Services on April 23, 2015, as further described below.

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.

The Company and its predecessors have been operating since 1972. The Company's business is carried on through a number of wholly-owned limited partnerships formed under the laws of the Province of Ontario. Through its subsidiaries, the Company owns and operates 35 long-term care ("**LTC**") homes (representing an aggregate of 5,733 beds), all of which are located in the Province of Ontario. The Company also owns and operates 10 retirement residence ("**RR**") communities (representing 1,066 suites and apartments) in the Provinces of Ontario and British Columbia. An ancillary business of the Company is Preferred Health Care Services ("**Home Care**" or "**PHCS**"), an accredited provider of professional nursing and personal support services for both community-based home healthcare and LTC homes. The Company also operates a management services division which provides management and consulting services to LTC homes and RR communities in Ontario.

		LONG-TERM CARE (Beds)				RETIREMENT (Suites / Apartments)	TOTAL
ASSET CLASS	COMMUNITIES	Basic and Other	Semi-Private	Private - $18.00 Premium	Private - Up to $25.00 Premium	Total	Beds / Suites / Apartments
LONG-TERM CARE	**35**	2,609	857	240	2,027	—	**5,733**
RETIREMENT	**10**	—	—	—	—	1,066	**1,066**
TOTAL	**45**	**2,609**	**857**	**240**	**2,027**	**1,066**	**6,799**

On May 1, 2015, the Company effected a company-wide rebranding strategy, resulting in a legal name change of the Company from Leisureworld Senior Care Corporation to Sienna Senior Living Inc., and a renaming of the Company's LTC homes and RR communities. The Company's underlying subsidiaries were not impacted by the name change. The name change of the Company was approved at the Annual and Special Meeting of the Company's shareholders held on April 21, 2015. In connection with the name change, the Company commenced trading under the new trading symbol "**SIA**".

Company Objectives

The objectives of the Company are to:

1) Provide quality care and services to seniors that is responsive to their changing needs across the continuum of care, by focusing on:

    - Achieving stabilized occupancy in RR homes and maintaining high occupancy in LTC homes.
    - Enhancing the services provided, to include specialized services in LTC to meet the changing needs of seniors across the continuum of care.
    - Improving the resident experience and satisfaction with care and services.
    - Focusing on employee engagement and leadership development and building a strong team that is passionate about helping seniors "live fully every day".

2) Maintain a strong financial position, by focusing on:

    - Maintaining an A (low) rating on the Series B Debentures.
    - Gradually reducing debt.
    - Maintaining adequate liquidity.
    - Creating a 10-year debt ladder over time.

3) Enhance the value of the Company’s assets and promote the growth of its portfolio, by focusing on:

    - Maintaining existing assets with preventative maintenance and ongoing capital improvements.
    - Growing the portfolio within Canada.

4) Improve support services by focusing on:

    - Building on the recent Company rebranding initiatives, with further enhancements to the Company’s website and functionality, and renewed sales and marketing strategies.
    - Improving the Company’s use of technology to provide timely information, tools and education to the various locations.
    - Achieving synergies and efficiencies to manage operating expenses.

Our Vision

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

Our Mission

To help you live fully, every day.

Our Values

Respect

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

Passion

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

Teamwork

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

Responsibility

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

Growth

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

Industry Overview

Please refer to the Company's MD&A for the year ended December 31, 2014, as well as the AIF, for an in-depth discussion of the Industry Overview.

Business Overview

Please refer to the Company's MD&A for the year ended December 31, 2014, as well as the AIF, for an in-depth discussion of the Business Overview.

Outlook

Sienna's MD&A for the year ended December 31, 2014 contains a detailed discussion of the Company's outlook for 2015. There were no significant changes to that outlook in Q3 2015.

Quarterly Financial Information

	2015			2014				2013
Thousands of Dollars, except occupancy and per share data	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	**118,931**	115,186	113,212	117,745	115,029	111,674	112,340	99,815
Income before depreciation and amortization, net finance charges, transaction costs and the provision for (recovery of) income taxes	**17,967**	16,060	15,596	16,252	17,031	15,702	15,304	13,512
Net income (loss)	**3,334**	1,282	350	204	1,643	376	(18,064)	(6,348)
Per share and diluted per share	**0.09**	0.04	0.01	0.01	0.05	0.01	(0.50)	(0.20)
OFFO - Basic [1]	**11,497**	10,448	9,609	10,445	11,071	10,892	9,364	9,812
Per share	**0.32**	0.29	0.26	0.29	0.31	0.30	0.26	0.31
Per share diluted - excluding subscription receipts	**0.31**	0.28	0.26	0.29	0.29	0.29	0.25	0.30
Per share diluted - including subscription receipts	**n/a**	n/a	n/a	n/a	n/a	n/a	n/a	0.27
AFFO - Basic [1]	**13,256**	12,179	11,836	11,204	12,341	13,047	11,704	11,429
Per share	**0.36**	0.34	0.33	0.31	0.34	0.36	0.32	0.36
Per share diluted - excluding subscription receipts	**0.35**	0.32	0.32	0.31	0.33	0.35	0.31	0.35
Per share diluted - including subscription receipts	**n/a**	n/a	n/a	n/a	n/a	n/a	n/a	0.31
Dividends declared	**8,196**	8,188	8,175	8,164	8,160	8,159	8,158	7,116
Per share	**0.23**	0.23	0.23	0.23	0.23	0.23	0.23	0.23
Occupancy								
LTC - Average total occupancy	**99.1%**	98.5%	98.1%	98.8%	98.9%	98.5%	98.5%	98.7%
LTC - Average private occupancy	**99.9%**	99.7%	99.0%	99.8%	99.9%	99.1%	98.7%	99.4%
Retirement - Average occupancy [2]	**90.2%**	87.0%	86.9%	85.9%	84.3%	83.0%	82.7%	81.8%
Retirement - As at occupancy [2]	**92.3%**	88.8%	86.8%	86.8%	84.9%	83.0%	82.5%	82.9%
Total assets	**912,933**	924,919	932,798	946,763	953,394	956,746	969,355	977,024
Total debt [3]	**593,633**	602,960	612,733	616,081	618,970	621,915	624,837	598,703

Notes:

1. Beginning in Q2 2014, the impact of the MOHLTC reconciliation adjustments (discussion below) was added back to OFFO and AFFO. In addition, due to the immaterial nature of the adjustment in prior years, 2013 information has not been restated above.
2. The comparative periods exclude respite occupancy data as it was not captured for periods prior to 2014.
3. Total debt includes the Convertible Debentures and is net of amounts paid into the principal reserve fund on the Series B Debentures.

The Company's quarterly financial results are impacted by various factors including, but not limited to, the timing of acquisitions, seasonality of utility expenses, timing of co-payment changes, government funding rate increases and the timing of revenue recognition to match spending within the flow-through envelopes, and capital market and financing activities.

The Company recorded MOHLTC reconciliation adjustments that decreased revenue and NOI by $nil in Q3 2015, $536 in Q2 2015 and increased revenue and NOI by $25 in Q1 2015. In the prior year, the MOHLTC reconciliation adjustments recorded decreased revenue and NOI by $269 in Q4 2014, $69 in Q3 2014 and $956 in Q2 2014. The adjustments relate to the difference between the Company's annual reconciliation filings with the MOHLTC and the MOHLTC's assessments of those filings, primarily for the reconciliation years 2007 through to 2012 inclusive. These adjustments are based on confirmation with the MOHLTC and the Company's best estimate of the probability of recovery of the outstanding amounts, based on recent information and interpretation of the funding mechanism.

During Q1 2014, $322 million of Series B Debentures were issued to generate proceeds to redeem the Series A Debentures in full, resulting in the payment of an $18.4 million redemption premium and associated expenses. The Series A Debentures and Series B Debentures were both outstanding for a 21 day-period during Q1 2014.

In December 2013, the Company completed the acquisition of a portfolio of six LTC homes, two RRs, two properties containing both an LTC and RR component and third party seniors living management business previously operated by Specialty Care Inc. ("**2013 Acquisition**"), which contributed approximately $1,783 to NOI for the one month period in Q4 2013.

A discussion of the operating results for the three and nine months ended September 30, 2015 compared to the same period in the prior year is provided below under the section "Operating Results".

Operating Results

The following are the operating results for the three and nine months ended September 30, 2015 and 2014:

	Three Months Ended			Nine Months Ended		
Thousands of Dollars	**2015**	2014	Change	**2015**	2014	Change
Revenue	**118,931**	115,029	3,902	**347,329**	339,043	8,286
Expenses						
Operating	**96,487**	93,610	2,877	**283,937**	277,921	6,016
Administrative	**4,477**	4,388	89	**13,769**	13,085	684
	100,964	97,998	2,966	**297,706**	291,006	6,700
Income before depreciation and amortization, net finance charges, transaction costs and the provision for (recovery of) income taxes	**17,967**	17,031	936	**49,623**	48,037	1,586
Other expenses						
Depreciation and amortization	**8,083**	9,651	(1,568)	**26,499**	29,693	(3,194)
Net finance charges	**5,359**	5,380	(21)	**15,734**	40,286	(24,552)
Transaction costs	**34**	57	(23)	**304**	716	(412)
Total other expenses	**13,476**	15,088	(1,612)	**42,537**	70,695	(28,158)
Income (loss) before the provision for (recovery of) income taxes	**4,491**	1,943	2,548	**7,086**	(22,658)	29,744
Provision for (recovery of) income taxes						
Current	**943**	240	703	**1,571**	(1,938)	3,509
Deferred	**214**	60	154	**549**	(4,675)	5,224
	1,157	300	857	**2,120**	(6,613)	8,733
Net income (loss)	**3,334**	1,643	1,691	**4,966**	(16,045)	21,011
Total assets	**912,933**	953,394	(40,461)	**912,933**	953,394	(40,461)
Total debt (net of principal reserve fund)	**593,633**	618,970	(25,337)	**593,633**	618,970	(25,337)

Revenue Breakdown

The following is the revenue breakdown for the three and nine months ended September 30, 2015 and 2014:

	Three Months Ended			Nine Months Ended		
Thousands of Dollars	**2015**	2014	Change	**2015**	2014	Change
Long-Term Care						
Same property	**102,683**	99,884	2,799	**300,890**	295,348	5,542
Total Long-Term Care Revenue	**102,683**	99,884	2,799	**300,890**	295,348	5,542
Retirement						
Same property	**11,212**	10,192	1,020	**32,445**	30,370	2,075
Total Retirement Revenue	**11,212**	10,192	1,020	**32,445**	30,370	2,075
Home Care						
Same property	**4,590**	4,685	(95)	**13,088**	13,373	(285)
Total Home Care Revenue (1)	**4,590**	4,685	(95)	**13,088**	13,373	(285)
Management Services						
Same property	**586**	605	(19)	**1,835**	1,817	18
Total Management Services Revenue	**586**	605	(19)	**1,835**	1,817	18
Total Revenue						
Same property	**119,071**	115,366	3,705	**348,258**	340,908	7,350
MOHLTC reconciliation adjustments	—	(69)	69	**(511)**	(1,025)	514
Intersegment eliminations	**(140)**	(268)	128	**(418)**	(840)	422
Total Revenue	**118,931**	115,029	3,902	**347,329**	339,043	8,286

"**Intersegment eliminations**" refers to activities that took place between the separate lines of business. The activities are eliminated on consolidation and should still be reflected as part of the operating line of business results. The activities relate to educational services provided by the Home Care segment to the LTC segment. The operation and management of a portion of these services has been transferred to the LTC segment in the current year for internal management and synergies.

