Report to Shareholders

Q1 2023 Sienna Senior Living Inc.

Cultivating happiness in daily life

Sienna
Senior Living

LETTER TO SHAREHOLDERS

Dear Fellow Shareholders,

Many reasons to be optimistic

As we move further into 2023, we have many reasons to be encouraged. Strong year-over-year growth in our retirement segment, the continued stabilization of our long-term care operations, and early signs of the impact of our cost management strategy are supporting our optimistic outlook for the balance of the year. In addition, our multifaceted approach to building and retaining an engaged team has resulted in continued improvements to our workplace culture and a reduced reliance on temporary agency staffing. Recent macroeconomic developments, including slowing inflation and a pause to interest rate hikes, are further adding to our positive perspective.

Strengthening fundamentals supporting operating margins

The slowing pace of new supply of seniors housing in recent years, coupled with our successful marketing and sales initiatives under our Aspira brand, have contributed to the strong demand for our retirement residences. Average occupancy in our same property portfolio was 88.2% in Q1 2023, up 300 basis points ("bps") year over year compared to Q1 2022, and occupancy in our acquisition portfolio increased by 350 bps since we acquired 12 retirement residences in Ontario and Saskatchewan in May 2022. In addition, we have been able to increase average annual rates in our retirement segment by approximately 5%, and we expect occupancy to strengthen during the reminder of the year.

Our long-term care operations have essentially returned to operating at full occupancy in recent months. Most homes have now reached or exceeded the occupancy threshold of 97% for full funding. There is a general sense of optimism among team members and residents, with most remaining pandemic-related restrictions being lifted and a return to a normalizing operating environment in a post-COVID world.

Reduction in reliance on agency staffing

Among the improvements is our reduced reliance on temporary agency staff to fill staffing gaps. Many of our initiatives have been focused on lessening our reliance on agency staff, which not only helps to reduce costs, as evidenced in our Q1 results, but also leads to improved team member and resident satisfaction. In addition to significantly reducing the number of agencies we are working with, we have negotiated more competitive rates, terms and standardized contracts. Supported by a generally improving operating environment, we were able to reduce agency staffing costs by approximately 35% year over year in Q1 2023, and by approximately 29% compared to Q4 2022.

Overall, we believe that our focus on being fully aligned with our team members will help us attract and retain a highly engaged workforce. Our initiatives around fostering a positive workplace culture, centralized talent acquisition, comprehensive onboarding, implementing better shift scheduling, robust two-way communication, and recognizing and rewarding team member achievements, will ultimately contribute to the success of our company, even in an environment marked with staffing shortages.

Government funding updates provide clarity

With respect to our long-term care segment, we have experienced significant inflationary and cost pressures. In Ontario, the Ministry of Long-Term Care announced a 2.7% increase in its flow-through funding, which covers the cost of nursing, personal care and food for residents, and a 2.0% increase in Other Accommodations funding which covers all other costs. Adequate funding which reflects inflation is crucial for the long-term economic viability of the sector, and we continue, together with other sector participants, to actively work with the government to address funding shortfalls.

We also received clarity from the Ontario government with respect to our funding of the 3rd and 4th beds in the rooms of our older “C Class Homes” that have been permanently closed for resident admissions. The government has confirmed that the Other Accommodations per diem will continue until March 31, 2025, and there will be gradual funding reductions to the nursing and personal care per diem over the next two years.

Outlook

We are extremely proud of the progress we have made so far this year. Our continued focus on improving resident experience and team member engagement, while reducing our reliance on temporary agency staffing and maintaining a strong balance sheet, is reflected in our results. We are also a step closer to expanding our asset base with three development projects under construction. Once completed, these developments will add significant value to our business, enhance our cash flow and help reduce our payout ratio by a mid to high single digit percentage. In addition, our continued focus on being fully aligned with our team members will further support our vision to become Canada’s most trusted and most loved seniors’ living provider.

As we look ahead, long-term demand fundamentals in Canadian seniors’ living are stronger than ever. Over the next ten years, demand for long-term care is expected to increase by nearly 40 percent and we are excited about the potential for growth. Our initiatives to generate continued occupancy growth in our retirement segment, the ongoing work with governments to address funding shortfalls caused by inflation, coupled with the contributions from recent acquisitions and developments, in addition to a substantial reduction in agency costs, are each expected to have a considerable impact on our business. The benefits of favourable supply and demand conditions, combined with our strong and diversified positioning in Canadian seniors’ living, will support our strategic initiatives and help us create value for our shareholders.

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

Sincerely,

Nitin Jain

President and Chief Executive Officer
Sienna Senior Living

Management's Discussion and Analysis

Q1 2023 Sienna Senior Living Inc.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Basis of Presentation

The following Management's Discussion and Analysis ("**MD&A**") for Sienna Senior Living Inc. (the "**Company**" or "**Sienna**") provides a summary of the financial results for the three months ended March 31, 2023. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements ("**interim consolidated financial statements**") for the three months ended March 31, 2023. This material is available on the Company's website at www.siennaliving.ca. Additional information about the Company, including its most current Annual Information Form ("**AIF**") can be found on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com.

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

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

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

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

Additional Information

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

Review and Approval by the Board of Directors

This MD&A is dated as of May 11, 2023, the date this report was approved by the Board of Directors of the Company, and is based on information available to management of the Company as of that date.

Company Profile

The Company and its predecessors have been operating since 1972. The Company is a seniors' living provider serving the continuum of independent living ("**IL**"), independent supportive living ("**ISL**"), assisted living ("**AL**"), memory care ("**MC**") and long-term care (**"LTC"** or **"Long-term Care"**) through the ownership and operation of seniors' living residences in the Provinces of British Columbia, Saskatchewan and Ontario. As at March 31, 2023, the Company owns and operates a total of 82 seniors' living residences: 39 retirement residences ("**RRs**" or "**Retirement Residences**") (including the Company's 50% joint venture interest in 12 residences in Ontario and Saskatchewan); 35 LTC communities; and eight seniors' living residences providing both private-pay IL/AL and funded LTC (including the Company's joint ownership in two residences in British Columbia). The Company also provides management services to an additional 11 seniors' living residences in the Provinces of British Columbia and Ontario.

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

	Retirement		Long-term Care		Total [1]	
Owned Residences	**Residences**	**Suites**	**Residences**	**Beds [2]**	**Residences**	**Beds / Suites**
100% Owned - operating [3]	27	3,211	41	6,317	68	9,528
Partially Owned - operating [4]	12	1,234	2	374	14	1,608
Total Owned	39	4,445	43	6,691	82	11,136
Managed Residences	8	757	3	526	11	1,283
Total	47	5,202	46	7,217	93	12,419

Notes:
1. 80.2%, 15.6% and 4.2% of total beds/suites are located in Ontario, British Columbia and Saskatchewan, respectively.
2. 180 of the LTC beds are privately funded.
3. Includes one retirement residence (55 suites) and one long-term care community (123 beds) for Woods Park, a campus of care acquired in early 2023, which was previously included under managed residences.
4. We have a 50% ownership in 12 retirement residences (1,234 suites), a 40% ownership in one long-term care community (256 beds) and a 77% ownership in one long-term care community (118 beds) as at March 31, 2023.

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

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

As at May 11, 2023, the Company had 72,939,941 common shares outstanding.

Non-IFRS Performance Measures

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

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

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

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

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

Non-IFRS Measure	Definition	Reconciliation
Maintenance capital expenditures	Maintenance capital expenditures are defined as capital investments, including the Company's share of capital investments in Equity-Accounted Joint Venture, made to maintain the Company's residences to meet residents' needs and continually improve resident's experience. These expenditures include building maintenance, mechanical and electrical spend, suite renovations, common area maintenance, communications and information systems, furniture, fixtures and equipment. Please refer to the Maintenance Capital Expenditures section of this MD&A for additional financial information.	N/A
Occupancy	Occupancy is a key driver of the Company's revenues.	N/A
AFFO Payout ratio	Management of the Company monitors the AFFO payout ratio, which is calculated by dividing dividends per share over basic AFFO per share.	N/A
Debt to Gross Book Value	In conjunction with the debt service coverage ratio, management of the Company monitors this ratio to ensure compliance with certain financial covenants.	N/A
Weighted Average Cost of Debt	This is a point in time calculation which is useful in comparing interest rates, either period over period, or to market rates.	N/A
Debt to Adjusted EBITDA ratio	This ratio which is calculated by dividing total debt (including the Company's share of debt in Equity-Accounted Joint Venture), over Adjusted EBITDA.	N/A
Interest Coverage Ratio	Interest coverage ratio, which is calculated using Adjusted EBITDA divided by net finance charges, is a common measure used to assess an entity's ability to service its debt obligations.	N/A
Debt Service Coverage Ratio	This ratio is calculated using total debt service (including the Company's share of debt in Equity-Accounted Joint Venture), divided by Adjusted EBITDA, useful for management of the Company to ensure it is in compliance with its financial covenants.	N/A

Non-IFRS Measure	Definition	Reconciliation
Weighted Average Term to Maturity	This indicator is used by management of the Company to monitor its debt maturities.	N/A
Same Property	Measures with "same property" are similar to "same-store" measures used in a number of other industries and are intended to measure the period over period performance of the same asset base. The same property portfolio excludes acquired properties owned for less than one year, assets undergoing new development, redevelopment, assets held for sale or that were sold. Properties undergoing new development or redevelopment are considered "same property" once they are operating at stabilized occupancy levels.	N/A
Development and Other	The development and other portfolio includes properties undergoing new development or redevelopment, and assets held for sale or that were sold. Development properties are moved to same property at the earlier of three years since completion or upon achieving stabilized occupancy levels.	N/A

Key Performance Indicators

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

	Three months ended March 31,		
Thousands of Canadian dollars, except occupancy, share and ratio data	**2023**	2022	Change
OCCUPANCY			
Retirement - Average same property occupancy	**88.2 %**	85.2 %	3.0 %
Retirement - Acquisition, development and others - Average occupancy	**85.7 %**	52.6 %	33.1 %
Retirement - Average total occupancy	**87.8 %**	84.7 %	3.1 %
LTC - Average private occupancy	**85.4 %**	80.4 %	5.0 %
LTC - Average total occupancy (1)	**96.8 %**	93.8 %	3.0 %
FINANCIAL			
Total Adjusted Revenue	**199,611**	174,282	25,329
Total Adjusted Operating Expenses, net	**163,302**	142,144	21,158
Same property NOI (2)	**34,659**	31,529	3,130
Total NOI (2)(7)	**36,309**	32,138	4,171
Administrative expenses	**8,372**	7,946	426
Adjusted EBITDA (3)(7)	**30,627**	26,802	3,825
Net income (loss) (7)(8)	**(340)**	26,020	(26,360)
OFFO (4)(7)	**18,447**	16,134	2,313
AFFO (4)(7)	**18,187**	16,447	1,740
Total assets (5)	**1,681,045**	1,702,288	(21,243)
PER SHARE INFORMATION			
Net income (loss) per share, basic and diluted	**—**	0.390	(0.390)
OFFO per share (4)	**0.253**	0.239	0.014
AFFO per share (4)	**0.249**	0.243	0.006
Dividends per share	**0.234**	0.234	—
AFFO Payout ratio (6)	**94.0 %**	96.3 %	(2.3)%
FINANCIAL RATIOS			
Debt to Gross Book Value as at period end	**44.5 %**	41.5 %	3.0 %
Weighted Average Cost of Debt as at period end	**3.6 %**	3.4 %	0.2 %
Debt to Adjusted EBITDA as at period end	**8.4**	8.7	(0.3)
Interest Coverage Ratio	**3.2**	3.3	(0.1)
Debt Service Coverage Ratio	**1.8**	1.8	—
Weighted Average Term to Maturity as at period end	**5.0**	4.9	0.1
CHANGE IN SAME PROPERTY NOI			
Retirement			**11.0 %**
LTC			**9.1 %**
Total			**9.9 %**

Notes:

1. Excludes the 3rd and 4th beds in multi-bed rooms in Ontario that will not be reopened.
2. NOI for the three months ended March 31, 2023 includes net pandemic and incremental agency expenses of $350 (2022 - $1,730).
3. Adjusted EBITDA for the three months ended March 31, 2023 increased by $3,825 to $30,627, compared to same period in 2022, primarily due to higher NOI partially offset by restructuring costs.
4. OFFO and AFFO for the three months ended March 31, 2023 include after-tax net pandemic and incremental agency expenses of $271 (2022 - $1,415), mark-to-market recovery on share-based compensation of $(40) (2022 - $(39)) and exclude restructuring costs of $592 (refer to Business Update section in this MD&A for further details).
5. Property and equipment and intangible assets included in total assets are measured at cost less accumulated depreciation and amortization and impairment loss.
6. AFFO payout ratio for the three months ended March 31, 2023 excluding after-tax net pandemic impact would be 92.6% (2022 - 88.7%).
7. Includes the Company's 50% share of each of the revenue, operating expenses, and NOI of its Equity-Accounted Joint Venture.
8. Net income for the three months ended March 31, 2022 included a gain on disposal of properties of $23,722.