Note:

1. The revenue decline in the Home Care business is primarily due to internal business realignment, relating to professional services that serviced the Company's LTC homes.

Operating Expense Breakdown

The following operating expense breakdown is for the three and nine months ended September 30, 2015 and 2014:

	Three Months Ended			Nine Months Ended		
Thousands of Dollars	**2015**	2014	Change	**2015**	2014	Change
Long-Term Care						
Same property	**86,162**	83,739	2,423	**254,134**	249,325	4,809
Total Long-Term Care Expenses	**86,162**	83,739	2,423	**254,134**	249,325	4,809
Retirement						
Same property	**6,276**	5,845	431	**18,101**	17,383	718
Total Retirement Expenses	**6,276**	5,845	431	**18,101**	17,383	718
Home Care						
Same property	**4,021**	4,138	(117)	**11,589**	11,522	67
Total Home Care Expenses	**4,021**	4,138	(117)	**11,589**	11,522	67
Management Services						
Same property	**168**	156	12	**531**	531	—
Total Management Services Expenses	**168**	156	12	**531**	531	—
Total Operating Expenses						
Same property	**96,627**	93,878	2,749	**284,355**	278,761	5,594
Intersegment eliminations	**(140)**	(268)	128	**(418)**	(840)	422
Total Operating Expenses	**96,487**	93,610	2,877	**283,937**	277,921	6,016

Net Operating Income Breakdown

The following net operating income breakdown is for the three and nine months ended September 30, 2015 and 2014:

	Three Months Ended			Nine Months Ended		
Thousands of Dollars	**2015**	2014	Change	**2015**	2014	Change
Long-Term Care						
Same property	**16,521**	16,145	376	**46,756**	46,023	733
Total Long-Term Care NOI	**16,521**	16,145	376	**46,756**	46,023	733
Retirement						
Same property	**4,936**	4,347	589	**14,344**	12,987	1,357
Total Retirement NOI	**4,936**	4,347	589	**14,344**	12,987	1,357
Home Care						
Same property	**569**	547	22	**1,499**	1,851	(352)
Total Home Care NOI (1)	**569**	547	22	**1,499**	1,851	(352)
Management Services						
Same property	**418**	449	(31)	**1,304**	1,286	18
Total Management Services NOI	**418**	449	(31)	**1,304**	1,286	18
Total NOI						
Same property	**22,444**	21,488	956	**63,903**	62,147	1,756
MOHLTC reconciliation adjustments	**—**	(69)	69	**(511)**	(1,025)	514
Total NOI	**22,444**	21,419	1,025	**63,392**	61,122	2,270

Note:

1. The NOI decline in the Home Care business for the nine months ended September 30, 2015 is primarily due to internal business realignment, relating to professional services that serviced the Company's LTC homes.

For the Quarter

Revenue

Revenues for Q3 2015 increased by $3,902 to $118,931, compared to Q3 2014. LTC revenues increased by $2,799 which was primarily attributable to funding changes to the flow-through envelopes and the related timing of revenue recognition along with higher preferred and other accommodation revenues.

RR revenues for Q3 2015 increased by $1,020 to $11,212, compared to Q3 2014, primarily due to gains in occupancy and the level of care services provided.

Home Care revenues of $4,590 for Q3 2015 are slightly lower than the revenues for Q3 2014. Decrease in revenues was primarily due to internal business realignment relating to professional services that serviced the Company's LTC operations.

Operating Expenses

Operating expenses for Q3 2015 increased by $2,877 to $96,487, compared to Q3 2014. Of this increase, LTC represented $2,423, which was primarily attributable to higher flow-through envelope expenses.

RR operating expenses for Q3 2015 increased by $431 to $6,276, compared to Q3 2014. The increase was primarily attributable to higher variable expenses resulting from gains in occupancy.

Home Care operating expenses decreased by $117 to $4,021 which was in line with the internal business realignment and operational efficiencies.

NOI

NOI for Q3 2015 increased by $1,025 to $22,444, compared to Q3 2014. LTC NOI increased by $376, primarily due to higher preferred and other accommodation revenues.

RR NOI for Q3 2015 increased by $589 to $4,936, compared to Q3 2014 principally attributable to gains in occupancy.

Home Care's NOI for Q3 2015 increased by $22 to $569, compared to Q3 2014. The increase was primarily attributable to operational efficiencies.

Due to the seasonality of certain operating expenses and occupancy activities, trends which may appear in operating margins may be merely coincidental, and readers should not rely upon net operating margin calculations herein.

Administrative Expenses

Administrative expenses for Q3 2015 increased by $89 to $4,477 compared to Q3 2014. The increase was comprised of higher mark-to-market adjustments on deferred share units of $207 and rebranding costs of $65, partially offset by timing of other administrative expenses.

Depreciation and Amortization

Depreciation and amortization for Q3 2015 decreased by $1,568 to $8,083 compared to Q3 2014. The decrease was primarily attributable to certain resident relationship intangibles and building assets being fully amortized during the fiscal year 2014.

Net Finance Charges

Net finance charges for Q3 2015 decreased by $21 to $5,359 compared to Q3 2014. The decrease was primarily related to lower interest expense on long-term debt. This was partially offset by a higher loss on the mark-to-market adjustments on interest rate swap contracts and lower interest income earned on construction funding receivable.

Income Taxes

Income tax expense for Q3 2015 was $1,157, compared to $300 in the comparable prior year period. The current income tax expense of $943 for Q3 2015 was $703 higher than the expense for Q3 2014 primarily due to the increase in NOI and decrease in tax shield on the deferred financing charges over the comparable prior year period. The current income taxes have been calculated at the weighted average combined corporate tax rate of 26.49%. The deferred tax expense of $214 in Q3 2015 represents an increase of $154 over the comparable prior year period primarily as a result of timing differences.

For the Year to Date

Revenue

Revenues for the nine months ended September 30, 2015 increased by $8,286, to $347,329 over the comparable prior year period. LTC revenues increased by $5,542 to $300,890 which was primarily attributable to funding changes to the flow-through envelopes and the related timing of revenue recognition along with higher preferred and other accommodation revenues.

RR revenues increased by $2,075 to $32,445 over the comparable prior year period, which was primarily attributable to gains in occupancy.

Home Care revenue decreased by $285 to $13,088 compared to the nine months ended September 30, 2014. This was primarily attributable to the internal business realignment relating to professional services that serviced the Company's LTC homes.

Operating Expenses

Operating expenses for the nine months ended September 30, 2015 increased by $6,016 to $283,937, compared to $277,921 in the comparable period in the prior year. Of this increase, LTC accounted for $4,809, which was primarily attributable to higher flow-through envelope and dietary expenses.

RR operating expenses for the nine months ended September 30, 2015 were $18,101, compared to $17,383 in the comparable prior year period. The increase of $718 was primarily attributable to increased variable expenses due to gains in occupancy.

Home Care expenses for the nine months ended September 30, 2015 of $11,589 increased by $67 over the comparable prior year period which was primarily attributable to restructuring charges in Q2 2015.

NOI

Sienna generated NOI of $63,392 for the nine months ended September 30, 2015. This represented an increase of $2,270 over the comparable prior year period.

LTC NOI increased by $733 for the period, due primarily to the increased preferred and other accommodation revenue, partly offset by increased dietary expenses.

The retirement segment's NOI increased by $1,357 over the comparable prior year period primarily due to gains in occupancy.

Home Care's NOI of $1,499 reflects a decrease of $352 over the comparable period primarily due to internal business realignment relating to professional services that serviced the Company's LTC homes.

Due to the seasonality of certain operating expenses and occupancy activities, trends which may appear in operating margins may be merely coincidental, and readers should not rely upon net operating margin calculations herein.

Administrative Expenses

Administrative expenses increased to $13,769 during the nine months ended September 30, 2015, compared to $13,085 in the comparable prior year period. The increase of $684 was primarily due to rebranding costs of $307 and higher mark-to-market adjustments on deferred share units of $208.

Depreciation and Amortization

Depreciation and amortization for the nine months ended September 30, 2015 decreased to $26,499 from $29,693 for the comparable prior year period. The decrease was primarily attributable to certain resident relationship intangibles and building assets being fully amortized during the fiscal year 2014.

Net Finance Charges

Net finance charges for the nine months ended September 30, 2015 were $15,734, compared to $40,286 for the comparable period last year. The decrease of $24,552 was principally the result of the incremental finance charges in the prior year of approximately $23,353 from the redemption of the Series A Debentures. The remaining decrease in net finance charges of $1,199 was primarily attributable to lower interest expense on long-term debt partly offset by lower interest income earned.

Transaction Costs

For the nine months ended September 30, 2015, transaction costs were $304 compared to $716 for the same period in the prior year. The decrease of $412 was primarily attributable to the timing of transactional activities which was partly offset by the income support adjustment of $201 during the nine months ended September 30, 2015.

Income Taxes

The income tax expense for the nine months ended September 30, 2015 was $2,120 compared to an income tax recovery of $6,613 in the comparable prior year period. The current income tax expense was $1,571 compared to an income tax recovery of $1,938 for the nine months ended September 30, 2014. The comparative prior period tax recovery primarily resulted from the tax shield created by the redemption premium paid on the Series A Debenture and the settlement of a bond-lock hedge recorded in the first quarter of 2014. In addition, there was a book to filing adjustment of approximately $452 recorded in the second quarter of the prior year compared to $80 in the second quarter of the current year. The current income taxes have been calculated at the weighted average combined corporate tax rate of 26.49%. The deferred tax expense of $549 is an increase of $5,224 over the comparable period in the prior year primarily as a result of the tax shields discussed above.