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First Quarter 2023 Summary

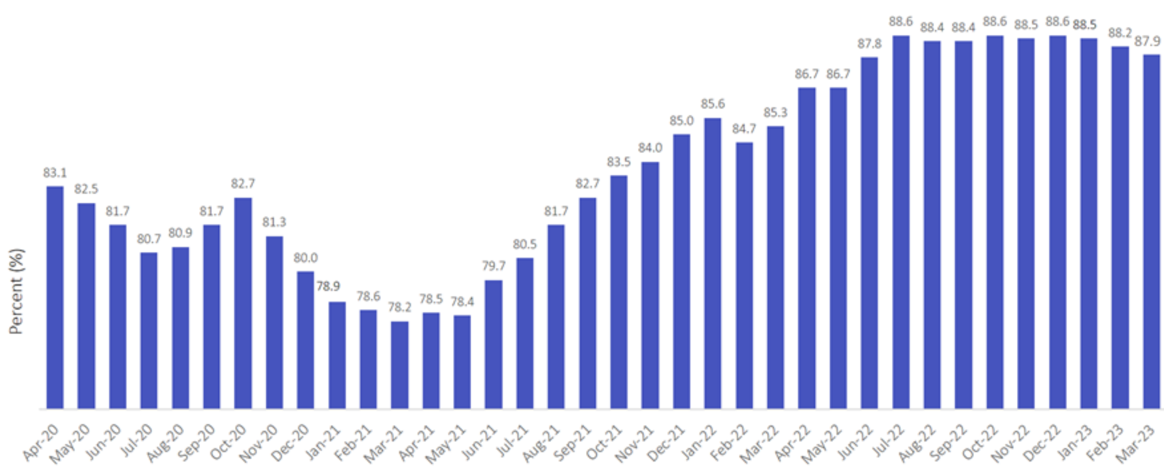
We continued to make significant progress with respect to many strategic initiatives to improve our operating platforms, while benefiting from favourable sector fundamentals, including an aging demographic and slowing supply of seniors' living residences.

In addition to our ongoing initiatives to generate strong occupancy and rate increases, we remained focused on cost management and reducing our reliance on agency staffing. These initiatives supported same-property NOI growth in both our retirement and long-term care segments, and helped reduce general and administrative expenses.

With respect to Sienna's balance sheet, we headed into 2023 with ample liquidity and a $1.1 billion pool of unencumbered assets, which continues to support our 2023 refinancing initiatives at attractive rates.

Retirement Occupancy - Average same property occupancy in the Retirement portfolio was 88.2% in Q1 2023, up 300 basis points **("bps")** from 85.2% in Q1 2022.

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



Rent collections during Q1 2023 remained high at approximately 99% and are consistent with pre-pandemic levels.

LTC Occupancy - Average occupancy in the LTC portfolio was 96.8% in Q1 2023, excluding the unavailable 3rd and 4th beds. As at March 31, 2023, approximately 350 beds were unavailable.

Total Adjusted Revenue increased by 14.5% in Q1 2023, or $25,329, to $199,611, compared to Q1 2022. In the Retirement segment, revenues increased by $11,053 or 28.8% compared to Q1 2022, driven by rental rate increases, and additional revenue from the 12 properties acquired in Q2 2022. Revenues from the LTC segment for Q1 2023 increased by $14,276, or 10.5%, compared to Q1 2022, primarily due to flow-through funding for increased direct care provided to residents, and funding received in relation to wage enhancements.

Total Adjusted Operating Expenses, net of government assistance increased by $21,158 in Q1 2023, or 14.9%, to $163,302, compared to Q1 2022. In the Retirement segment, higher operating expenses as well as additional operating expenses related to the 12 retirement properties acquired in Q2 2022, were offset by lower agency and maintenance costs. In the LTC segment, the increase in expenses was mainly due to higher direct care wages, increase in annual wage rates and a one-time WSIB rebate which was received in Q1 2022, partially offset by lower net pandemic and incremental agency expenses.

Total NOI increased by $4,171 in Q1 2023, or 13.0%, to $36,309, compared to Q1 2022, mainly due to higher NOI in the Retirement segment of $3,866 driven by an increase in same property NOI, share of NOI from equity-accounted joint venture and the acquisition of a new retirement property, offset by higher operating costs. NOI in the LTC segment increased marginally by $305 due to increase in revenue offset by higher operating costs.

Net (loss) income was $(340) for Q1 2023 as compared to net income of $26,020 in Q1 2022. The decrease was primarily due to share of net loss in joint venture of $2,541, increase in net finance charges and a gain on disposal of properties in Q1 2022 of $23,722, offset by higher NOI and a decrease in provision for income tax compared to Q1 2022.

OFFO increased by 14.3% in Q1 2023, or $2,313, to $18,447 compared to Q1 2022. The increase in OFFO was primarily due to higher NOI and lower general and administrative costs, offset by higher interest expense. OFFO per share increased by 5.9% in Q1 2023, or $0.014, to $0.253.

AFFO increased by 10.6% in Q1 2023, or $1,740, to $18,187 compared to Q1 2022. The increase in AFFO was primarily related to the increase in OFFO offset by higher maintenance costs and a decrease in construction funding income. AFFO per share increased by 2.5% in Q1 2023 to $0.249.

Debt The Company's Debt to Gross Book Value increased by 300 bps to 44.5% at the end of Q1 2023, from 41.5% at the end of Q1 2022, primarily due to increases in the unsecured term loan, credit facilities and mortgages, offset by an increase in the gross book value of assets. Debt to Adjusted EBITDA decreased to 8.4 times in Q1 2023 from 8.7 times in Q1 2022 and the Debt Service Coverage Ratio remained unchanged year over year at 1.8 times in Q1 2023. The Interest Coverage Ratio decreased to 3.2 times in Q1 2023 from 3.3 times in Q1 2022. The Weighted Average Term to Maturity increased to 5.0 years from 4.9 years in Q1 2022. The Company is in compliance with all of its debt covenants.

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

Business Update

Sienna headed into 2023 well capitalized, with a strong balance sheet and ample liquidity. Since the beginning of the year, we made further progress in our refinancing initiatives and, subject to market conditions, expect to refinance the majority of Sienna's 2023 debt maturities with CMHC-insured mortgages at attractive rates.

Our long-term care operations saw steady resident admissions throughout the quarter, with most communities returning to occupancy levels at or above 97%, making them eligible for full funding. We continue to work with the government on the ongoing inflationary needs and potential solutions. With many of the restrictions lifted, we see the return to a pre-pandemic normal across our operations.

With respect to our retirement operations, a successful leasing strategy and solid demand in key markets supported the continued growth of resident move-ins, despite an elevated level of resident attrition, and rate increases during Q1 2023. Year-over-year, same property occupancy increased by 300 basis points in our same-property portfolio. In addition, occupancy increased by 350 basis points to 85.7% in our acquisition portfolio since we acquired the 12 properties in Q2 2022.

Cost pressures and high inflation have impacted our operating margins in both our retirement and long-term care segments for some time. Significant sector-wide staffing challenges, requiring increased levels of agency staff, have been a major factor in the cost increases and many of Sienna's recent initiatives have been focused on lessening our reliance on agency staff, while improving team member engagement and retention. Reducing the number of staffing agencies we are working with has led to a commensurate reduction in agency rates of approximately 15%. We expect that our initiatives, coupled with a generally improving operating environment, will lower agency costs in 2023.

Growth and Diversification Initiatives

The significant growth of our retirement platform with the addition of 12 retirement residences in Ontario and Saskatchewan in Q2 2022, followed by the acquisition of a campus of care in Ontario in early 2023, highlights our strategy of owning a diversified portfolio of private-pay retirement residences and government-funded long-term care communities in Canada. With deep experience and scale in each segment, we run two distinct business lines, while taking advantage of the benefits inherent in shared services and scale. We believe that diversification adds to the financial strength of our business as it allows us to capture higher potential growth and operating margins inherent in our retirement portfolio, while benefiting from the stability of the government-funded long-term care operations.

Integration of Acquired Portfolio into the Aspira Platform

The 12 retirement residences, which were acquired in a joint venture with Sabra Health Care REIT, Inc. ("**Sabra**"), have been fully integrated into the Company's sales and operating platforms during the second half of 2022. The Company owns a 50% ownership interest in these assets and acts as the manager of the 12 retirement residences.

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

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

Acquisition of Woods Park Care Centre, Barrie, Ontario

On January 3, 2023, Sienna finalized the acquisition of Woods Park Care Centre ("**Woods Park**"), which has historically been managed by the Company, for a purchase price of $26.3 million. It is expected to generate an unlevered yield of 6.75%. The Company has allocated approximately $1 million for further capital improvements, which are expected to start in Q2 2023 and completed within the near term. Woods Park is located in Barrie, Ontario, and offers a continuum of care, comprised of 55 private-pay independent living retirement suites and 123 government-funded Class A long-term care beds.

Development of a Joint Venture Retirement Residence in Ontario

Our joint venture development of a 150-suite retirement residence in Niagara Falls is progressing well and is expected to be completed by the end of 2023. The estimated total capital investment for 100% of the project is approximately $55 million, and the expected development yield is approximately 7.5%. Sienna's share of this greenfield joint venture with Reichmann Seniors Housing is 70%.

Development and Redevelopment of Long-Term Care Portfolio in Ontario

The Government of Ontario has committed to make a significant investment to upgrade long-term care beds in Ontario. The investment is tailored to account for regional differences in land and construction costs.

High inflation and significant cost escalations with respect to material and labour altered the economic feasibility of long-term care redevelopment projects in recent quarters. Sienna, together with other sector participants, have been actively working with the government to revise the construction funding model in order to ensure the financial feasibility of long-term care redevelopment. In late 2022, the Ontario government announced a time-limited supplemental increase to the construction funding subsidy for projects commencing construction by August 31, 2023.

To date, we have started construction at our campus of care project in Brantford, where we are replacing 122 Class C long-term care beds with 160 Class A beds. In addition, we will be adding 147 retirement suites. The estimated total development cost for this project is approximately $140 million, with a projected development yield of approximately 8%. The campus of care, which is expected to be completed in the second half of 2025, is built on a new site and will not impact current residents while under construction.

We also continue with construction at our Northern Heights Care Community in North Bay, a 160-bed long-term care redevelopment, which will replace 148 older Class C beds. The total development cost for this project, which is estimated to have an approximate 7.5% development yield, is close to $80 million. Similar to our Brantford project, the development is located on a new site.

Retirement Operations Update

As at March 31, 2023, the retirement portfolio comprised 4,445 suites across Ontario, Saskatchewan and British Columbia and contributed approximately 49% to the Company's NOI in Q1 2023. Same-property NOI increased by 11.0% year over year compared to Q1 2022.

Average same property occupancy was 88.2% in Q1 2023, representing a 300 bps gain year over year compared to Q1 2022. In addition, average rate increases in line with market rates have partially offset the significant cost increases and inflationary pressures experienced in recent quarters.

With respect to our 2022 acquisitions, average occupancy was approximately 85.7% in Q1 2023, representing a 350 bps increase since the acquisition of 12 assets in May 2022.

Successful marketing and sales initiatives generating strong interest in Company's retirement residences
Strong community engagement remains a key objective of Sienna's sales and marketing teams, with a keen focus on building and maintaining excellent relationships with healthcare and business partners in the local communities of our residences.

We will continue to leverage the Company’s Aspira brand and signature programs to generate strong interest in our residences. Leads remained strong and marginally increased by approximately 2% in Q1 2023, compared to the same period in 2022. We expect that continued strong lead generation will support occupancy and contribute to further improvements in the Company's financial performance.

Our efforts, coupled with strong demand in many of our key markets, resulted in 271 rent deposits and 291 resident move-ins in our same property portfolio in Q1 2023, offsetting 317 resident move-outs. In addition, rent collection levels remained high at approximately 99% throughout Q1 2023.

Long-term Care Operations Update

In Q1 2023, the Company's long-term care portfolio, which comprises 6,691 beds in Ontario and British Columbia, contributed approximately 51% to the Company's overall NOI. Same property NOI increased by 9.1% year over year in Q1 2023.

Implementation of New LTC Platform

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

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

The platform design is based on best practices and the input from our residents and families, with the aim to distinguish Sienna as a LTC provider. Changes to our residents' move-in experience has been a major emphasis and includes a new platform-wide standard aimed at decreasing anxiety of residents and families and truly making them feel welcome and at home.

Focus on Residents' Quality of Life and Care

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

The Company's efforts are reflected in the third-party assessments of Sienna's long-term care communities. During Q4 2022, the Commission on Accreditation of Rehabilitation Facilities ("**CARF**") and Accreditation Canada conducted surveys at our long-term care communities in Ontario and British Columbia, respectively. In Ontario, Sienna maintained the highest achievement status of *Aspire to Excellence,* a three-year award received from CARF. In British Columbia, the Company received an award of *Exemplary Standing*, indicating that the Company has gone beyond the requirements of the accreditation program and demonstrates excellence in quality improvement.

As part of our commitment to improve clinical quality and safety for seniors, we are a member of the Seniors Quality Leap Initiative ("**SQLI**"), a group of large long-term care providers from across North America that shares quality indicators and benchmarks against international standards. The most recent data available validates our efforts and is reflected in Sienna's strong accreditation results.

Going forward, we are committed to continued quality improvement efforts by continually identifying what we are doing well and where improvements are needed.

Update on Closing of LTC Residence in Ontario

In early 2023, the Ministry of Long-Term Care formally approved the closure plan of one of Sienna's LTC homes. The property sustained significant damage linked to the original building design and construction predating Sienna's ownership. The Company's initial renovation plans expanded beyond a reasonable scope. As a result, Sienna made the decision to wind down operations at this community. The relocation of residents continues, with the expectation that the home will wind down operations and close by the end of Q2 2023.

Update on Government Funding and Policy

COVID-19 Prevention and Containment - The Ontario Ministry of Long-Term Care (**"MLTC"** or **"Ministry"**) has been providing funding for incremental costs associated with COVID-19 prevention and containment and

PPE to LTC homes. Sienna's share of the current funding allocation, which can be applied for eligible expenses incurred from April 2022 to March 2023, is approximately $23.0 million. This includes approximately $2.2 million of retroactive funding received in Q1 2023 pertaining to expenses incurred in 2022. The Ministry has further indicated that it does not intend to continue its funding for COVID-19 prevention and containment after April 1, 2023.

Funding Changes with respect to 3rd and 4th beds in multi-bed rooms - On August 30, 2022, the Ministry advised that it is not planning to re-open the 3rd and 4th beds in multi-bed rooms in long term care communities for resident admissions and has signaled that it intends to introduce phased-in revisions to the funding provided for the 3rd and 4th beds.

On March 30, 2023, the Ministry provided further funding details relating to the closure of 3rd and 4th beds in older homes, including

- the continued full funding of the OA per diem from April 1, 2023 to March 31, 2025 (OA funding includes funding for dietary services, housekeeping, laundry services, building/property operations and maintenance and more, and needs to generate sufficient cash flow to fund routine capital maintenance, interest and principal payments on debt, income taxes and provide a return on equity); and

- the phasing-out of funding for nursing and personal care as well as nutritional support to 50% from April 1, 2023 to March 31, 2024, with further reductions to 25% from April 1, 2024 to March 31, 2025.

Sienna's approximate 350 3rd and 4th beds in Ontario will be impacted by this change.

Funding Increases for Resident Care, Food, Services and OA - The Government of Ontario announced an approximate 2.7% increase in its flow-through funding, which needs to cover the cost of care, food and services provided to residents, and a 2.0% increase in Other Accommodations funding.

COVID-19 Update

A high vaccination rate among residents and team members, coupled with effective anti-viral treatments, has substantially lessened the disease burden for our residents. To date, many remaining COVID-19 restrictions have been lifted and protocols have been changed, supporting the return of a more home-like environment for residents and team members, while still maintaining the health and safety of everyone who lives or works at Sienna's communities.

Staffing Update

As part of our strategic objectives, we aim to offer a compelling team experience and nurture a purpose-driven culture. We believe that the appeal of our purpose, vision and values are an opportunity to differentiate Sienna from competitors and will help us attract and retain a highly engaged workforce and build a talent pipeline amid staffing shortages in the seniors' living sector and the wider health care sector. Our team member initiatives combined with a generally improving operating environment has resulted in improvements to team member retention in Q1 2023 compared to Q1 2022.

Staffing Strategy

We continued with our proactive staffing strategy to lessen our reliance on agency staff and to position Sienna well for the gradual increase in direct hours of care across the long-term care platform. In Q1 2023, we have completed a Request for Proposal ("RFP") process, reducing the number of staffing agencies we work with from over 100 to less than 20. At the same time, we have negotiated more competitive rates, terms and standardized contracts.

We have also been working on a number of other staffing initiatives, including the placement of temporary foreign workers and Ukrainian refugees, programs that are predominantly rolled out across communities with significant staffing challenges.

Centralized scheduling and call-out system

To further support and improve the staffing process, we have launched a new centralized scheduling and call-out system. The roll-out of the system across our long-term care communities is now complete, and planning for the roll-out across our retirement residences is well underway. The system provides tighter controls on overtime and agency use in addition to increased business intelligence to inform future staffing and scheduling needs and a more seamless process to fill staffing gaps.

Improved onboarding process

We have been piloting improvements to our onboarding process, including enhancements to team member orientation, mentoring and a more streamlined pre-boarding process. A key aspect of these improvements, which is currently rolled out across Sienna's LTC communities, is an enhanced multi-day orientation program for Executive Directors, PSWs and clinical leaders. These improvements have helped in the significant reduction of turnover comparing to Q1 2022.

Campus recruitment campaigns

As part of our ongoing talent acquisition strategy, we continually expand our collaboration with educational and government institutions. We further enhanced our campus recruitment campaigns at key colleges and universities across Ontario and British Columbia to ensure a talent pipeline for future staffing needs. Our collaboration with colleges and universities has resulted in approximately 900 student placements in Q1 2023, many of whom we hope to hire once they graduate.

SPARK

Based on feedback from team member satisfaction surveys, team members seek opportunities to share their ideas. As a result, Sienna created its own version of Dragon's Den called SPARK, allowing team members to share ideas on how Sienna can grow, improve and fulfil its purpose of Cultivating Happiness in Daily Life. We received approximately of 170 ideas during the first round of submissions and a number of ideas are currently being piloted at some of our residences and communities to assess which ideas should be implemented across the Company.

Sienna Ownership and Reward Program

The Sienna Ownership and Reward Program ("**SOAR**") awards common shares of the Company to all permanent employees who have been with the Company for one year or longer. Eligible team members have the opportunity to receive a one-time award of Sienna shares. In 2022, a total of 150,818 Sienna shares were issued to team members. With respect to our 2023 issuance, we expect to award shares to over 1,600 eligible team members in Q2 2023.

Resident, Family and Team Member Satisfaction

Resident & Family Satisfaction Surveys

During Q4 2022, we conducted our annual resident and family satisfaction surveys. These surveys are a crucial tool to engage with our stakeholders and learn from their feedback. Nearly 80% of residents and approximately 84% of family members indicated that they would recommend Sienna's long-term care communities.

At our retirement residences, we have started to measure our residents' willingness to promote our residences based on the internationally recognized net promoter score method ("**NPS**"). This will help us better understand and analyze what it takes to improve our residents' happiness in daily life. Results of our first platform-wide NPS survey are favourable and will be used as an important baseline to measure the success of our platform enhancements.

Team Member Engagement Surveys

Team member engagement surveys are crucial to identify opportunities to enhance the team member experience. Approximately 85% of Sienna's team members feel that they are able to do meaningful work every day, which is very aligned to our Company's purpose. This is the second consecutive year of improvement in our employee engagement score.

Cost Pressures in Current Market Conditions

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

Significant agency premiums combined with generally higher reliance on agency staff have resulted in a substantial increase in staffing costs for a number of years. In Q1 2023, a combination of an improving operating environment and improvements to filling shifts with Sienna's team members, has led to a notable reduction of agency staffing costs. In addition, we have reduced the number of agencies we use, which will result in further savings in 2023. The Company incurred $10.3 million in agency staffing costs in Q1 2023, compared to $14.7 million in Q4 2022 and $16.0 million in Q1 2022.

We also continue to actively work, alongside other participants in the seniors' living sector, with the government to receive funding that is aligned with the current inflationary conditions to offset the significant cost increases. In addition, a corporate restructuring at the Company's head office, including an approximate 10% work force reduction and not replacing vacant positions, is expected to result in $3.0 million of annual savings in general and administrative expenses.

Outlook

Our sector's resiliency is largely driven by the rising needs of seniors, who make up the fastest-growing demographic in Canada. Long-term demand fundamentals in Canadian seniors living are stronger than ever. In addition, recent macroeconomic developments, including slowing inflation and a pause to interest rate hikes, coupled with Sienna's successful cost reduction strategy, are further supporting our optimistic outlook for 2023 and beyond.

Retirement Operations

During the first quarter of 2023, we continued to capitalize on the growing demand for quality seniors living. With our successful marketing and sales initiatives, supported by strong demographic trends, we have been able to increase average annual rates in the Aspira retirement segment by approximately 5% partly due to inflation, and we expect occupancy to further strengthen during the remainder of the year. We anticipate average same property occupancy for the full year in 2023 to be approximately 90% and average occupancy in our acquisition portfolio to exceed 87%. These increases are expected to contribute to revenue growth and result in year-over-year NOI growth in our retirement portfolio in 2023.

At the same time, cost pressures will remain for some time, in particular with respect to labour shortages and high overall inflation, although we have seen improvements on both fronts in recent months.

Taking all factors into account, we expect the 2023 operating margin for the full year to improve by approximately 150 bps - 200 bps compared to 2022.