Business Performance

Adjusted Funds from Operations

The following is a reconciliation of net income (loss) to FFO, OFFO and AFFO for the three and nine months ended September 30, 2015 and 2014:

	Three Months Ended			Nine Months Ended		
Thousands of Dollars, except share and per share data	**2015**	2014	Change	**2015**	2014	Change
Net income (loss)	**3,334**	1,643	1,691	**4,966**	(16,045)	21,011
Deferred income tax expense (recovery)	**214**	60	154	**549**	(4,675)	5,224
Depreciation and amortization	**8,041**	9,651	(1,610)	**26,402**	29,693	(3,291)
Transaction costs	**34**	57	(23)	**304**	716	(412)
Net settlement payment on interest rate swap contracts	**84**	89	(5)	**247**	275	(28)
Loss (gain) on interest rate swap contracts	**154**	31	123	**(116)**	543	(659)
Funds from operations (FFO)	**11,861**	11,531	330	**32,352**	10,507	21,845
Depreciation and amortization - corporate	**42**	—	42	**97**	—	97
Net accretion of fair value increment on long-term debt	**(153)**	(205)	52	**(473)**	3,383	(3,856)
Amortization of deferred financing charges	**323**	284	39	**916**	1,365	(449)
Amortization of loss on bond forward contract	**208**	200	8	**611**	518	93
Net settlement payment on interest rate swap contracts	**(84)**	(89)	5	**(247)**	(275)	28
Redemption premium on long-term debt	**—**	—	—	**—**	18,392	(18,392)
Tax shield due to redemption premium on Series A Debentures	**(700)**	(700)	—	**(2,078)**	(1,666)	(412)
Tax shield due to the settlement of the bond-lock hedge	**—**	—	—	**—**	(1,650)	1,650
MOHLTC reconciliation adjustment (after tax)	**—**	50	(50)	**376**	753	(377)
Operating funds from operations (OFFO)	**11,497**	11,071	426	**31,554**	31,327	227
Deferred share unit compensation earned	**410**	178	232	**895**	617	278
Deferred share unit settlement	**—**	—	—	**—**	(73)	73
Income support	**—**	76	(76)	**27**	582	(555)
Construction funding principal	**2,285**	2,212	73	**6,939**	6,666	273
Maintenance capex	**(936)**	(1,196)	260	**(2,144)**	(2,027)	(117)
Adjusted funds from operations (AFFO)	**13,256**	12,341	915	**37,271**	37,092	179
Adjusted funds from operations (AFFO)	**13,256**	12,341	915	**37,271**	37,092	179
Dividends declared	**(8,196)**	(8,160)	(36)	**(24,559)**	(24,477)	(82)
Operating cash flow retained	**5,060**	4,181	879	**12,712**	12,615	97
Basic FFO per share	**0.326**	0.318	0.008	**0.889**	0.290	0.599
Basic OFFO per share	**0.316**	0.305	0.011	**0.867**	0.864	0.003
Basic AFFO per share	**0.364**	0.340	0.024	**1.025**	1.023	0.002
Weighted average common shares outstanding - Basic	**36,421,923**	36,265,458		**36,377,284**	36,260,492	
Diluted FFO per share	**0.315**	0.306	0.009	**0.864**	0.301	0.563
Diluted OFFO per share	**0.306**	0.294	0.012	**0.843**	0.834	0.009
Diluted AFFO per share	**0.351**	0.327	0.024	**0.989**	0.982	0.007
Weighted average common shares outstanding - Diluted	**39,168,192**	39,011,245		**39,123,553**	39,006,761	

Reconciliation of diluted FFO, OFFO and AFFO

Thousands of Dollars	Three Months Ended **2015**	2014	Change	Nine Months Ended **2015**	2014	Change
FFO, Basic	**11,861**	11,531	330	**32,352**	10,507	21,845
Net financing charges on convertible debt	**660**	557	103	**1,958**	1,654	304
Current income tax expense adjustment	**(175)**	(147)	(28)	**(519)**	(438)	(81)
FFO, Diluted	**12,346**	11,941	405	**33,791**	11,723	22,068
OFFO, Basic	**11,497**	11,071	426	**31,554**	31,327	227
FFO dilutive adjustment, net	**485**	410	75	**1,439**	1,216	223
OFFO, Diluted	**11,982**	11,481	501	**32,993**	32,543	450
AFFO, Basic	**13,256**	12,341	915	**37,271**	37,092	179
OFFO dilutive adjustment, net	**485**	410	75	**1,439**	1,216	223
AFFO, Diluted	**13,741**	12,751	990	**38,710**	38,308	402

For the Quarter

FFO

FFO increased by $330 to $11,861, compared to Q3 2014. The increase of $330 was primarily attributable to improved NOI contribution partly offset by higher current income tax provision.

OFFO

OFFO increased by $426 to $11,497, compared to the same quarter last year. The increase was principally related to the increase in FFO as noted above.

AFFO

AFFO increased by $915 to $13,256, compared to Q3 2014. The increase was principally related to the increase in OFFO noted above and lower maintenance capex due to timing of spend.

For the Year to Date

FFO

FFO increased by $21,845 to $32,352 for the nine months ended September 30, 2015 compared to the same period of 2014. The increase was primarily due to improved NOI contribution and lower net finance costs as a result of the costs incurred for the redemption of the Series A Debentures in Q1 2014, partly offset by an increase in the current income tax provision.

OFFO

OFFO increased by $227 to $31,554 over the comparable period in the prior year. The increase was principally related to improved NOI contribution and the income tax shield on the settlement of the bond-lock hedge recorded in the first quarter of 2014, partly offset by higher current income tax provision.

AFFO

AFFO increased by $179 to $37,271 for the nine months ended September 30, 2015 as compared to the same period of 2014. The increase was mainly attributable to the increase in OFFO noted above and higher construction funding received, partly offset by the decrease in income support received.

Reconciliation of Cash from Operations to Adjusted Funds from Operations

The following table is a reconciliation of cash provided by (used in) operations to AFFO for the three and nine months ended September 30, 2015 and 2014:

	Three Months Ended			Nine Months Ended		
Thousands of Dollars	**2015**	2014	Change	**2015**	2014	Change
Cash provided by (used in) operating activities	**11,874**	18,430	(6,556)	**32,543**	9,372	23,171
Redemption premium on long-term debt	**—**	—	—	**—**	18,392	(18,392)
Net settlement payment on bond forward contracts	**—**	—	—	**—**	6,234	(6,234)
Construction funding principal	**2,285**	2,212	73	**6,939**	6,666	273
Transaction costs	**34**	57	(23)	**304**	716	(412)
Income support adjustment [1]	**—**	—	—	**(201)**	—	(201)
MOHLTC reconciliation adjustment (after tax)	**—**	50	(50)	**376**	753	(377)
Maintenance capex	**(936)**	(1,196)	260	**(2,144)**	(2,027)	(117)
Net change in working capital, interest and taxes	**772**	(6,449)	7,221	**1,762**	590	1,172
Tax shield due to redemption premium on Series A Debentures	**(700)**	(700)	—	**(2,078)**	(1,666)	(412)
Tax shield due to the settlement of the bond-lock hedge	**—**	—	—	**—**	(1,650)	1,650
Restricted share units and long-term incentive plan expense	**(73)**	(63)	(10)	**(230)**	(215)	(15)
Deferred share unit settlement	**—**	—	—	**—**	(73)	73
Adjusted funds from operations (AFFO)	**13,256**	12,341	915	**37,271**	37,092	179
Adjusted funds from operations (AFFO)	**13,256**	12,341	915	**37,271**	37,092	179
Dividends declared	**(8,196)**	(8,160)	(36)	**(24,559)**	(24,477)	(82)
Operating cash flow retained	**5,060**	4,181	879	**12,712**	12,615	97
Dividend reinvestment	**624**	—	624	**1,784**	—	1,784
Cash Retained after dividend reinvestment	**5,684**	4,181	1,503	**14,496**	12,615	1,881

Note:
1. Included within this reconciliation is an income support adjustment for the nine months ended September 30, 2015, which was recorded as transaction costs.

The Board of Directors determine the appropriate dividend levels based on their assessment of cash provided by operations normalized for unusual items, expected working capital requirements and actual and projected capital expenditures. For the nine months ended September 30, 2014, the operating cash flow included the one time redemption premium for the Series A Debentures and net settlement payment on bond forward contracts.

Liquidity and Capital Resources

Financial Position Analysis

The following is a summary of cash flows for the three and nine months ended September 30, 2015 and 2014:

	Three Months Ended			Nine Months Ended		
Thousands of Dollars	**2015**	2014	Change	**2015**	2014	Change
Cash flow from operations before non-cash working capital items	**18,417**	17,215	1,202	**50,445**	48,153	2,292
Non-cash changes in working capital	**(255)**	7,269	(7,524)	**550**	2,846	(2,296)
Bond forward settlement, redemption premium, interest paid and other items	**(6,288)**	(6,054)	(234)	**(18,452)**	(41,627)	23,175
Cash provided by (used in):						
Operating activities	**11,874**	18,430	(6,556)	**32,543**	9,372	23,171
Investing activities	**(334)**	744	(1,078)	**(330)**	4,370	(4,700)
Financing activities	**(15,569)**	(9,908)	(5,661)	**(41,283)**	(5,578)	(35,705)
Increase (decrease) in cash	**(4,029)**	9,266	(13,295)	**(9,070)**	8,164	(17,234)
Cash	**19,963**	23,787	(3,824)	**19,963**	23,787	(3,824)

For the Quarter

Operating Activities

For Q3 2015, operating activities provided $11,874 of cash primarily related to the following:

- Cash from operating activities before non-cash changes in working capital, interest and taxes totaled $18,417.
- Income tax refund received of $1,807.
- Increase in accounts payable and accrued liabilities of $642 and decrease in prepaid expenses and deposits of $564 due to timing of payments.
- Partly offset by interest paid on long-term debt of $8,011, increase in accounts receivable and other assets of $948 due to timing of receipts and change in net government funding balances used $513 of cash due to timing of receipts.

For Q3 2014, operating activities provided $18,430 of cash primarily as a result of:

- Cash from operating activities before non-cash changes in working capital, interest and taxes totaled $17,215.
- Increase in accounts payable and accrued liabilities of $7,157, primarily related to the timing of wage and benefit accruals, increased trade payables and accruals, partly offset by timing of interest payments.
- The change in income tax balances for the period of $2,284 due to timing of receipt of tax refund.
- Decrease in accounts receivable and other assets of $902 as a result of timing of receipts.
- This was partly offset by interest paid on long-term debt of $8,249 due to timing of payments.

Investing Activities

Investing activities for Q3 2015 used $334 of cash. The principal use of cash was related to:

- Increase in restricted cash of $1,563, primarily for the contributions to the Series B Debentures principal reserve fund in the amount of $1,514.
- Purchase of equipment of $1,532 and intangibles of $557.
- Partly offset by construction funding received in the amount of $3,270.