Long-Term Care Operations

In Sienna's LTC portfolio, resident admissions continued to progress steadily at most care communities throughout Q1 2023. Average same-property occupancy, excluding the unavailable 3rd and 4th beds in multi-bed rooms, reached 96.8% during the first quarter.

We further expect cost pressures to remain for some time due to labour shortages and inflation. Together with associations and other operators, we have been actively working with the government to have funding adjusted to accommodate significant inflationary pressures. In April 2023, the Ontario government announced a 2.7% increase in its flow-through funding and a 2% increase in Other Accommodations funding.

Adequate funding which reflects inflation is crucial for the long-term economic viability of the sector. Together with other sector participants, we have been actively working with the government to address funding shortfalls.

In Q1 2023, we also incurred unfunded pandemic expenses of $3.5 million within our long-term care segment. We expect continued unfunded pandemic expenses of between $1.0 million to $2.0 million in Q2 2023 within our long term care segment, primarily as a result of additional labour cost, although some of these expenses may be covered by retroactive government funding in future periods.

Developments

The following table summarizes development projects that are in progress as at March 31, 2023:

Projects	Property Type	Expected Completion	Number of Beds / Suites	Estimated Development Costs	Development Grant	Annual Construction Subsidy [2]	Expected Unlevered Yield [3]
Niagara Falls	Retirement	Q4 2023	150	$55M[1]	–	–	7.5 %
Brantford	LTC / Retirement	Q4 2025	160 / 147	$140M	$4.0M	$3.3M	8.0 %
North Bay	LTC	Q4 2025	160	$80M	$4.0M	$3.3M	7.5 %
Total			**470 / 147**	**$275M**	**$8.0M**	**$6.6M**	

Notes:
1. Estimated development costs for 100% of the project
2. Total amount receivable each year over a period of 25 years
3. Estimate based on the expected annual return on development cost net of development grant and present value of construction funding subsidy

With respect to our long-term care redevelopment plans, we have been working with associations and other seniors' living providers to have government funding aligned with the significant inflationary and cost pressures for both redeveloping and operating long-term care communities in Ontario.

In late 2022, the Ontario government announced a time-limited supplemental increase to the construction funding subsidy for projects commencing construction by August 31, 2023. Based on the revised construction funding model, eligible projects will receive an additional construction subsidy of up to $35 per bed, per day for 25 years.

Both of our current long-term care redevelopments in Brantford and North Bay are located on a new sites and will not impact current residents while under construction. As for our retirement project in Niagara Falls, which is expected to be completed in Q4 2023, pre-leasing indicators for the 150-suite residence have been strong.

Once completed and fully operational, the three projects are expected to lead to a mid to high single digit percentage reduction in Sienna’s AFFO payout ratio.

Capitalizing on long-term fundamentals

We intend to capitalize on the outstanding long-term fundamentals in Canadian seniors' living and our business. We will continue to focus on adding value to our operating platforms by making ongoing improvements to resident experience and team member engagement, as well as our physical assets largely through the redevelopment of our older long-term care communities.

In addition to our ongoing initiatives to generate occupancy improvements and rental rate increases, we will also remain focused on cost management by creating operational efficiencies and by further reducing our reliance on agency staffing. Combined, these initiatives will support our operating margins and put us in a strong position to take advantage of an improving economic outlook in Canada, including stronger than projected GDP growth, stabilizing interest rates and steady improvements to inflation.

Significant Potential for Growth in NOI

We see significant growth potential in our business over the next several years and are actively working on a number initiatives which may contribute to the Company's NOI expansion including:

- **Continued occupancy growth in the Company's retirement segment**, including incremental NOI should we reach our target for stabilized average occupancy of 92.5% in our same-property portfolio, which would represent a 430 bps increase from our average occupancy of 88.2% in Q1 2023;

- **Contributions from acquisitions and new developments**, including incremental NOI from:

    1. The Company's acquisition of a 50% joint venture interest in 12 retirement properties in 2022 for $189.8 million;

    2. The Company's acquisition of Woods Park in early 2023 for $26.3 million, which is expected to generate an unlevered yield of 6.75%; and

    3. The completion of our 70% joint venture interest in the development of a 150-suite retirement residence in Niagara Falls for $38.5 million, which has an expected development yield of approximately 7.5%;

- **Substantial reduction of net pandemic expenses and incremental agency costs,** which were $8.2 million in 2022, as the pandemic subsides and we actively manage incremental agency costs, while working with governments to ensure that operators are fully funded for all costs of resident care; and

- **Catch-Up Funding** from the Ontario government to address funding shortfalls to offset the significant inflationary and cost pressures operators have experienced over the past years. Each percentage point in additional Other Accommodations funding would represent an approximate annual funding increase of $1.2 million for Sienna.

These initiatives, individually and collectively, could have a significant positive impact on the value of Sienna's business, enhancing its financial performance with growth in NOI and OFFO, and supporting the Company's AFFO payout ratio.

Significant Events

Acquisition of Woods Park, Barrie, Ontario

On January 3, 2023, Sienna finalized the acquisition of Woods Park, which has historically been managed by the Company, for a purchase price of $26.3 million, with an expected unlevered yield of 6.75%. Woods Park is located in Barrie, Ontario, and offers a continuum of care, comprised of 55 private-pay independent living retirement suites and 123 government-funded Class A long-term care beds. The Company has allocated approximately $1 million for further capital improvements, which are expected to be completed within the near-term.

Our Purpose, Vision and Values

Our Purpose:

Cultivating Happiness in Daily Life.

Each of our actions and initiatives affects our residents' quality of life and well-being and impacts our team members and the communities we serve across the country. This is at the heart of what we do and is reflected in Sienna's purpose. It conveys our belief that our role does not stop at providing the highest quality of service and care to our residents - it goes much further. Each and every day, we will strive to bring happiness into our residents' lives by enabling our team to put their passion for their work into action and supporting families to bring joy into our homes.

Our Vision is to be:

Canada's most trusted and most loved seniors' living provider.

In retirement and long-term care, we are committed to helping residents discover happiness through personalization, choice and community engagement in a comfortable, home-like setting. Doing this each and every day supports Sienna's vision to be Canada's most trusted and most loved seniors' living provider. With this vision, we will meet the needs and expectations of our residents, families, team members and the communities we serve.

Our Values:

Act positively:	We inspire happiness and hope in the people around us
Be accountable:	We do what we say we will and work as a team to get things done
Create community:	We foster strong relationships and celebrate diversity
Demonstrate caring:	We are passionate about what we do and engage with empathy and understanding

Company Strategy and Objectives

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

Strengthening Team Engagement

Sienna strives to recruit, retain and develop a high performing and engaged team and reduce voluntary turnover by:

Offering a compelling team experience

- Conduct team member engagement surveys to gain insights and identify opportunities to enhance team member experience;

- Design, develop and introduce an essential program for new and developing frontline managers;
- Offer learning and development growth to support orientation, onboarding and enhancements to operating platforms; and
- Increase talent pipeline in leadership roles.

Creating a purpose-driven, differentiated culture

- Align employer brand with Company's purpose, vision, values and value proposition; and
- Implement initiatives, such as a renewed team member recognition program and education with respect to the Company's refreshed values, aimed at building a purpose-driven culture.

Elevating Quality of Life of Residents

Sienna aims to elevate the quality of life of its residents by:

Offering outstanding resident experience

- Enhance dining, recreation and community-focused interactions through rebranded operating platforms;
- Improve quality of care by leveraging insights from quality indicators, clinical reviews and inspection reports; and
- Collaborate with all levels of government, sector associations, regulatory authorities and others to help shape and improve the future of seniors' living in Canada.

Achieving operational excellence

- Invest in Sienna's team culture and operating platform to deliver quality resident experiences;
- Create operating efficiencies by streamlining processes to enhance resident experience and improve operating results; and
- Distinguish retirement product and services from competitors through the Company's Aspira platform, offering customer-centric personalization and expanded choices.

Achieving Growth & Enhanced Performance

Outperforming the market

- Grow organically through investments in sales and marketing programs, supporting improved occupancy, expanded services, rental rate increases and focused cost management;
- Maintain a diversified portfolio of private-pay retirement residences and government-funded long-term care communities; and
- Maintain a strong balance sheet and liquidity, including a diversified debt portfolio with staggered debt maturities, an investment-grade credit rating and a sizeable pool of unencumbered assets.

Growing the Company's footprint

- Redevelop older LTC communities in key Ontario markets with both new and upgraded facilities;

- Establish and deepen joint venture partnerships to provide additional avenues for growth; and
- Expand high-quality retirement portfolio through strategic and disciplined acquisitions, joint venture developments, as well as growing capacity at existing retirement residences with excess land.

Environmental, Social and Governance (ESG) Responsibility

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

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

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

Diversity, Equity and Inclusion

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

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

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

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

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

SOAR awards common shares of the Company to all permanent employees who have been with the Company for one year or longer. Subsequent to the shareholder approval of SOAR in April 2022, a total of 150,818 shares were issued to team members in 2022.

Indigenous Relations and Reconciliation

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

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

Labour Relations and Union Representation

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

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

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

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

Giving Back to the Community

*Sienna for Seniors Foundation ("**Foundation**")*

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

With food insecurity a pressing concern, the Foundation's latest initiative is "Sienna Supper". Spearheaded by Sienna's communities, team members prepared and delivered Thanksgiving, Family Day and Easter meals in partnership with local charities. A great success, which highlights the generous spirit we see at Sienna every day, Sienna Supper has now been expanded across Ontario and BC, with approximately 450 meals having been delivered to seniors in need.

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

The Foundation is also a sponsor of the Chilliwack & District Seniors' Resources Society's community bus in 2023, connecting seniors to entertainment, history, arts, culture, recreation, shopping and more.

Sienna Senior Living Dino Chiesa Scholarship

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

Three scholarships for $5,000 each have been awarded in 2022.

CaRES Fund

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

Initially established to provide hardship funding in recognition of the extraordinary efforts of seniors' living employees, the CaRES Fund has shifted its focus from crisis funding for economic hardship as a result of the pandemic to education bursaries. In 2022, the CaRES Fund provided $250,000 in bursaries to 100 staff members in seniors' living.

Improving Sienna's Environmental Footprint

Addressing Climate Change through Development

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

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

Committing to Waste Reduction by Going Paperless

Reducing the amount of paper use and ultimately “going paperless” is an important aspect of Sienna’s waste reduction strategy for 2023. Team members are encouraged to minimize the use of physical paper whenever possible. Recent achievements include going digital with respect to all accounts payable invoices and frequently updated policy and procedure manuals at our care communities and retirement residences. These initiatives target a reduction in Sienna's paper usage by approximately 760,000 sheets annually.

Industry Update

Please refer to the Company's MD&A and AIF for the year ended December 31, 2022 for a discussion of the Industry Update.