For Q3 2014, investing activities provided $744 of cash, primarily as a result of:

- Construction funding received in the amount of $3,270.
- Partly offset by increase in restricted cash of $1,337 resulting from contributions to the Series B Debentures principal reserve fund in the amount of $1,292, and the purchase of equipment of $1,207.

Financing Activities

Financing activities in Q3 2015 used $15,569 of cash. This was primarily related to:

- Repayment of long-term debt of $7,887 relating to mortgage principal payments and voluntary payments on the Company's revolving credit facilities.
- Dividends paid in the quarter of $7,569.

For Q3 2014, financing activities used $9,908 of cash primarily as a result of:

- Dividends paid in the quarter of $8,160.
- Repayment of long-term debt of $1,720.

For the Year to Date

Operating Activities

For the nine months ended September 30, 2015, operating activities provided $32,543 of cash, primarily related to the following:

- Cash flow from operating activities before non-cash changes in working capital, interest and taxes totaled $50,445.
- Change in net government funding balances provided $6,282 of cash due to timing of receipts.
- Partly offset by interest paid on long-term debt of $20,012, decrease in accounts payable and accrued liabilities of $2,600 primarily related to the timing of wage and benefit accruals, increase in accounts receivable and other assets of $1,722 and increase in prepaid expenses and deposits of $1,638 due to timing of payments.

For the nine months ended September 30, 2014, operating activities provided $9,372 of cash, primarily as a result of:

- Cash from operating activities before non-cash changes in working capital, interest and taxes totaled $48,153.

- Increase in accounts payable and accrued liabilities of $1,413, primarily related to the timing of wage and benefit accruals partly offset by decrease in trade payables and accruals.
- The change in income tax balances for the period of $1,367 mainly related to the timing of tax refund.
- Cash provided by the movement in net government funding balances of $1,192.
- This was partly offset by the redemption premium on the settlement of the Series A Debentures which used $18,392 of cash.
- Interest paid on long-term debt of $18,093 and increase in prepaid expenses and deposits of $1,018 as a result of timing.

Investing Activities

For the nine months ended September 30, 2015, investing activities used $330 of cash, primarily due to:

- Increase in restricted cash of $5,279, primarily for the contributions to the Series B Debentures principal reserve fund in the amount of $4,454.
- Purchase of equipment of $3,547 and intangibles of $1,424.
- Partly offset by construction funding received in the amount of $9,810.

For the nine months ended September 30, 2014, investing activities provided $4,370 of cash, primarily as a result of:

- Construction funding received in the amount of $9,810.
- Partly offset by increase in restricted cash of $3,671 resulting from contributions to the Series B Debentures principal reserve fund.
- Purchase of equipment of $2,038.

Financing Activities

For the nine months ended September 30, 2015, financing activities used $41,283 of cash, which comprised of:

- Dividends paid of $22,760.
- Repayment of long-term debt of $18,129 relating to mortgage principal payments and voluntary payments on the Company's revolving credit facilities.

For the nine months ended September 30, 2014, financing activities used $5,578 of cash, primarily as a result of:

- Proceeds of $322,000 from the issuance of the Series B Debentures, which was offset by the repayment of long-term debt of $299,463, principally related to the Series A Debentures.
- Dividends paid of $24,475.
- Payment of deferred financing costs of $3,640 related to the issuance of the Series B Debentures.

Capital Resources

The Company's total debt as at September 30, 2015 was $593,633 (December 31, 2014 - $616,081), net of the Series B Debentures principal reserve fund of $9,205 (December 31, 2014 - $4,751). The decrease of $22,448 was primarily related to the voluntary repayments towards the Company's revolving credit facilities of $12,500, monthly payments to the Series B Debentures principal reserve fund and to mortgage liabilities. During Q1 2015, the Company extended the maturities of Red Oak and Royale Place's ("**Ontario Portfolio**") credit facility and Astoria's credit facility by two years to April 26, 2017 and May 22, 2017, respectively. As at September 30, 2015, the Company had drawn $31,000 under the Ontario Portfolio's credit facility and $22,500 under Astoria's credit facility. During Q2 2015, the Company increased the amount available under one of its credit facilities from $10,000 to $20,000. No amount had been drawn from this credit facility as at quarter end. As at September 30, 2015, the Company had total undrawn facilities of $47,500. Subsequent to September 30, 2015, the Company made voluntary payments totaling $4,000 towards one of its revolving credit facilities.

As of September 30, 2015, the Company had a working capital deficiency of $24,928 arising from the timing of wage and benefit accruals and the current portion of long-term debt of $8,131, primarily relating to the portion of mortgage liabilities due within a 12-month period. To support Sienna Senior Living Inc.'s working capital deficiency, the Company plans to use its operating cash flows and, if necessary, undrawn credit facilities, which management believes will be sufficient to address this deficit.

Liquidity and Capital Commitments

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 2015, including required working capital, capital expenditures, and currently scheduled interest payments on debt, from cash on hand, cash flow from operations and its committed, but unutilized borrowing capacity.

Capital Commitments

The Company monitors all of its properties for capital requirements. As part of the monitoring exercise, items are assessed and prioritized based on the urgency and necessity of the expenditure.

Debt Strategy

Management's objectives are to access and maintain the lowest cost of debt with the most flexible terms available. The Company's debt strategy involves the use of four types of debt: secured debentures, conventional property-specific secured mortgages, bank credit facilities and the Convertible Debentures.

Commencing in fiscal 2014, management started to build a debt maturity schedule (for fixed term debt) spread evenly over a 10-year period in order to manage interest rate and financial risks. This is a multi-year strategy which will take considerable time to execute. In fiscal 2015 and beyond, the Company plans to capitalize on external growth opportunities and management intends to build the 10-year debt maturity ladder around the Series B Debentures so as to reduce risk when this debenture matures. Part of this debt strategy involves building a pool of unencumbered assets to be able to finance acquisition opportunities as they arise.

The Company has adopted interest coverage guidelines which are consistent with the coverage covenants contained in its bank credit facility agreements. Interest coverage ratios provide an indication of the ability to service or pay interest charges relating to the underlying debt. Some interest coverage ratios, as defined in certain debt instruments, may be defined differently and there may be unique calculations depending on the lender.

Interest Coverage Ratio

Interest coverage ratio is a common measure used to assess an entity's ability to service its debt obligations. In general, higher ratios indicate a lower risk of default. The interest coverage ratio is calculated as follows for the three and nine months ended September 30, 2015 and 2014:

	Three Months Ended		Nine Months Ended	
Thousands of Dollars, except ratio	**2015**	2014	**2015**	2014
Net finance charges	**5,359**	5,380	**15,734**	40,286
Add (deduct):				
Net accretion of fair value adjustments on long-term debt	**153**	205	**473**	(3,383)
Amortization of deferred financing charges	**(323)**	(284)	**(916)**	(1,365)
Amortization of loss on bond forward contracts	**(208)**	(200)	**(611)**	(518)
Redemption premium on long-term debt	**—**	—	**—**	(18,392)
Interest income on construction funding receivable	**985**	1,058	**2,871**	3,144
Other interest income	**48**	22	**110**	273
Gain (loss) on interest rate swap contracts	**(154)**	(31)	**116**	(543)
Net finance charges, adjusted	**5,860**	6,150	**17,777**	19,502
EBITDA	**21,237**	20,370	**59,944**	58,872
Interest coverage ratio	**3.6**	3.3	**3.4**	3.0

The following is the reconciliation of net income (loss) to EBITDA for the three and nine months ended September 30, 2015 and 2014:

	Three Months Ended		Nine Months Ended	
Thousands of Dollars	**2015**	2014	**2015**	2014
Net income (loss)	**3,334**	1,643	**4,966**	(16,045)
Net finance charges	**5,359**	5,380	**15,734**	40,286
Provision for (recovery of) income taxes	**1,157**	300	**2,120**	(6,613)
Depreciation and amortization	**8,083**	9,651	**26,499**	29,693
Transaction costs	**34**	57	**304**	716
MOHLTC reconciliation adjustments	**—**	69	**511**	1,025
Proceeds from construction funding	**3,270**	3,270	**9,810**	9,810
EBITDA	**21,237**	20,370	**59,944**	58,872

Debt Service Coverage Ratio

Debt service coverage ratio is a common measure used to assess an entity's ability to service its debt obligations; as well, maintaining the debt service coverage ratio forms part of the Company's debt covenant requirements. In general, higher ratios indicate a lower risk of default. The following calculation takes into consideration the payments into the Series B Debentures principal reserve fund as part of the debt service costs. EBITDA adjusted, as referenced below, is presented in accordance with defined terms in certain covenant calculations. The following is the calculation for the three and nine months ended September 30, 2015 and 2014:

Thousands of Dollars, except ratio	Three Months Ended 2015	2014	Nine Months Ended 2015	2014
Net finance charges	**5,359**	5,380	**15,734**	40,286
Add (deduct):				
Net accretion of fair value adjustments on long-term debt	**153**	205	**473**	(3,383)
Amortization of deferred financing charges	**(323)**	(284)	**(916)**	(1,365)
Amortization of loss on bond forward contracts	**(208)**	(200)	**(611)**	(518)
Redemption premium on long-term debt	**—**	—	**—**	(18,392)
Interest income on construction funding receivable	**985**	1,058	**2,871**	3,144
Other interest income	**48**	22	**110**	273
Gain (loss) on interest rate swap contracts	**(154)**	(31)	**116**	(543)
Net finance charges, adjusted	**5,860**	6,150	**17,777**	19,502
Principal repayments [1]	**1,887**	1,720	**5,629**	5,137
Principal reserve fund	**1,514**	1,292	**4,454**	3,431
Total debt service	**9,261**	9,162	**27,860**	28,070
EBITDA	**21,237**	20,370	**59,944**	58,872
Deduct:				
Maintenance capex	**(936)**	(1,196)	**(2,144)**	(2,027)
Cash income taxes	**1,807**	2,284	**1,807**	1,367
EBITDA, adjusted	**22,108**	21,458	**59,607**	58,212
Debt service coverage ratio	**2.4**	2.3	**2.1**	2.1

Note:

1. During the three and nine months ended September 30, 2015, the Company made voluntary payments of $6,000 and $12,500, respectively, towards its credit facilities, which has been excluded for the debt service coverage ratio calculation.

Debt to EBITDA Ratio

Debt to EBITDA ratio is an indicator of the approximate number of years required for current cash flows to repay all indebtedness.