Business of the Company

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

Quarterly Financial Information

	2023	2022				2021		
Thousands of Canadian dollars, except occupancy, per share and ratio data	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Total Adjusted Revenue	199,611	193,216	189,192	180,151	174,282	174,175	170,423	162,668
Total Adjusted Operating expenses, net of government assistance	163,302	160,699	154,172	145,933	142,144	140,729	137,020	131,643
Net income (loss)	(340)	(6,675)	2,513	(11,190)	26,020	4,654	4,533	1,318
Per share basic and diluted	—	(0.092)	0.034	(0.154)	0.385	0.070	0.070	0.020
OFFO	18,447	17,701	17,944	17,299	16,134	18,258	18,265	15,126
Per share basic	0.253	0.243	0.246	0.237	0.239	0.272	0.272	0.226
OFFO, excluding net pandemic and incremental agency expenses (recoveries)	18,718	19,439	18,922	19,231	17,549	18,371	18,990	17,925
Per share, excluding net pandemic and incremental agency expenses (recoveries)	0.257	0.268	0.260	0.264	0.260	0.274	0.283	0.268
AFFO	18,187	17,302	16,564	17,162	16,447	16,555	15,671	14,102
Per share basic	0.249	0.237	0.227	0.236	0.243	0.247	0.234	0.210
AFFO, excluding net pandemic and incremental agency expenses (recoveries)	18,458	19,040	17,542	19,094	17,862	16,964	15,858	16,715
Per share, excluding net pandemic and incremental agency expenses (recoveries)	0.253	0.262	0.241	0.263	0.264	0.253	0.237	0.249
Dividends declared	17,068	17,065	17,059	17,055	16,136	15,687	15,687	15,687
Per share	0.234	0.234	0.234	0.234	0.234	0.234	0.234	0.234
Occupancy								
Retirement - Average total occupancy	87.8 %	88.0 %	87.5 %	86.6 %	84.7 %	82.7 %	80.3 %	77.7 %
Retirement - Average same property occupancy	88.2 %	88.6 %	88.4 %	87.1 %	85.2 %	84.2 %	81.6 %	78.9 %
LTC - Average private occupancy	85.4 %	84.6 %	84.0 %	82.4 %	80.4 %	82.2 %	82.9 %	79.4 %
LTC - Average total occupancy (1)	96.8 %	96.3 %	96.7 %	95.5 %	93.8 %	95.0 %	93.4 %	88.5 %
Debt to gross book value as at period end	44.5 %	43.9 %	43.3 %	43.4 %	41.5 %	44.7 %	45.6 %	45.5 %
Debt to Adjusted EBITDA as at period end	8.4	8.9	9.0	9.2	8.7	7.9	7.8	7.4
Interest coverage ratio	3.2	3.1	3.3	3.4	3.3	3.4	3.4	3.1
Total assets	1,681,045	1,680,428	1,736,319	1,747,872	1,702,288	1,609,189	1,606,834	1,592,009
Total debt	999,258	977,964	983,596	985,754	923,584	950,284	962,353	958,212
Weighted average shares outstanding	72,939,941	72,914,451	72,899,509	72,855,687	67,614,123	67,039,123	67,039,123	67,039,123

Note:

1. Excludes the 3rd and 4th beds in multi-bed rooms in Ontario that will not be reopened.

The Company's quarterly financial results are impacted by various factors including, but not limited to, timing of pandemic related funding and incurrence of pandemic related expenses, occupancy levels, timing of operating expenses and maintenance capital expenditures, seasonality of utility expenses, timing of resident co-payment increases, timing of funding rate increases or additional funding, the timing of disposals and acquisitions, and capital market and financing activities. For the three months ended March 31, 2023, the Company's results have been impacted by the timing of government assistance received related to pandemic expenses and capital costs, share of net loss in joint ventures, occupancy rates, increased costs pertaining to labour and higher utilities and insurance premiums, mark-to-market adjustments on share-based compensation and fair value adjustments on interest rate swap contracts.

A discussion of the operating results for the three months ended March 31, 2023 compared to the same period in the prior year is provided in the section "Operating Results".

Operating Results

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

	Three months ended March 31,		
Thousands of Canadian dollars	**2023**	2022	Change
Revenue	**192,054**	174,282	17,772
Expenses			
Operating expenses, net [1]	**157,591**	142,144	15,447
Depreciation and amortization	**12,368**	12,067	301
Administrative expenses	**8,372**	7,946	426
Share of net loss in joint ventures	**2,541**	—	2,541
Net finance charges	**10,669**	3,331	7,338
Transaction costs	**774**	1,339	(565)
Gain on disposal of properties	**—**	(23,722)	23,722
	192,315	143,105	49,210
Income (loss) before provision for income taxes	**(261)**	31,177	(31,438)
Provision for (recovery of) income taxes			
Current	**1,155**	3,446	(2,291)
Deferred	**(1,076)**	1,711	(2,787)
	79	5,157	(5,078)
Net income (loss)	**(340)**	26,020	(26,360)
Total assets	**1,681,045**	1,702,288	(21,243)
Total debt	**999,258**	923,584	75,674

Note:
1. Operating expenses are net of pandemic related funding.

Retirement

The Company's Retirement portfolio consists of 39 Retirement Residences as of March 31, 2023, four of which are located in British Columbia, five are located in Saskatchewan, and 30 are located in Ontario. Our Retirement portfolio operates in well located markets and generated approximately 49% of the Company's total NOI for Q1 2023.

Long-term Care

The Company's LTC portfolio consists of 43 LTC communities, eight of which are located in British Columbia and 35 of which are located in Ontario. Our LTC portfolio contributed approximately 51% to the Company's total NOI for Q1 2023.

Joint Arrangement

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

The following table summarizes the classification of properties which are owned through the Company's joint arrangements, or which are partially owned as at March 31, 2023:

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

Notes:

1. The property of Sienna-RSH Niagara Falls LP is under development as of March 31, 2023.
2. Sienna Baltic Development LP owns 40% of Nicola Lodge and 77% of Glenmore Lodge.

Consolidated Net Operating Income

The following table represents the Company's consolidated net operating income, including the Company's share of net operating income from Equity-Accounted Joint Venture, for the period ended March 31:

	Three months ended March 31,		
Thousands of Canadian dollars	**2023**	2022	Change
Revenue			
Same property	**186,169**	167,458	18,711
Share of revenue from Equity-Accounted Joint Venture [2]	**7,557**	—	7,557
Acquisition, development and other	**5,885**	6,824	(939)
Total Adjusted Revenue	**199,611**	174,282	25,329
Operating Expenses, net			
Same property	**151,758**	133,840	17,918
Net pandemic and incremental agency expenses [1]	**350**	1,730	(1,380)
Share of operating expenses from Equity-Accounted Joint Venture [2]	**5,711**	—	5,711
Acquisition, development and other	**5,483**	6,574	(1,091)
Total Adjusted Operating Expenses, net	**163,302**	142,144	21,158
NOI			
Same property	**34,659**	31,529	3,130
Share of Equity-Accounted Joint Venture [2]	**1,846**	—	1,846
Acquisition, development and other	**(196)**	609	(805)
Total NOI	**36,309**	32,138	4,171

Notes:

1. For Q1 2023, includes government assistance related to the pandemic of $9,629 (2022 - $25,063) and incremental pandemic related and agency expenses of $9,979 (2022 - $26,793), resulting in net pandemic and incremental agency expenses of $350 (2022 - $1,730). Government assistance related to the pandemic is recognized to the extent that eligible expenses have been incurred and funding allocations are reasonably determinable.
2. Includes the Company's pro rata share of each of the revenue, operating expenses, and NOI of its Equity-Accounted Joint Venture.

First Quarter 2023 Operating Results

The Company's total same property revenues for Q1 2023 increased by $18,711 to $186,169, compared to Q1 2022. Retirement's same property revenues for Q1 2023 increased by $2,945 to $41,028, compared to Q1 2022, primarily due to occupancy growth and annual rental rate increases in line with market conditions. LTC's same property revenues for Q1 2023 increased by $15,766 to $145,141, compared to Q1 2022, primarily due to increased flow-through funding for direct care and annual inflationary funding increases.

The Company's total same property operating expenses, excluding net pandemic and incremental agency expenses, for Q1 2023 increased by $17,918 to $151,758, compared to Q1 2022. Retirement's same property operating expenses, excluding net pandemic and incremental agency recoveries of $156, for Q1 2023 increased by $2,181 to $25,863, compared to Q1 2022, primarily due to labour and food costs, and increased maintenance and utilities expenses. LTC's operating expenses for Q1 2023, excluding net pandemic and incremental agency expenses of $506, increased by $15,737 to $125,895, compared to Q1 2022, mainly due to higher expenses related to an increase in direct care labour.

Net pandemic and incremental agency expenses for Q1 2023 decreased by $1,380 to $350 compared to Q1 2022, mainly due to a decrease in retirement's net pandemic and incremental agency expenses for Q1 2023 by 767, LTC's net pandemic and incremental agency expenses decreased by $613 for the same period. During the quarter, the LTC segment received retroactive pandemic funding of $2,979 related to 2022. In Q1 2022, the LTC segment received retroactive pandemic funding of $2,222 to support pandemic expenses incurred during prior periods. Excluding retroactive pandemic funding, net pandemic and incremental agency costs were $3,329 in Q1 2023 compared to $3,952 in Q1 2022.

The Company's total same property NOI for Q1 2023 increased by $3,130 to $34,659, compared to Q1 2022. Retirement's same property NOI for Q1 2023 increased by $1,518 to $15,321. LTC's same property NOI for Q1 2023 increased by $1,612 to $19,338 compared to Q1 2022.

Net Operating Income by Segment

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

Retirement

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

	Three months ended March 31,		
Thousands of Canadian dollars	**2023**	2022	Change
Retirement Revenue			
Same property	**41,028**	38,083	2,945
Share of revenue from Equity-Accounted Joint Venture (2)	**7,557**	—	7,557
Acquisition, development and other	**836**	285	551
Total Adjusted Retirement Revenue	**49,421**	38,368	11,053
Retirement Expenses, net			
Same property	**25,863**	23,682	2,181
Net pandemic and incremental agency expenses (recoveries) (1)	**(156)**	611	(767)
Share of expenses from Equity-Accounted Joint Venture (2)	**5,711**	—	5,711
Acquisition, development and other	**388**	326	62
Total Adjusted Retirement Expenses, net	**31,806**	24,619	7,187
Retirement NOI			
Same property	**15,321**	13,803	1,518
Share of Equity-Accounted Joint Venture (2)	**1,846**	—	1,846
Acquisition, development and other	**448**	(54)	502
Total Adjusted Retirement NOI	**17,615**	13,749	3,866

Notes:

1. For Q1 2023, includes government assistance related to the pandemic of $591 (2022 - $673) and incremental pandemic related and agency expenses of $435 (2022 - $1,284), resulting in net pandemic and incremental agency expenses (recoveries) of $(156) (2022 - $611). Government assistance related to the pandemic is recognized to the extent that eligible expenses have been incurred and funding allocations are reasonably determinable.
2. Includes the Company's pro rata share of each of the revenue, operating expenses, and NOI of its Equity-Accounted Joint Venture.

First Quarter 2023 Retirement Results

Retirement's same property revenues for Q1 2023 increased by $2,945 to $41,028, compared to Q1 2022, primarily attributable to occupancy growth and annual rental rate increases in line with market conditions.

Retirement's same property operating expenses, excluding net pandemic and incremental agency expenses, for Q1 2023 increased by $2,181 to $25,863 compared to Q1 2022, primarily due to higher labour and food costs, increased maintenance and utilities expenses. Net pandemic and incremental agency expenses (recoveries) for Q1 2023 were $(156) representing an improvement over net pandemic and incremental agency expenses of $611 in Q1 2022.

Retirement's same property NOI for Q1 2023 increased by $1,518 to $15,321, compared to Q1 2022. Excluding net pandemic and incremental agency expenses, Retirement's same property NOI for Q1 2023 increased by $764 to $15,165, compared to Q1 2022.

Long-term Care

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

	Three months ended March 31,		
Thousands of Canadian dollars	**2023**	2022	Change
Long-term Care Revenue			
Same property	**145,141**	129,375	15,766
Development and other [1]	**5,049**	6,539	(1,490)
Total Long-term Care Revenue	**150,190**	135,914	14,276
Long-term Care Expenses, net			
Same property	**125,895**	110,158	15,737
Net pandemic and incremental agency expenses [2]	**506**	1,119	(613)
Development and other [1]	**5,095**	6,248	(1,153)
Total Long-term Care Expenses, net	**131,496**	117,525	13,971
Long-term Care NOI			
Same property	**19,338**	17,726	1,612
Development and other [1]	**(644)**	663	(1,307)
Total Long-term Care NOI	**18,694**	18,389	305

Notes:

1. Includes the financial results of one long-term care community which was sold in March 2022.
2. For Q1 2023, includes government assistance related to the pandemic of $9,038 (2022 - $24,390) and incremental pandemic related and agency expenses of $9,544 (2022 - $25,509), resulting in net pandemic and incremental agency expenses of $506 (2022 - $1,119). Government assistance related to the pandemic is recognized to the extent that eligible expenses have been incurred and funding allocations are reasonably determinable.

First Quarter 2023 Long-term Care Results

LTC's same property revenues for Q1 2023 increased by $15,766 to $145,141, compared to Q1 2022, primarily due to increased flow-through funding for direct care and annual inflationary funding increases.

Excluding net pandemic and incremental agency expenses, LTC's same property operating expenses for Q1 2023 increased by $15,737 to $125,895, compared to Q1 2022, mainly due to higher expenses related to an increase in labour.

LTC's net pandemic and incremental agency expenses for Q1 2023 were $506, representing a decrease in net pandemic and incremental agency expenses of $613 compared to Q1 2022. During the quarter, the LTC segment received retroactive pandemic funding of $2,979 related to 2022. In Q1 2022, the LTC segment received retroactive pandemic funding of $2,222 to support pandemic expenses incurred in previous periods. Excluding retroactive pandemic funding, net pandemic and incremental agency costs were $3,485 in Q1 2023 compared to $3,341 in Q1 2022.

LTC's same property NOI for Q1 2023 increased by $1,612 to $19,338, compared to Q1 2022. Excluding net pandemic and incremental agency expenses, LTC's same property NOI for Q1 2023 increased by $29 to $19,246, compared to Q1 2022.

Depreciation and Amortization

First Quarter 2023

Depreciation and amortization for Q1 2023 increased by $301 to $12,368, compared to Q1 2022, primarily due to depreciation of computer hardware additions.

Administrative Expenses

	Three months ended March 31,		
Thousands of Canadian dollars	**2023**	2022	Change
General and administrative expenses	**6,969**	7,220	(251)
Restructuring costs (1)	**592**	—	592
Share-based compensation	**791**	529	262
Pandemic related expenses	**20**	197	(177)
Total administrative expenses	**8,372**	7,946	426

Note:

1. For the three months ended March 31, 2023, the Company recognized restructuring costs related to reduction of employees at our corporate office.

First Quarter 2023

Administrative expenses for Q1 2023 increased by $426 to $8,372, compared to Q1 2022, primarily due to restructuring costs, partially offset by lower general and administrative expenses.

Share of Net Loss in Joint Ventures (JV)

First Quarter 2023

The Company's share of net loss in joint ventures of $2,541 (2022 - $nil), was primarily related to Sienna-Sabra LP. This balance is comprised of NOI of $1,846, less depreciation and amortization of $4,159, less finance costs of $191 and transaction costs of $37.

Net Finance Charges

Thousands of Canadian dollars	Three months ended March 31, 2023	2022	Change
Finance costs			
Interest expense on mortgages	**5,071**	3,629	1,442
Interest expense on debentures	**3,508**	3,508	—
Interest on unsecured term loan	**789**	—	789
Interest expense on credit facilities	**686**	225	461
Interest expense on right-of-use assets	**27**	12	15
Amortization of financing charges and fair value adjustments on acquired debt	**793**	552	241
Net settlement payment (receipt) on interest rate swap contracts	**(770)**	658	(1,428)
Loss (gain) on interest rate swap contracts	**1,087**	(4,969)	6,056
	11,191	3,615	7,576
Finance income			
Interest income on construction funding receivable	**146**	255	(109)
Other interest income	**376**	29	347
	522	284	238
Net finance charges	**10,669**	3,331	7,338

First Quarter 2023

Net finance charges for Q1 2023 increased by $7,338 to $10,669, compared to Q1 2022, primarily due to fair value loss on interest rate swap contracts and interest expense on the unsecured term loan and credit facilities.

Transaction Costs

First Quarter 2023

Transaction costs for Q1 2023 decreased by $565 to $774 compared to Q1 2022 primarily attributable to timing of activities related to development projects and transactions.

Income Taxes

First Quarter 2023

Income tax expense for Q1 2023 decreased by $5,078 resulting in an income tax expense of $79 (current tax expense of $1,155 and deferred tax recovery of $1,076), compared to Q1 2022 income tax expense of $5,157 (current tax expense of $3,446 and deferred tax expense of $1,711). The decrease in current taxes is primarily due to the tax gain on disposition of properties which was incurred in Q1 2022, partially offset by higher NOI in the current period. The decrease in deferred income tax expense is primarily attributable to the fair value loss on interest rate swaps.

Business Performance

Non-IFRS Measures

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

Adjusted Funds from Operations

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

Thousands of Canadian dollars, except share and per share data	Three months ended March 31, 2023	2022	Change
Net income (loss)	**(340)**	26,020	(26,360)
Deferred income tax expense (recovery)	**(1,076)**	1,711	(2,787)
Depreciation and amortization	**11,006**	11,221	(215)
Transaction costs	**774**	1,339	(565)
Net settlement payment on interest rate swap contracts	**(770)**	658	(1,428)
Fair value loss (gain) on interest rate swap contracts	**1,087**	(4,969)	6,056
Gain on disposal of properties, net of tax	**—**	(20,586)	20,586
Equity-Accounted Joint Ventures: Depreciation and amortization	**4,159**	—	4,159
Transaction cost	**38**	—	38
Funds from operations (FFO)	**14,878**	15,394	(516)
Depreciation and amortization - corporate	**1,362**	846	516
Amortization of financing charges and fair value adjustments on assumed debt (1)	**845**	552	293
Net settlement receipt (payment) on interest rate swap contracts	**770**	(658)	1,428
Restructuring costs	**592**	—	592
Operating funds from operations (OFFO)	**18,447**	16,134	2,313
Construction funding	**1,952**	2,355	(403)
Maintenance capital expenditure (2)	**(2,212)**	(2,042)	(170)
Adjusted funds from operations (AFFO)	**18,187**	16,447	1,740
Adjusted funds from operations (AFFO)	**18,187**	16,447	1,740
Dividends declared	**(17,068)**	(16,136)	(932)
AFFO retained	**1,119**	311	808
FFO per share	**0.204**	0.228	(0.024)
OFFO per share	**0.253**	0.239	0.014
AFFO per share	**0.249**	0.243	0.006
Weighted average common shares outstanding	**72,939,941**	67,614,123	

Notes:
1. For the three months ended March 31, 2023, includes the Company's share of amortization of financing charges and fair value adjustments on assumed debt in Equity-Accounted Joint Venture of $52 (2022 -$nil).
2. For the three months ended March 31, 2023 includes the Company's share of maintenance capital expenditure in Equity-Accounted Joint Venture of $165 (2022 - $nil).

First Quarter 2023 Performance

For Q1 2023, FFO decreased by $516 to $14,878, compared to Q1 2022. The decrease was primarily due to higher interest expenses, offset partially by lower current income taxes and general and administrative expenses.

For Q1 2023, OFFO increased by $2,313 to $18,447, compared to Q1 2022. The increase was primarily attributable to higher NOI and net settlement receipt on interest rate swap contracts.

For Q1 2023, AFFO increased by $1,740 to $18,187, compared to Q1 2022. The increase was primarily related to the increase in OFFO offset by lower construction funding receivable.

Construction Funding

The Company receives construction funding subsidies from the Government of Ontario on a per bed per diem basis to support the costs of developing or redeveloping eligible LTC homes. There are several eligibility requirements, including receiving approval from the MLTC on the development or redevelopment and completing the construction in accordance with a development agreement signed with the MLTC. This funding is non-interest bearing, and is received subject to the condition that the residences continue to operate as long-term care residences for the period for which they are entitled to the construction funding. As at March 31, 2023, the condition for funding has been met.

The construction funding amount to reconcile from OFFO to AFFO represents the change in the construction funding receivable balance, which consists of the cash to be received, offset by the interest income on the construction funding receivable recognized in "net income". For the remainder of 2023 through 2027, and thereafter, the Company estimates that the construction funding amount will be as follows:

Thousands of Canadian dollars	**Construction funding interest income** [1]	**Construction funding principal** [2]	**Total construction funding to be received**
2023	266	4,001	4,267
2024	295	2,539	2,834
2025	214	1,323	1,537
2026	147	1,193	1,340
2027	109	461	570
Thereafter	617	3,193	3,810
	1,648	**12,710**	**14,358**

Notes:

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

For the three months ended March 31, 2023, interest income on construction funding of $146 (2022 - $255) was recognized, and an adjustment of $1,952 (2022 - $2,355) was made to AFFO for construction funding principal received.

Maintenance Capital Expenditures

The Company monitors all of its properties for ongoing maintenance requirements. As part of the capital investments' monitoring process, items are assessed and prioritized based on the urgency and necessity of the expenditure to sustain or maintain the condition of buildings, or to meet residents' needs. The following table summarizes the Company's maintenance capital expenditures for the periods ended March 31:

	Three months ended March 31,	
Thousands of Canadian dollars	**2023**	2022
Building maintenance	**554**	816
Mechanical and electrical	**528**	364
Suite renovations and common area upgrades	**637**	488
Communications and information systems	**173**	46
Furniture, fixtures and equipment	**320**	328
Total maintenance capital expenditures	**2,212**	2,042
Capital Investments in Equity-Accounted Joint Venture	**165**	—

Building Maintenance

Building maintenance include the costs for structures, roofing, exterior grounds, fire safety, and sprinklers. For the three months, the decline in building maintenance compared to the prior year is due to timing of repairs and sprinkler replacement.

Mechanical and Electrical

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

Suite Renovations and Common Area Maintenance

Suite renovations and common area maintenance are expenditures to maintain the marketability of the Company's residences. Flooring and carpeting replacements are often done in conjunction with suite renovations. For the three months, the increase in suite renovations compared to the prior year is due to timing of upgrades.

Communication and Information Systems

Communication and information systems' expenditures include the costs for purchasing and installing computer equipment, software applications, telecommunication systems and wireless solutions.

Furniture, Fixtures and Equipment

Furniture, fixtures and equipment expenditures include the costs for replacing or maintaining residences' furnishings and equipment, including those in residents' rooms, as well as kitchen facilities, laundry facilities and dining furnishings.

Reconciliation of Cash Flow from Operations to Adjusted Funds from Operations

The IFRS measure most directly comparable to AFFO is "cash flow from operating activities". The following table represents the reconciliation of cash provided by operating activities to AFFO for the periods ended March 31:

	Three months ended March 31,		
Thousands of Canadian dollars	**2023**	2022	Change
Cash provided by operating activities	**17,695**	40,603	(22,908)
Construction funding principal	**1,952**	2,355	(403)
Transaction costs	**812**	1,339	(527)
Maintenance capital expenditures	**(2,212)**	(2,042)	(170)
Net change in working capital, interest and taxes	**(2,633)**	(5,428)	2,795
Restricted share units recovery	**363**	206	157
Restructuring costs	**592**	—	592
Gain on disposal of properties, net of tax	**—**	(20,586)	20,586
FFO of Equity-Accounted Joint Venture	**1,618**	—	1,618
Adjusted funds from operations (AFFO)	**18,187**	16,447	1,740
Adjusted funds from operations (AFFO)	**18,187**	16,447	1,740
Dividends declared	**(17,068)**	(16,136)	(932)
AFFO retained over dividend reinvestment	**1,119**	311	808
Dividend reinvestment	**—**	—	—
AFFO retained after dividend reinvestment	**1,119**	311	808

The AFFO retained over dividends declared for the three months ended March 31, 2023 is higher compared to Q1 2022, primarily due to an increase in NOI.