Thousands of Dollars, except ratio	September 30, 2015	2014
Total indebtedness		
Series B Senior Secured Debentures	**322,000**	322,000
Series B Senior Secured Debentures - Principal reserve fund	**(9,205)**	(3,431)
Credit facilities	**53,500**	73,000
Mortgages	**185,507**	172,092
Construction loan	**—**	13,351
Convertible debentures	**46,000**	46,000
	597,802	623,012
EBITDA (quarterly annualized)	**79,925**	78,496
Debt to EBITDA	**7.5**	7.9

Debt Profile

The debt profile is presented to depict the weighted average interest rates based on the nature of the underlying debt instrument classification between fixed and floating rate.

	Weighted Average Debt							
	Three Months Ended				Nine Months Ended			
	2015	**Rate (%)**	2014	Rate (%)	**2015**	**Rate (%)**	2014	Rate (%)
Fixed Rate								
Debentures	**322,000**	**3.47%**	322,000	3.47%	**322,000**	**3.47%**	342,373	3.71%
Mortgages	**186,305**	**4.56%**	172,092	4.67%	**188,170**	**4.56%**	172,092	4.67%
Convertible Debentures	**46,000**	**4.65%**	46,000	4.65%	**46,000**	**4.65%**	46,000	4.65%
Total Fixed	**554,305**	**3.94%**	540,092	3.95%	**556,170**	**3.94%**	560,465	3.95%
Floating Rate								
Credit Facilities	**55,652**	**2.61%**	73,000	3.03%	**60,998**	**2.81%**	73,000	3.03%
Construction Loan	**—**	**—%**	13,351	4.25%	**—**	**—%**	13,351	4.25%
Total Floating	**55,652**	**2.61%**	86,351	3.22%	**60,998**	**2.81%**	86,351	3.22%
Total Debt	**609,957**	**3.82%**	626,443	3.85%	**617,168**	**3.83%**	646,816	3.96%

Debt to Gross Book Value

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

	September 30,	
Thousands of Dollars, except ratio	**2015**	2014
Total indebtedness		
Series B Senior Secured Debentures	**322,000**	322,000
Series B Senior Secured Debentures - Principal reserve fund	**(9,205)**	(3,431)
Credit facilities	**53,500**	73,000
Mortgages	**185,507**	172,092
Construction loan	**—**	13,351
Convertible debentures	**46,000**	46,000
	597,802	623,012
Total assets	**912,933**	953,394
Accumulated depreciation on property and equipment	**112,267**	87,937
Accumulated amortization on intangible assets	**66,718**	54,731
Gross book value	**1,091,918**	1,096,062
Debt to Gross Book Value	**54.7%**	56.8%

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, pursuant to 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, issue additional long-term debt, issue 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 needs and the market and economic conditions at the time of the transaction.

The Board of Directors reviews and approves monthly dividends on a quarterly basis.

Details on the terms and conditions of long-term debt are provided in the Company's audited consolidated financial statements for the year ended December 31, 2014, as well as in Note 6 and 7 of the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2015. The Company is in compliance with all financial covenants on its borrowings. However, there can be no assurance that covenant requirements will be met at all times in the future. If the Company does not remain in compliance, its ability to amend the covenants or refinance its debt could be affected.

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

Contractual Obligations and Other Commitments

Long-Term Debt

Year	Series B Debentures	Floating Rate Debt	Convertible Debentures	Amortizing Debt: Regular Principal Payments	Amortizing Debt: Principal Due at Maturity	**Total**	% of Total	Weighted Average Interest on Maturing Debt
2015	—	—	—	1,929	—	**1,929**	0.3%	—%
2016	—	—	—	7,906	10,020	**17,926**	3.0%	4.2%
2017	—	53,500	—	6,801	32,506	**92,807**	15.3%	3.6%
2018	—	—	46,000	6,370	22,217	**74,587**	12.3%	5.0%
2019	—	—	—	5,253	37,860	**43,113**	7.1%	4.3%
2020	—	—	—	2,552	—	**2,552**	0.4%	—%
2021	322,000	—	—	2,661	—	**324,661**	53.5%	3.5%
2022	—	—	—	2,773	—	**2,773**	0.5%	—%
2023	—	—	—	2,505	12,407	**14,912**	2.5%	3.0%
2024	—	—	—	2,205	20,617	**22,822**	3.8%	4.2%
Thereafter	—	—	—	3,448	5,477	**8,925**	1.5%	5.2%
	322,000	**53,500**	**46,000**	**44,403**	**141,104**	**607,007**	100.2%	
Mark-to-market adjustment arising from acquisition						**1,375**		
Less: Deferred financing costs						**(4,205)**		
Less: Deferred financing costs on convertible debentures						**(1,110)**		
Less: Equity component of convertible debentures						**(229)**		
						602,838		

Convertible Debentures

On April 25, 2013, the Company issued $46,000 aggregate principal amount of 4.65% Convertible Debentures due January 2, 2014, convertible at $16.75 per common share, for net proceeds of $44,160. The maturity date of the Convertible Debentures is June 30, 2018. The Convertible Debentures bear interest at 4.65% per annum, which is payable semi-annually in June and December.

Operating Leases

The Company has a 10-year operating lease with respect to its Markham, Ontario office, which expires on October 31, 2024. The lease includes the assignment of the Company's obligation under its office lease in Vaughan, Ontario which expires in August 2019. As well, there are various operating leases for office and other equipment that expire over the next five years and thereafter.

Related Party Transactions

A subsidiary of Sienna Senior Living Inc. has been contracted to manage the operations of Spencer House Inc., a charitable organization that owns a licence to operate a LTC home in Orillia, Ontario, which is related by virtue of management. The total revenue earned from Spencer House Inc. for the three months ended September 30, 2015 was $467 (2014 - $478) and for the nine months ended September 30, 2015 was $1,412 (2014 - $1,416). Included in accounts receivable is $83 owing from Spencer House Inc. as at September 30, 2015 (December 31, 2014 - $102). These transactions are in the normal course of operations and have been valued at the exchange amount, which is the amount of consideration established and agreed to by the management of the related parties. These amounts are due on demand and are non-interest bearing.

As at September 30, 2015, the Company has amounts outstanding from certain key executives of $436 (December 31, 2014 - $287) in relation to the LTIP issuance, which have been recorded as a reduction to shareholders' equity.

During the year ended December 31, 2013, the Company loaned the Chief Executive Officer ("**CEO**") $500 to effect the purchase of the Company's common shares. The outstanding loan balance as at September 30, 2015 was $452 (December 31, 2014 - $469), which has been recorded as a reduction to shareholders' equity. The loan bears interest at prime rate and is due on demand. The common shares have been pledged as security against the loan, which is personally guaranteed by the CEO.

Key Performance Drivers

Please refer to the Company's MD&A for the year ended December 31, 2014 for a discussion of certain factors that drive the performance of the Company.

Critical Accounting Estimates and Accounting Policies

The critical accounting estimates used by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended December 31, 2014. Please refer to those statements for further detail.

In preparing the unaudited 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, 2014 which are available on SEDAR or may be accessed on the Company's website.

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 were the same as those applied to the consolidated financial statements for the year ended December 31, 2014 which are available on SEDAR or the Company's website. Please refer to those statements for further detail.

Risk and Uncertainties and Risks Relating to a Public Company and Common Shares

The Company's AIF dated March 23, 2015 and the MD&A filed for the year ended December 31, 2014 which are available on SEDAR or may be accessed on the Company's website, contain detailed discussions of risks and uncertainties that could affect the Company, its properties and holders of its securities.

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 Sienna Senior Living Inc., 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.

Q3 2015

Sienna SENIOR LIVING

Consolidated Financial Statements

(in thousands of Canadian Dollars)

Sienna Senior Living Inc.

Condensed Interim Consolidated Financial Statements

Condensed Interim Consolidated Statements of Financial Position (Unaudited)

Thousands of dollars

	Notes	September 30, 2015	December 31, 2014
ASSETS			
Current assets			
Cash		**19,963**	29,033
Accounts receivable and other assets	14	**6,924**	5,163
Income support		**—**	228
Prepaid expenses and deposits		**3,066**	1,428
Government funding receivable		**2,391**	5,061
Construction funding receivable		**9,561**	9,355
Income taxes receivable		**—**	1,580
		41,905	51,848
Government funding receivable		**479**	1,630
Interest rate swap contract		**1,362**	704
Restricted cash	5	**11,228**	5,949
Construction funding receivable		**77,418**	84,563
Property and equipment		**562,951**	577,539
Intangible assets		**118,786**	125,726
Goodwill		**98,804**	98,804
Total assets		**912,933**	946,763
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	11	**53,875**	59,153
Government funding payable		**2,796**	3,051
Current portion of long-term debt	6	**8,131**	74,039
Income taxes payable		**1,798**	—
Interest rate swap contract		**233**	169
		66,833	136,412
Long-term debt	6	**550,046**	502,490
Convertible debentures	7	**44,661**	44,303
Deferred income taxes	9	**59,399**	58,688
Government funding payable		**4,239**	1,523
Share-based compensation liability	12	**3,647**	2,574
Interest rate swap contract		**2,072**	1,594
Total liabilities		**730,897**	747,584
SHAREHOLDERS' EQUITY			
Total shareholders' equity		**182,036**	199,179
Total liabilities and shareholders' equity		**912,933**	946,763

See accompanying notes.

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

"Dino Chiesa"

Dino Chiesa
Chairman and Director

"Janet Graham"

Janet Graham
Director

Thousands of dollars

	Notes	Share capital	Equity portion of convertible debentures	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
Balance, January 1, 2015		**372,373**	**515**	**59**	**(169,713)**	**(4,055)**	**199,179**
Issuance of shares	**10**	**1,932**	**—**	**—**	**—**	**—**	**1,932**
Net income		**—**	**—**	**—**	**4,966**	**—**	**4,966**
Other comprehensive income		**—**	**—**	**—**	**—**	**449**	**449**
Long-term incentive plan	**12**	**22**	**—**	**30**	**—**	**—**	**52**
Share purchase loan	**14**	**17**	**—**	**—**	**—**	**—**	**17**
Dividends	**11**	**—**	**—**	**—**	**(24,559)**	**—**	**(24,559)**
Balance, September 30, 2015		**374,344**	**515**	**89**	**(189,306)**	**(3,606)**	**182,036**

	Notes	Share capital	Equity portion of convertible debentures	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
Balance, January 1, 2014		371,789	515	27	(121,231)	1,386	252,486
Issuance of shares	10	123	—	—	—	—	123
Net loss		—	—	—	(16,045)	—	(16,045)
Other comprehensive loss		—	—	—	—	(5,589)	(5,589)
Long-term incentive plan	12	16	—	32	—	—	48
Share purchase loan	14	16	—	—	—	—	16
Dividends	11	—	—	—	(24,477)	—	(24,477)
Balance, September 30, 2014		371,944	515	59	(161,753)	(4,203)	206,562

See accompanying notes.