Refer to the "Cash Flow Analysis" section for details on the change from Q1 2022 to Q1 2023 on cash flow provided by operating activities.

Reconciliation of Net Income to Net Operating Income

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

	Three months ended March 31,	
Thousands of Canadian dollars	**2023**	2022
Net income (loss)	**(340)**	26,020
Add back:		
Depreciation and amortization	**12,368**	12,067
Administrative expenses	**8,372**	7,946
Net finance charges	**10,669**	3,331
Provision for income taxes	**79**	5,157
Transactions costs	**774**	1,339
Share of net loss in Equity-Accounted Joint Venture	**2,541**	—
Gain on disposal of properties	**—**	(23,722)
Share of NOI in Equity-Accounted Joint Venture	**1,846**	—
Net operating income (NOI)	**36,309**	32,138

Financial Position Analysis

Balance Sheet Analysis

The following table summarizes the significant changes in assets, liabilities and equity as at March 31, 2023 compared to December 31, 2022:

Thousands of Canadian dollars	**2023**	2022	Change
Total assets	**1,681,045**	1,680,428	617
Total liabilities	**1,263,755**	1,245,736	18,019
Total equity	**417,290**	434,692	(17,402)

Total assets increased by $617 to $1,681,045 primarily due to the acquisition of Woods Park, partially offset by decreases in cash and cash equivalents, Investment in Sienna-Sabra LP, construction funding receivable, accounts receivable and other assets, and government funding receivable.

Total liabilities increased by $18,019 to $1,263,755 primarily due to assumption of mortgage from acquisition of Woods Park, addition of a property-level mortgage, partially offset by decreases in accounts payable and other liabilities and income taxes payable.

Total equity decreased by $17,402 to $417,290 primarily due to dividends declared during the period.

Cash Flow Analysis

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

	Three months ended March 31,		
Thousands of Canadian dollars	**2023**	2022	Change
Cash provided by (used in):			
Operating activities	**17,695**	40,603	(22,908)
Investing activities	**(18,363)**	26,383	(44,746)
Financing activities	**(6,943)**	38,909	(45,852)
(Decrease) increase in cash and cash equivalents during the period	**(7,611)**	105,895	(113,506)
Cash and cash equivalents, end of period	**30,439**	134,948	(104,509)

First Quarter 2023

Cash inflows provided by operating activities for the three months ended March 31, 2023 decreased by $22,908 to $17,695 primarily due to lower net government funding and assistance received compared to Q1 2022.

Cash outflow used in investing activities for the three months ended March 31, 2023 increased by $44,746 to $18,363 primarily due to acquisition of Woods Park, proceeds from disposal of properties in Q1 2022, partially offset by distributions received from joint venture and higher interest received.

Cash outflows used in financing activities for the three months ended March 31, 2023 increased by $45,852 to $6,943 primarily due to non-recurring proceeds from issuance of common shares in Q1 2022 and higher dividends paid in Q1 2023 compared to Q1 2022 due to the increase in the number of common shares, partially offset by net proceeds from long-term debt in Q1 2023.

Liquidity and Capital Resources

Liquidity

The Company's primary source of liquidity is cash flow generated from operating activities. The Company expects to meet its operating cash requirements, including required working capital, capital expenditures, and currently scheduled interest payments on debt through fiscal 2023 and beyond, from cash on hand, cash flow from operations, proceeds from refinancing its debt, its committed but unutilized borrowing capacity and, if necessary, will pursue debt or equity financing to provide the Company with additional financial flexibility.

As at March 31, 2023, the Company's liquidity was $307,939, as follows:

Thousands of Canadian dollars	**March 31, 2023**	December 31, 2022
Cash and cash equivalents	**30,439**	38,050
Available funds from credit facilities	**277,500**	248,500
Total	**307,939**	286,550

As at March 31, 2023, the Company had drawn $31,000 from its available facilities.

In addition, as at March 31, 2023, the Company's share of cash and cash equivalents held in our Equity-Accounted Joint Venture was $2,210.

The Company had a working capital deficiency (current liabilities less current assets) of $264,246 as at March 31, 2023, including the current portion of long-term debt of $127,047. To support its working capital deficiency, the Company has available cash from operations, access to multiple sources of financing and has a history of successfully refinancing credit facilities.

The Company has an unencumbered asset pool with a fair value of approximately $1,148,300 as at March 31, 2023, representing a decrease of $33,000 from $1,181,300 as at December 31, 2022. The decrease in the unencumbered asset pool since the beginning of the year is due to the addition of one mortgage to a property that was previously unencumbered, partially offset by two property-level mortgages repaid and not refinanced.

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

Debt

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

The Company's goal is to continue to optimize its debt maturity schedule over a 10-year period in order to manage interest rate and financial risks. The Company's strategy is to build a 10-year debt maturity ladder by refinancing approximately 10% of its debt annually, which is approximately $99,926 as at March 31, 2023. On December 9, 2022, DBRS confirmed Sienna's "BBB" investment grade credit rating with a "Stable" trend, along with the "BBB" credit rating for the Company's Series A Unsecured Debentures, Series B Unsecured Debentures and Series C Unsecured Debentures (later defined in the "Debentures" section).

The Company's total debt is comprised as follows:

Thousands of Canadian dollars	**March 31, 2023**	December 31, 2022
Series A Unsecured Debentures	**150,000**	150,000
Series B Unsecured Debentures	**175,000**	175,000
Series C Unsecured Debentures	**125,000**	125,000
Unsecured Term Loan	**50,000**	50,000
Credit facilities	**31,000**	60,000
Mortgages	**474,884**	422,678
Lease liability	**2,748**	2,844
	1,008,632	985,522
Fair value adjustments on assumed debt	**1,992**	2,343
Less: Deferred financing costs	**(11,366)**	(9,901)
Total debt	**999,258**	977,964

The Company's total debt as at March 31, 2023 was $999,258 (December 31, 2022 - $977,964). The increase of $21,294 was primarily related to the addition of a property-level mortgage partially offset by the partial repayment of the Unsecured Revolving Credit Facility (defined in the "Credit Facilities" section of this MD&A).

The following table summarizes the scheduled principal maturities of the Company's long-term debt commitments as at March 31, 2023:

Thousands of Canadian dollars, except interest rate							Mortgages				
Year	Series A Unsecured Debentures (1)	Series B Unsecured Debentures (2)	Series C Unsecured Debentures (3)	Unsecured Term Loan	Credit Facilities	Capitalized Lease Principal Payments (4)	Regular Principal Repayments	Principal Due at Maturity	Weighted Average Interest Rate on Maturing Mortgages	Total	Consolidated Weighted Average Interest Rate on Maturing Debt
2023	—	—	—	50,000	—	270	13,861	60,824	3.39 %	**124,955**	4.58 %
2024	150,000	—	—	—	—	365	16,937	59,531	4.13 %	**226,833**	3.42 %
2025	—	—	—	—	—	407	12,743	41,065	3.78 %	**54,215**	3.78 %
2026	—	175,000	—	—	—	423	12,877	—	— %	**188,300**	3.45 %
2027	—	—	125,000	—	31,000	440	12,317	35,115	3.30 %	**203,872**	3.43 %
2028	—	—	—	—	—	457	7,310	115,703	3.35 %	**123,470**	3.35 %
2029	—	—	—	—	—	386	3,199	5,477	5.20 %	**9,062**	5.20 %
2030	—	—	—	—	—	—	2,855	9,230	1.65 %	**12,085**	1.65 %
Thereafter	—	—	—	—	—	—	15,795	50,045	4.44 %	**65,840**	4.44 %
	150,000	**175,000**	**125,000**	**50,000**	**31,000**	**2,748**	**97,894**	**376,990**	**3.68 %**	**1,008,632**	3.64 %
Fair value adjustments on assumed debt										**1,992**	
Less: Deferred financing costs										**(11,366)**	
Total debt										**999,258**	

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

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

Thousands of Canadian dollars	**March 31, 2023**	December 31, 2022
Mortgages	**25,950**	26,177
Fair value adjustments on assumed debt	**(2,470)**	(2,522)
Less: Deferred financing costs	**(12)**	(12)
Total mortgages	**23,468**	23,643

Year	Regular Principal Repayments
2023	**688**
2024	**936**
2025	**957**
2026	**978**
2027	**1,000**
2028	**1,023**
2029	**1,046**
2030	**1,069**
Thereafter	**18,253**
	25,950
Fair value adjustments on assumed debt	**(2,470)**
Less: Deferred financing costs	**(12)**
Total debt	**23,468**

Debentures

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

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

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

The balances related to the debentures are as follows:

Thousands of Canadian dollars	**March 31, 2023**	December 31, 2022
Series A Unsecured Debentures	**150,000**	150,000
Series B Unsecured Debentures	**175,000**	175,000
Series C Unsecured Debentures	**125,000**	125,000
Less: Deferred financing costs	**(1,759)**	(1,924)
	448,241	448,076

Unsecured Term Loan

The Company acquired a portfolio of assets through its joint venture on May 16, 2022. To finance its 50% share of the joint venture's acquisition, the Company entered into a credit agreement with a Canadian lender for an unsecured acquisition term loan facility of $90,000 maturing May 16, 2023. Borrowings under the Unsecured Term Loan were at an interest rate of CDOR plus 145 bps per annum. The Unsecured Term Loan is subject to certain customary financial and non-financial covenants. As at March 31, 2023, the balance of the Unsecured Term Loan was $50,000 (December 31, 2022 - $50,000).

Credit Facilities

The Company has a combined total borrowing capacity of $308,500 pursuant to its credit facilities as at March 31, 2023.

On March 19, 2020 the Company entered into a credit agreement for $200,000 senior unsecured revolving credit facility (the "Unsecured Revolving Credit Facility"). On October 26, 2022, the Company increased the Unsecured Revolving Credit Facility by $100,000 to $300,000 and extended its maturity to March 19, 2027. The Unsecured Revolving Credit Facility may be extended for additional one-year terms, subject to certain conditions. The capacity of the Unsecured Revolving Credit Facility may be increased by up to $50,000 during the term of the facility, subject to certain conditions. Borrowings under the Unsecured Revolving Credit Facility bear interest at banker's acceptance ("**BA**") rate plus 145 bps per annum or at the Canadian prime rate plus 45 bps per annum, at the Company's choice. The Unsecured Revolving Credit Facility is subject to certain customary financial and non-financial covenants.

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

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

As at March 31, 2023, the Company had drawn $31,000 under the Unsecured Revolving Credit Facility (December 31, 2022 - $60,000).

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

Thousands of Canadian dollars	**March 31, 2023**	December 31, 2022
Credit facilities drawn	**31,000**	60,000
Less: Deferred financing costs	**(870)**	(891)
	30,130	59,109

Mortgages

The Company has both fixed and variable rate mortgages with various financial institutions. The Company is subject to interest rate risk on mortgages at variable rates associated with certain residences, which is substantially offset by interest rate swap contracts. Property-level mortgages are secured by each of the underlying properties' assets, guaranteed by the Company and subject to customary financial and non-financial covenants.

The Company has low-cost mortgage financing with CMHC. As at March 31, 2023, 62% of the Company's total property-level mortgages, including the Company's proportionate share of Equity-Accounted Joint Venture, were insured by CMHC.