Thousands of dollars, except share and per share data

Consolidated Statements of Operations

	Notes	Three months ended September 30 **2015**	Three months ended September 30 2014	Nine months ended September 30 **2015**	Nine months ended September 30 2014
Revenue	14, 15	**118,931**	115,029	**347,329**	339,043
Expenses					
Operating		**96,487**	93,610	**283,937**	277,921
Administrative		**4,477**	4,388	**13,769**	13,085
	16	**100,964**	97,998	**297,706**	291,006
Income before depreciation and amortization, net finance charges, transaction costs and the provision for (recovery of) income taxes		**17,967**	17,031	**49,623**	48,037
Depreciation and amortization		**8,083**	9,651	**26,499**	29,693
Net finance charges	8	**5,359**	5,380	**15,734**	40,286
Transaction costs		**34**	57	**304**	716
Total other expenses		**13,476**	15,088	**42,537**	70,695
Income (loss) before provision for (recovery of) income taxes		**4,491**	1,943	**7,086**	(22,658)
Provision for (recovery of) income taxes					
Current		**943**	240	**1,571**	(1,938)
Deferred		**214**	60	**549**	(4,675)
	9	**1,157**	300	**2,120**	(6,613)
Net income (loss)		**3,334**	1,643	**4,966**	(16,045)
Basic and Diluted income (loss) per share		**$0.09**	$0.05	**$0.14**	($0.44)
Weighted average number of common shares outstanding - Basic	10	**36,421,923**	36,265,458	**36,377,284**	36,260,492
Weighted average number of common shares outstanding - Diluted	10	**39,168,192**	39,011,727	**39,123,553**	39,006,761

Consolidated Statements of Comprehensive Income (Loss)

	Notes	Three months ended September 30 **2015**	Three months ended September 30 2014	Nine months ended September 30 **2015**	Nine months ended September 30 2014
Net income (loss)		**3,334**	1,643	**4,966**	(16,045)
Items that may be subsequently reclassified to statement of operations:					
Realized loss on bond forward contracts, net of tax	9	**153**	147	**449**	(5,589)
Total comprehensive income (loss)		**3,487**	1,790	**5,415**	(21,634)

See accompanying notes.

Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)
Thousands of dollars

	Notes	Three months ended September 30 2015	Three months ended September 30 2014	Nine months ended September 30 2015	Nine months ended September 30 2014
OPERATING ACTIVITIES					
Net income (loss)		**3,334**	1,643	**4,966**	(16,045)
Add (deduct) items not affecting cash					
Depreciation of property and equipment		**6,066**	6,220	**18,135**	18,635
Amortization of intangible assets		**2,017**	3,431	**8,364**	11,058
Current income taxes		**943**	240	**1,571**	(1,938)
Deferred income taxes		**214**	60	**549**	(4,675)
Share-based compensation	12	**484**	241	**1,126**	832
Net finance charges	8	**5,359**	5,380	**15,734**	40,286
		18,417	17,215	**50,445**	48,153
Non-cash changes in working capital					
Accounts receivable and other assets		**(948)**	902	**(1,722)**	677
Prepaid expenses and deposits		**564**	415	**(1,638)**	(1,018)
Accounts payable and accrued liabilities		**642**	7,157	**(2,600)**	1,413
Income support		**—**	76	**228**	582
Government funding, net		**(513)**	(1,281)	**6,282**	1,192
		(255)	7,269	**550**	2,846
Net settlement payment on bond forward contracts		**—**	—	**—**	(6,234)
Redemption premium paid on long-term debt		**—**	—	**—**	(18,392)
Interest paid on long-term debt		**(8,011)**	(8,249)	**(20,012)**	(18,093)
Net settlement payment on interest rate swap contracts		**(84)**	(89)	**(247)**	(275)
Income taxes refunded		**1,807**	2,284	**1,807**	1,367
Cash provided by operating activities		**11,874**	18,430	**32,543**	9,372
INVESTING ACTIVITIES					
Purchase of property and equipment		**(1,532)**	(1,207)	**(3,547)**	(2,038)
Purchase of intangible assets		**(557)**	(4)	**(1,424)**	(4)
Amounts received from construction funding		**3,270**	3,270	**9,810**	9,810
Interest received from cash		**48**	22	**110**	273
Change in restricted cash		**(1,563)**	(1,337)	**(5,279)**	(3,671)
Cash provided by (used in) investing activities		**(334)**	744	**(330)**	4,370
FINANCING ACTIVITIES					
Share issuance costs		**—**	—	**(27)**	—
Repayment of long-term debt		**(7,887)**	(1,720)	**(18,129)**	(299,463)
Proceeds from issuance of long-term debt		**—**	—	**—**	322,000
Deferred financing costs		**(113)**	(28)	**(367)**	(3,640)
Dividends paid	11	**(7,569)**	(8,160)	**(22,760)**	(24,475)
Cash used in financing activities		**(15,569)**	(9,908)	**(41,283)**	(5,578)
Increase (decrease) in cash during the period		**(4,029)**	9,266	**(9,070)**	8,164
Cash, beginning of period		**23,992**	14,521	**29,033**	15,623
Cash, end of period		**19,963**	23,787	**19,963**	23,787

See accompanying notes.

1 Organization

On May 1, 2015, Leisureworld Senior Care Corporation effected a company-wide rebranding strategy, resulting in a legal name change from Leisureworld Senior Care Corporation to Sienna Senior Living Inc. (the **"Company"**). The name change of the Company was approved at the Annual and Special Meeting of the Company's shareholders on April 21, 2015. The Company was incorporated as Leisureworld Senior Care Corporation under the *Business Corporations Act* (Ontario) on February 10, 2010 and was continued under the *Business Corporations Act* (British Columbia) on March 18, 2010. Leisureworld Senior Care Corporation closed its Initial Public Offering (**"IPO"**) on March 23, 2010. Effective May 1, 2015, the Company changed its name to Sienna Senior Living Inc. pursuant to the filing of a Notice of Alteration with the British Columbia Registry Services on April 23, 2015.

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.

The Company and its predecessors have been operating since 1972. Through its subsidiaries, the Company owns and operates 35 long-term care (**"LTC"**) homes (representing an aggregate of 5,733 beds), all of which are located in the Province of Ontario. The Company also owns and operates 10 retirement residences (**"RR"**) (representing 1,066 suites and apartments) in the Provinces of Ontario and British Columbia. An ancillary business of the Company is Preferred Health Care Services (**"Home Care"** or **"PHCS"**), an accredited provider of professional nursing and personal support services for both community-based home healthcare and LTC homes. The Company also operates a management services business that is focused on the third party management in both the LTC and retirement sectors.

The Company is listed on the Toronto Stock Exchange (the **"TSX"**) under the trading symbol **SIA** (formerly, **LW**). As of September 30, 2015, the following securities of the Company were outstanding: 36,441,471 common shares; $46,000 in aggregate principal amount of extendible convertible unsecured subordinated debentures (TSX symbol: **SIA.DB** (formerly, **LW.DB**)) which, in aggregate, are convertible into 2,746,269 common shares (Note 7).

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*, as issued by the International Accounting Standards Board (**"IASB"**). 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, 2014, which have been prepared in accordance with International Financial Reporting Standards (**"IFRS"**).

The interim consolidated financial statements were approved by the Board of Directors for issuance on November 11, 2015.

3 Summary of significant accounting policies, judgments and estimation uncertainty

In preparing these interim consolidated financial statements, the accounting policies utilized are consistent with those utilized in the preparation of the annual audited consolidated financial statements for the year ended December 31, 2014.

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

Significant judgments and estimates

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited consolidated financial statements for the year ended December 31, 2014.

4 Financial instruments

Fair value of financial instruments

The Company's use of unadjusted quoted prices in active markets for identical assets or liabilities (Level 1), inputs that are observable for the assets or liabilities either directly or indirectly (Level 2) and inputs for assets or liabilities that are not based on observable market data (Level 3) in the valuation of financial instruments are as follows as at September 30, 2015 and December 31, 2014:

	As at September 30, 2015			
		Fair value		
	Carrying value	**Level 1**	**Level 2**	**Level 3**
Financial Assets:				
Construction funding receivable	**86,979**	**—**	**—**	**94,199**
Interest rate swap contract	**1,362**	**—**	**1,362**	**—**
Financial Liabilities:				
Long-term debt	**558,177**	**—**	**581,842**	**—**
Convertible debentures	**44,661**	**48,742**	**—**	**—**
Interest rate swap contract	**2,305**	**—**	**2,305**	**—**

	As at December 31, 2014			
		Fair value		
	Carrying value	Level 1	Level 2	Level 3
Financial Assets:				
Construction funding receivable	93,918	—	—	100,727
Interest rate swap contract	704	—	704	—
Financial Liabilities:				
Long-term debt	576,529	—	596,796	—
Convertible debentures	44,303	46,506	—	—
Interest rate swap contract	1,763	—	1,763	—

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 the long-term debt. These credit agreements contain a number of standard financial and other covenants. The Company was in compliance with all covenants on its borrowings as at September 30, 2015. A failure by the Company to comply with the obligations in these credit agreements could result in a default, which, if not rectified or waived, could permit acceleration of the relevant indebtedness.

As at September 30, 2015, the Company had negative working capital of $24,928 (December 31, 2014 - $84,564). To support the Company's working capital deficiency, the Company will use its operating cash flows and, if necessary, undrawn credit facilities.

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

5 Restricted cash

Restricted cash comprises of the Series B Debentures principal reserve fund, a capital maintenance reserve fund required for certain mortgages and an employee benefits reserve for the employees of the homes to which the Company provides management services.

	September 30, 2015	December 31, 2014
Series B Debentures principal reserve fund	**9,205**	4,751
Capital maintenance reserve	**1,443**	1,198
Benefits reserve	**580**	—
Restricted cash	**11,228**	5,949

6 Long-term debt

	Interest rate	**Maturity date**	**September 30, 2015**	December 31, 2014
Series B Senior Secured Debentures	3.474%	February 3, 2021	**322,000**	322,000
Credit facilities	Floating	April/May 2017	**53,500**	66,000
Mortgages at fixed rates	3.04% - 7.11%	2016 - 2024	**171,131**	176,422
Mortgage at variable rate	Floating	April 16, 2029	**14,376**	14,714
			561,007	579,136
Mark-to-market adjustments on acquisition			**1,375**	1,848
Financing costs			**(4,205)**	(4,455)
Total debt			**558,177**	576,529
Less: current portion			**8,131**	74,039
			550,046	502,490

Credit facilities

The Red Oak Retirement Residence and Royale Place Retirement Residence (formerly the Royale Kingston and Royale Kanata retirement residences) (**"Ontario Portfolio"**) have a $57,000 revolving credit facility (**"Revolving Credit Facility"**) that bears interest at 187.5 basis points (**"bps"**) per annum over the floating 30-day Bankers' Acceptance (**"BA"**) rate and is secured by the Ontario Portfolio assets of the Company's subsidiary, The Royale LP, guaranteed by the Company and subject to certain customary financial and non-financial covenants. During the three and nine months ended September 30, 2015, the Company repaid $6,000 and $11,000, respectively, against this credit facility. As at September 30, 2015, the Company had drawn $31,000 under this credit facility (December 31, 2014 - $42,000).

The Astoria Retirement Residence has a $22,500 credit facility (**"Credit Facility"**) that bears a floating interest rate equal to the BA rate plus 187.5 bps. The credit facility is secured by Astoria's assets and guaranteed by the Company and is subject to certain customary financial and non-financial covenants. As at September 30, 2015, the Company had drawn $22,500 under this credit facility (December 31, 2014 - $24,000).

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

7 Convertible debentures

On April 25, 2013, the Company issued $46,000 aggregate principal amount of 4.65% extendible convertible unsecured subordinated debentures due January 2, 2014 (**"Convertible Debentures"**), convertible into common shares of the Company at $16.75 per common share, for net proceeds of $44,160. Upon closing of the acquisition of Specialty Care Inc. on December 2, 2013, the maturity date of the Convertible Debentures was automatically extended to June 30, 2018. The Convertible Debentures bear interest at 4.65% per annum, which is payable semi-annually in June and December.

On closing of the Convertible Debenture offering on April 25, 2013, the debt and equity components of the Convertible Debentures were bifurcated as the financial instrument is considered a compound instrument with $45,593 classified as a liability and $515 classified as equity attributable to the conversion option. The equity component included a deferred tax asset of $108. The liability portion of the Convertible Debentures was initially recorded at fair value and is subsequently carried at amortized cost. The Company incurred financing costs of $2,111 related to the Convertible Debentures, which are amortized over their term using the effective interest method and recognized as part of net finance charges. As at September 30, 2015, $1,110 (December 31, 2014 - $1,411) of financing costs remain to be amortized and $229 (December 31, 2014 - $286) of fair value adjustment remains to be accreted.

8 Net finance charges

	Three months ended September 30		Nine months ended September 30	
	2015	2014	**2015**	2014
Finance costs				
Interest expense on long-term debt	**5,162**	5,444	**15,738**	17,461
Interest expense on convertible debentures	**559**	557	**1,657**	1,654
Fees on revolving credit facility	**55**	60	**135**	112
Net accretion of the fair value adjustments on long-term debt	**(153)**	(205)	**(473)**	3,383
Amortization of deferred financing charges	**323**	284	**916**	1,365
Amortization of loss on bond forward contract	**208**	200	**611**	518
Redemption premium on long-term debt	**—**	—	**—**	18,392
Net settlement payment on interest rate swap contracts	**84**	89	**247**	275
Loss (gain) on interest rate swap contracts	**154**	31	**(116)**	543
	6,392	6,460	**18,715**	43,703
Finance income				
Interest income on construction funding receivable	**985**	1,058	**2,871**	3,144
Other interest income	**48**	22	**110**	273
	1,033	1,080	**2,981**	3,417
Net finance charges	**5,359**	5,380	**15,734**	40,286

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

9 Income taxes

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

	Three months ended September 30		Nine months ended September 30	
	2015	2014	**2015**	2014
Net income (loss) before provision for (recovery of) income taxes	**4,491**	1,943	**7,086**	(22,658)
Canadian combined income tax rate	**26.49%**	26.47%	**26.49%**	26.47%
Income tax expense (recovery)	**1,190**	513	**1,877**	(5,998)
Adjustments to income tax provision:				
Non-deductible items	**25**	24	**95**	105
Book to filing adjustment	**—**	—	**148**	(452)
Other items	**(58)**	(237)	**—**	(268)
Income tax expense (recovery)	**1,157**	300	**2,120**	(6,613)

The following are the major deferred tax assets (liabilities) recognized by the Company and movements thereon during the period:

	Accelerated tax depreciation	Intangible assets	Share issuance	Construction funding interest	Other	Total
As at December 31, 2014	(63,058)	(6,072)	1,164	5,712	3,566	(58,688)
Credit (charge) to net income	1,031	1,392	(467)	(760)	(1,516)	(320)
Book to filing adjustment	(252)	235	—	—	(212)	(229)
Charge to other comprehensive loss	—	—	—	—	(162)	(162)
As at September 30, 2015	**(62,279)**	**(4,445)**	**697**	**4,952**	**1,676**	**(59,399)**

The realized loss on bond forward contracts on the interim consolidated statements of comprehensive income (loss) is net of tax of $55 for the three months ended September 30, 2015 (2014 - $53) and $162 for the nine months ended September 30, 2015 (2014 - $2,012).

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

10 Share capital

Authorized

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

Issued and outstanding

Common shares

	Common shares	Amount
Balance, January 1, 2014	36,239,653	371,789
Long-term incentive plan, net of loans receivable	10,396	19
Share-based compensation	—	20
Dividend reinvestment plan	32,892	350
Issued common shares	16,097	195
Balance, December 31, 2014	36,299,038	372,373
Long-term incentive plan, net of loans receivable (Note 12)	11,669	22
Share-based compensation (Note 14)	—	17
Dividend reinvestment plan	120,988	1,784
Issued common shares (Note 12)	9,776	148
Balance, September 30, 2015	**36,441,471**	**374,344**

Dividend reinvestment plan

The Company has established a dividend reinvestment plan for eligible holders of the Company's common shares, which allows participants to reinvest their cash dividends paid in respect of their common shares in additional common shares at a 3% discount.

Earnings per share

Basic income (loss) per share is calculated using the weighted average number of common shares outstanding during the period. Diluted income (loss) per share is calculated by assuming all convertible securities have been converted at the time of issuance. Any charges or returns on the convertible securities, on an after-tax basis, are removed from loss from operations.

The following table reconciles the numerator and denominator of the basic and diluted income (loss) per share calculation.

	Three months ended September 30		**Nine months ended September 30**	
	2015	2014	**2015**	2014
Numerator for Basic and Diluted income (loss) per share				
Net income (loss) for basic income (loss) per share	**3,334**	1,643	**4,966**	(16,045)
Net finance charges on convertible debentures	**660**	659	**1,958**	1,955
Current income tax adjustment	**(175)**	(174)	**(519)**	(517)
Net income (loss) used to determine diluted income (loss) per share	**3,819**	2,128	**6,405**	(14,607)
Denominator for Basic and Diluted income (loss) per share				
Weighted average number of shares for basic income (loss) per share	**36,421,923**	36,265,458	**36,377,284**	36,260,492
Shares issued if all convertible debentures were converted	**2,746,269**	2,746,269	**2,746,269**	2,746,269
Total for diluted income (loss) per share	**39,168,192**	39,011,727	**39,123,553**	39,006,761

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11 Dividends

The Company paid dividends at $0.075 per month per common share totaling $7,569 for the three months ended and $22,760 for the nine months ended September 30, 2015 (2014 - $8,160 and $24,475, respectively). Dividends payable of $2,734 are included in accounts payable and accrued liabilities as at September 30, 2015 (December 31, 2014 - $2,723). Subsequent to September 30, 2015, the Board of Directors declared dividends of $0.075 per common share for October 2015 totaling $2,734. These dividends have not been recorded in these interim consolidated financial statements.

12 Share-based compensation

The Company has share-based compensation plans described as follows:

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

On February 25, 2015, incentive award amounts entitling eligible participants to acquire 11,669 common shares were granted pursuant to the LTIP. On the grant date, the participants paid $9 towards the acquisition of common shares. This payment was recorded as an increase in share capital. Related to the LTIP in the nine months ended September 30, 2015, the Company recorded an increase of $22 in share capital (2014 - $16) and $30 in contributed surplus (2014 - $32). As at September 30, 2015, the outstanding loan balance was $436 (December 31, 2014 - $287). Total expense related to the LTIP for the three and nine months ended September 30, 2015 was $nil and $30 (2014 - $nil and $32, respectively).

The fair value of LTIP awards granted was determined by using the Cox-Ross-Rubinstein binominal tree model. The following table summarizes the market based rates and assumptions as well as projections of certain inputs used in determining the fair values used in this model:

Valuation date	February 25, 2015	February 25, 2014
Fair value at grant date	$14.80	$12.30
Volatility	15.78%	16.46%
Monthly discrete dividend	$0.075	$0.075
Risk-free rate	1.79%	2.83%
Annual interest rate on participant's loan - prime rate	3.00%	3.00%
Forfeiture rate	0.00%	0.00%

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

During the nine months ended September 30, 2015, 17,007 restricted share units ("**RSUs**") (2014 - 23,730) were granted pursuant to the RSUP. Total expenses related to the RSUP for the three and nine months ended September 30, 2015 were $74 and $201, respectively (2014 - $63 and $271, respectively). During the nine months ended September 30, 2015, 2,567 RSUs were forfeited causing a decrease of $3 to the share-based compensation liability. During the nine months ended September 30, 2015, 11,426 RSUs vested and were settled in cash and shares, resulting in a decrease of $168 to the share-based compensation liability. The total liability recorded as part of the share-based compensation liability as at September 30, 2015 was $268 (December 31, 2014 - $235).

RSU awards granted in 2015 and onwards vest on the third anniversary of the grant date upon which the RSUs are granted (formerly vesting equally at the end of years one, two and three from the grant date).

All amounts are in thousands of 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, 2014	26,027
Granted	23,730
Forfeited	(3,664)
Dividends reinvested	2,126
Settled in cash	(2,791)
Settled in shares	(16,097)
Outstanding, December 31, 2014	29,331
Granted	17,007
Forfeited	(2,567)
Dividends reinvested	1,495
Settled in cash	(1,650)
Settled in shares	(9,776)
Outstanding, September 30, 2015	**33,840**

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

Total expenses related to the DSUP for the three and nine months ended September 30, 2015 were $377 and $836, respectively (2014 - $178 and $617, respectively), which was recognized in administrative expenses. The total liability recorded related to the DSUP as a part of the share-based compensation liability as at September 30, 2015 was $3,175 (December 31, 2014 - $2,339). The value of each DSU is measured at each reporting date and is equivalent to the fair market value of a common share of the Company at the reporting date.

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

During the nine months ended September 30, 2015, the Board approved the adoption of its amended and restated EDSUP for executive officers and such other officers or employees (**"EDSUP Member**") as the Board of Directors may determine from time to time. Each EDSUP Member, at his or her discretion, is entitled to elect to have up to 100% of his or her annual base incentive awards contributed to the EDSUP. The Company will match all EDSUs so credited in respect of long-term incentive awards up to a maximum of 25% of the long-term incentive awards (up to 35% in the case of the Chief Executive Officer), or such other amount as the Board of Directors may determine. In satisfaction of such contribution, the EDSUP Member is credited that number of EDSUs equal to the quotient obtained by dividing the amount of the contribution by the volume weighted average closing price of the common shares on the TSX for the five trading days immediately preceding the date of payment. Dividends earned on such EDSUs will be credited to the EDSUP Member's account in the form of additional EDSUs, which are calculated using the same methodology as the original grant.

EDSUs vest on the third anniversary of the date upon which the EDSUs are granted (except for EDSUs credited in respect of short-term incentive awards, which vest immediately upon grant), or otherwise at the discretion of the Board of Directors, but may be redeemed only when an EDSUP Member no longer serves the Company. Redemptions are paid out in cash.

The value of each vested EDSU is measured at each reporting date and is equivalent to the fair market value of a common share of the Company at the reporting date. One award issued during the nine months ended September 30, 2015 under the EDSUP vested immediately upon grant with a value of $146. Total expenses related to the EDSUP for the three and nine months ended September 30, 2015 were $33 and $59, respectively (2014 - $nil and $nil), which was recognized in administrative expenses. The total liability recorded as a part of the share-based compensation liability as at September 30, 2015 was $204 (December 31, 2014 - $nil).

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

13 Key management compensation

The remuneration of key management is set out below in aggregate for each of the categories specified in IAS 24, Related Party Disclosures.

	Three months ended September 30		Nine months ended September 30	
	2015	2014	**2015**	2014
Salaries and short-term employee benefits	**520**	583	**1,611**	1,869
Termination benefits	**—**	—	**259**	232
Share-based compensation	**481**	236	**1,115**	816
	1,001	819	**2,985**	2,917

14 Related party transactions

A subsidiary of the Company has been contracted to manage the operations of Spencer House Inc., a charitable organization that owns a licence to operate a LTC home in Orillia, Ontario, and is related by virtue of the management relationship. The total revenue earned from Spencer House Inc. for the three months ended September 30, 2015 was $467 (2014 - $478) and nine months ended September 30, 2015 was $1,412 (2014 - $1,416). Included in accounts receivable is $83 owing from Spencer House Inc. as at September 30, 2015 (December 31, 2014 - $102). These transactions are in the normal course of operations and have been valued in these interim consolidated financial statements at the exchange amount, which is the amount of consideration established and agreed to by the management of the related parties pursuant to the management agreement. These amounts are due on demand and are non-interest bearing.

As at September 30, 2015, the Company has amounts outstanding from certain key executives of $436 (December 31, 2014 - $287) (Note 12) in relation to the LTIP issuance, which have been recorded as a reduction to shareholders' equity.

During the year ended December 31, 2013, the Company loaned the Chief Executive Officer (**"CEO"**) $500 to effect the purchase of the Company's common shares. The outstanding loan balance as at September 30, 2015 was $452 (December 31, 2014 - $469), which has been recorded as a reduction to shareholders' equity. The loan bears interest at the prime rate and is due on demand. The common shares have been pledged as security against the loan, which is personally guaranteed by the CEO.

15 Economic dependence

The Company holds licences related to each of its LTC homes and receives funding from the Ministry of Health and Long-Term Care (**"MOHLTC"**) related to those licences. Funding is received on or about the 22nd of each month. During the three and nine months ended September 30, 2015, the Company received approximately $72,417 and $215,752, respectively (2014 - $70,362 and $212,011, respectively) in respect of these licences for flow-through envelope revenues and other MOHLTC funded initiatives.

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

16 Expenses by nature

	Three months ended September 30		Nine months ended September 30	
	2015	2014	**2015**	2014
Salaries, benefits and people costs	**75,722**	74,081	**223,084**	218,299
Food	**4,852**	5,167	**14,259**	14,002
Property taxes	**3,275**	3,258	**9,821**	9,987
Utilities	**2,956**	2,720	**9,512**	9,334
Purchased services and non-medical supplies	**4,000**	4,060	**11,810**	11,831
Other	**10,159**	8,712	**29,220**	27,553
Total expenses	**100,964**	97,998	**297,706**	291,006

17 Segmented information

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

The Company is comprised of the following main business segments:

- LTC business - LTC is the core business of the Company and includes 35 long-term care homes;
- Retirement - Retirement includes 10 retirement residences;
- Home Care - Home Care is an accredited provider of professional nursing, personal support and education services for both community-based home care and LTC homes;
- Management Services - Management Services is a division that is focused on the third party management business in both the LTC and retirement sectors; and
- Corporate, Eliminations and Other - This segment represents the results of head office, intercompany eliminations and other items that are not allocable to the segments.

The significant accounting policies of the reportable operating segments are the same as those disclosed in the annual audited consolidated financial statements for the year ended December 31, 2014.

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

	Three months ended September 30, 2015					
	Long-Term Care	**Retirement**	**Home Care**	**Management Services**	**Corporate, Eliminations and Other**	**Total**
Gross revenue	**104,030**	**11,212**	**4,590**	**586**	**8,196**	**128,614**
Less: Internal revenue	**1,347**	**—**	**—**	**—**	**8,336**	**9,683**
Net revenue	**102,683**	**11,212**	**4,590**	**586**	**(140)**	**118,931**
Income (loss) before depreciation and amortization, net finance charges, transaction costs and the provision for income taxes	**16,521**	**4,936**	**569**	**418**	**(4,477)**	**17,967**
Depreciation of property and equipment	**4,271**	**1,766**	**—**	**—**	**29**	**6,066**
Amortization of intangible assets	**504**	**1,113**	**—**	**387**	**13**	**2,017**
Finance costs	**4,463**	**1,269**	**—**	**—**	**660**	**6,392**
Finance income	**(1,022)**	**(2)**	**(1)**	**—**	**(8)**	**(1,033)**
Transaction costs	**—**	**—**	**—**	**—**	**34**	**34**
Income tax expense	**—**	**—**	**—**	**—**	**1,157**	**1,157**
Net income (loss)	**8,305**	**790**	**570**	**31**	**(6,362)**	**3,334**
Purchase of property and equipment	**751**	**185**	**—**	**—**	**596**	**1,532**
Purchase of intangible assets	**2**	**—**	**—**	**—**	**555**	**557**

	Three months ended September 30, 2014					
	Long-Term Care	Retirement	Home Care	Management Services	Corporate, Eliminations and Other	Total
Gross revenue	101,171	10,192	4,685	605	8,160	124,813
Less: Internal revenue	1,356	—	—	—	8,428	9,784
Net revenue	99,815	10,192	4,685	605	(268)	115,029
Income (loss) before depreciation and amortization, net finance charges, transaction costs and the recovery of income taxes	16,076	4,347	547	449	(4,388)	17,031
Depreciation of property and equipment	4,476	1,744	—	—	—	6,220
Amortization of intangible assets	541	2,497	1	392	—	3,431
Finance costs	4,443	1,353	—	5	659	6,460
Finance income	(1,071)	—	(1)	—	(8)	(1,080)
Transaction costs	—	—	—	—	57	57
Income tax recovery	—	—	—	—	300	300
Net income (loss)	7,687	(1,247)	547	52	(5,396)	1,643
Purchase of property and equipment	937	259	—	—	11	1,207
Purchase of intangible assets	4	—	—	—	—	4

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

	Nine months ended September 30, 2015					
	Long-Term Care	**Retirement**	**Home Care**	**Management Services**	**Corporate, Eliminations and Other**	**Total**
Gross revenue	**304,375**	**32,445**	**13,088**	**1,835**	**24,559**	**376,302**
Less: Internal revenue	**3,996**	**—**	**—**	**—**	**24,977**	**28,973**
Net revenue	**300,379**	**32,445**	**13,088**	**1,835**	**(418)**	**347,329**
Income (loss) before depreciation and amortization, net finance charges, transaction costs and the provision for income taxes	**46,245**	**14,344**	**1,499**	**1,304**	**(13,769)**	**49,623**
Depreciation of property and equipment	**12,769**	**5,284**	**1**	**—**	**81**	**18,135**
Amortization of intangible assets	**1,576**	**5,521**	**—**	**1,251**	**16**	**8,364**
Finance costs	**12,825**	**3,931**	**—**	**1**	**1,958**	**18,715**
Finance income	**(2,953)**	**(3)**	**(4)**	**—**	**(21)**	**(2,981)**
Transaction costs	**—**	**—**	**—**	**—**	**304**	**304**
Income tax expense	**—**	**—**	**—**	**—**	**2,120**	**2,120**
Net income (loss)	**22,028**	**(389)**	**1,502**	**52**	**(18,227)**	**4,966**
Purchase of property and equipment	**1,266**	**878**	**—**	**—**	**1,403**	**3,547**
Purchase of intangible assets	**8**	**—**	**—**	**—**	**1,416**	**1,424**

	Nine months ended September 30, 2014					
	Long-Term Care	Retirement	Home Care	Management Services	Corporate, Eliminations and Other	Total
Gross revenue	298,346	30,370	13,373	1,817	24,477	368,383
Less: Internal revenue	4,023	—	—	—	25,317	29,340
Net revenue	294,323	30,370	13,373	1,817	(840)	339,043
Income (loss) before depreciation and amortization, net finance charges, transaction costs and the recovery of income taxes	44,998	12,987	1,851	1,286	(13,085)	48,037
Depreciation of property and equipment	13,402	5,232	1	—	—	18,635
Amortization of intangible assets	1,643	7,990	4	1,421	—	11,058
Finance costs	37,594	4,149	—	5	1,955	43,703
Finance income	(3,394)	—	(2)	—	(21)	(3,417)
Transaction costs	—	—	—	—	716	716
Income tax recovery	—	—	—	—	(6,613)	(6,613)
Net income (loss)	(4,247)	(4,384)	1,848	(140)	(9,122)	(16,045)
Purchase of property and equipment	1,574	453	—	—	11	2,038
Purchase of intangible assets	4	—	—	—	—	4

	As at September 30, 2015					
	Long-Term Care	**Retirement**	**Home Care**	**Management Services**	**Corporate, Eliminations and Other**	**Total**
Total assets	**662,740**	**233,148**	**8,547**	**4,744**	**3,754**	**912,933**
Goodwill	**89,322**	**2,511**	**6,521**	**450**	**—**	**98,804**
Intangible assets	**108,328**	**5,243**	**—**	**3,369**	**1,846**	**118,786**

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

	As at December 31, 2014					
	Long-Term Care	Retirement	Home Care	Management Services	Corporate, Eliminations and Other	Total
Total assets	687,135	243,682	8,645	6,815	486	946,763
Goodwill	89,322	2,511	6,521	450	—	98,804
Intangible assets	109,896	10,764	—	4,620	446	125,726