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

Thousands of Canadian dollars	**March 31, 2023**	December 31, 2022
Mortgages at fixed rates	**345,064**	291,487
Mortgages at variable rates [1]	**129,820**	131,191
Fair value adjustments on assumed debt	**1,992**	2,343
Less: Deferred financing costs	**(8,670)**	(7,086)
	468,206	417,935

Note:

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

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

	March 31, 2023			December 31, 2022
	Fixed Rate	**Variable Rate**	**Total**	Total
Weighted average interest rate	3.65 %	3.76 %	**3.68 %**	3.64 %
Weighted average term to maturity (years)	5.7	3.1	**5.0**	4.5

Lease Liability

The lease liability as at March 31, 2023 of $2,748 represents the Company's lease on its office equipment and the renewed Markham corporate office space.

Credit Ratings

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

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

Financial Covenants

The Company is in compliance with all financial covenants on its borrowings as at March 31, 2023. However, there can be no assurance that covenant requirements will be met at all times. If the Company does not remain in compliance, its ability to amend the covenants or refinance its debt could be adversely affected.

Interest Coverage Ratio

The Interest Coverage Ratio is a common measure used to assess an entity's ability to service its debt obligations. In general, higher ratios indicate a lower risk of default. Adjusted EBITDA as referenced below, is presented in accordance with defined terms in certain covenant calculations. The interest coverage ratio is calculated as follows for the periods ended March 31:

	Three months ended March 31,	
Thousands of Canadian dollars, except ratio	**2023**	2022
Net finance charges	**10,669**	3,331
Add (deduct):		
Amortization of financing charges and fair value adjustments on acquired debt	**(793)**	(552)
Interest income on construction funding receivable	**146**	255
Interest expenses from Equity-Accounted Joint Venture	**145**	—
Other interest income	**376**	29
Fair value (loss) gain on interest rate swap contracts	**(1,087)**	4,969
Net finance charges, adjusted	**9,456**	8,032
Adjusted EBITDA	**30,627**	26,802
Interest coverage ratio	**3.2**	3.3

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

	Three months ended March 31,	
Thousands of Canadian dollars	**2023**	2022
Net income (loss) [2]	**(340)**	26,020
Depreciation and amortization [1]	**16,527**	12,067
Net finance charges [1]	**10,860**	3,331
Provision for income taxes	**79**	5,157
Transaction costs [1]	**811**	1,339
Restructuring costs	**592**	—
EBITDA	**28,529**	47,914
Proceeds from construction funding	**2,098**	2,610
Gain on disposal of properties and other assets	—	(23,722)
Adjusted EBITDA	**30,627**	26,802

Notes:

1. Includes the Company's proportionate share of Equity-Accounted Joint Venture.
2. 2023 figures include retroactive pandemic funding recovery of $2,979 (2022 - $2,222) received in 2023 for pandemic expenses incurred in prior years.

Debt Service Coverage Ratio

The Debt Service Coverage Ratio is a common measure used to assess an entity's ability to service its debt obligations. Maintaining the debt service coverage ratio forms part of the Company's debt covenant requirements. In general, higher ratios indicate a lower risk of default. Adjusted EBITDA as referenced below, is presented in accordance with defined terms in certain covenant calculations. The following is the calculation for the periods ended March 31:

	Three months ended March 31,	
Thousands of Canadian dollars, except ratio	**2023**	2022
Net finance charges, adjusted (1)	**9,456**	8,032
Principal repayments (1)(2)	**4,912**	5,021
Total debt service (1)	**14,368**	13,053
Adjusted EBITDA	**30,627**	26,802
Deduct:		
Maintenance capital expenditures	**(2,212)**	(2,042)
Cash income tax paid	**(2,911)**	(1,780)
Adjusted EBITDA (for covenant calculations)	**25,504**	22,980
Debt service coverage ratio	**1.8**	1.8

Notes:

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

Debt to Adjusted EBITDA Ratio

The Debt to Adjusted EBITDA ratio is an indicator of the approximate number of years required for current cash flows to repay all indebtedness. The Adjusted EBITDA below is annualized using the Adjusted EBITDA for the three months ended March 31, 2023.

	As of March 31,	
Thousands of Canadian dollars, except ratio	**2023**	2022
Series A Unsecured Debentures	**150,000**	150,000
Series B Unsecured Debentures	**175,000**	175,000
Series C Unsecured Debentures	**125,000**	125,000
Unsecured Term Loan	**50,000**	—
Credit facilities	**31,000**	17,000
Mortgages	**474,884**	463,478
Mortgages related to Equity-Accounted Joint Venture	**25,950**	—
Lease liability	**2,748**	1,183
Total indebtedness	**1,034,582**	931,661
Adjusted EBITDA - Annualized	**122,508**	107,208
Debt to Adjusted EBITDA	**8.4**	8.7

Debt to Gross Book Value

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

Thousands of Canadian dollars, except ratio	As of March 31, 2023	2022
Total indebtedness	**1,034,582**	931,661
Total assets [1]	**1,707,418**	1,702,288
Accumulated depreciation on property and equipment [1]	**416,245**	354,468
Accumulated amortization on intangible assets [1]	**199,931**	186,341
Gross book value [1]	**2,323,594**	2,243,097
Debt to gross book value	**44.5 %**	41.5 %

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

Equity

Share Capital

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

Thousands of Canadian dollars, except shares	Common shares	Amount
Balance, January 1, 2022	67,039,123	879,028
Long-term incentive plan, net of loans receivable	—	416
Common shares issued pursuant to bought deal, net of share issuance costs	5,750,000	82,945
Common shares issued pursuant to SOAR program	150,818	2,125
Balance, December 31, 2022	72,939,941	964,514
Long-term incentive plan, net of loans receivable	—	6
Balance, March 31, 2023	72,939,941	964,520

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

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

Dividends

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

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

	Three months ended March 31,		
Thousands of Canadian dollars	**2023**	2022	Change
Cash flows from operating activities	**17,695**	40,603	(22,908)
AFFO	**18,187**	16,447	1,740
Dividends declared	**(17,068)**	(16,136)	(932)
Cash flows from operating activities in excess of dividends declared	**627**	24,467	(23,840)
AFFO retained	**1,119**	311	808

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

The Company has suspended its dividend reinvestment plan.

Capital Disclosure

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

The Company's objectives when managing capital are to:

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

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

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

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

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

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

Contractual Obligations and Other Commitments

Leases

The Company has a lease with respect to its Markham corporate office that expires on October 31, 2029.

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

Critical Accounting Estimates and Accounting Policies

The accounting policies and estimates that are critical to the understanding of the Company's business operations and results of operations are identified in Note 3 of the Company's annual audited consolidated financial statements for the year ended December 31, 2022. New or changes in accounting policies are identified in Note 3 of the Company's condensed interim consolidated financial statements for the three months ended March 31, 2023. Please refer to those condensed interim consolidated financial statements for further details.

Significant Judgments and Estimates

The critical accounting estimates used by management in applying the Company's accounting policies and the key sources of estimation uncertainty are identified in Note 3 of the Company's annual audited consolidated financial statements for the year ended December 31, 2022. Changes in significant judgments and estimates are identified in Note 3 of the Company's condensed interim consolidated financial statements for the three months ended March 31, 2023. Please refer to those condensed interim consolidated financial statements for further details.

Risk Factors

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

Developments Related to Pay Equity

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

Given the current status of the proceedings and significant number of judgements required in establishing the pay equity framework, including ongoing discussions with the unions, that will impact the measurement of any potential provision, management has assessed the conditions required for a provision and have concluded that it is not possible to reliably measure the potential outflow of resources, and accordingly no provision has been recorded in the Condensed Interim Consolidated Financial Statements as at March 31, 2023.

Controls and Procedures

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

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

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

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

Forward-Looking Statements

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

Consolidated Financial Statements

Q1 2023 Sienna Senior Living Inc.

Cultivating happiness in daily life

Sienna
Senior Living

Condensed Interim Consolidated Financial Statements

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Condensed Interim Consolidated Statements of Financial Position
(Unaudited)

Thousands of Canadian dollars

	Notes	March 31, 2023	December 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents		**30,439**	38,050
Accounts receivable and other receivables		**15,714**	17,498
Prepaid expenses and deposits		**13,556**	14,200
Government funding receivable		**4,320**	5,942
Construction funding receivable	5, 7	**4,770**	5,773
Derivative assets		**1,925**	2,292
		70,724	83,755
Non-current assets			
Derivative assets		**2,464**	3,186
Restricted cash	6	**3,498**	3,457
Construction funding receivable	5, 7	**7,940**	8,889
Investment in joint ventures	22	**156,032**	159,073
Property and equipment	8	**1,083,118**	1,064,880
Intangible assets	9	**192,366**	192,285
Goodwill		**164,903**	164,903
Total assets		**1,681,045**	1,680,428
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	10	**123,988**	125,622
Government funding payable		**82,962**	82,256
Current portion of long-term debt	11	**127,047**	126,099
Income taxes payable		**973**	2,729
		334,970	336,706
Non-current liabilities			
Long-term debt	11	**872,211**	851,865
Deferred income taxes	13	**46,993**	48,067
Share-based compensation liability	16	**7,319**	6,933
Derivative liabilities		**2,262**	2,165
Total liabilities		**1,263,755**	1,245,736
EQUITY			
Shareholders' equity		**417,290**	434,692
Total equity		**417,290**	434,692
Total liabilities and equity		**1,681,045**	1,680,428

Commitments and contingencies (Note 23)

See accompanying notes

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

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

Thousands of Canadian dollars

	Notes	Share capital	Contributed surplus	Shareholders' deficit	Total shareholders' equity
Balance, January 1, 2023		**964,514**	**203**	**(530,025)**	**434,692**
Net loss		**—**	**—**	**(340)**	**(340)**
Long-term incentive plan	14	**6**	**—**	**—**	**6**
Dividends	15	**—**	**—**	**(17,068)**	**(17,068)**
Balance, March 31, 2023		**964,520**	**203**	**(547,433)**	**417,290**

	Notes	Share capital	Contributed surplus	Shareholders' deficit	Total shareholders' equity
Balance, January 1, 2022		879,028	203	(473,378)	405,853
Issuance of shares, net of share issuance costs	14	83,136	—	—	83,136
Net income		—	—	26,020	26,020
Long-term incentive plan	14	399	—	—	399
Dividends	15	—	—	(16,136)	(16,136)
Balance, March 31, 2022		962,563	203	(463,494)	499,272

See accompanying notes.

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

Thousands of Canadian dollars, except share and per share data

	Notes	Three months ended March 31, 2023	2022
Revenue	18, 21	**192,054**	174,282
Expenses and other items			
Operating expenses, net of government assistance		**157,591**	142,144
Depreciation and amortization		**12,368**	12,067
Administrative	19	**8,372**	7,946
Share of net loss in joint ventures	22	**2,541**	—
Net finance charges	12	**10,669**	3,331
Transaction costs		**774**	1,339
Gain on disposal of properties		**—**	(23,722)
	20	**192,315**	143,105
(Loss) income before provision for (recovery of) income taxes		**(261)**	31,177
Provision for (recovery of) income taxes			
Current		**1,155**	3,446
Deferred		**(1,076)**	1,711
	13	**79**	5,157
Net (loss) income and comprehensive income		**(340)**	26,020
Net (loss) income per share (basic and diluted)	14	**—**	$0.39
Weighted average number of common shares outstanding	14	**72,939,941**	67,614,123

See accompanying notes.

Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)

Thousands of Canadian dollars

	Notes	Three months ended March 31, 2023	2022
OPERATING ACTIVITIES			
Net (loss) income		**(340)**	26,020
Add (deduct) items not affecting cash			
Depreciation of property and equipment	8	**11,952**	11,557
Amortization of intangible assets	9	**416**	510
Current income tax expense		**1,155**	3,446
Deferred income tax (recovery) expense		**(1,076)**	1,711
Share of net loss in joint ventures	22	**2,541**	—
Share-based compensation expense	16	**791**	529
Net finance charges	12	**10,669**	3,331
Restructuring costs		**592**	—
Gain on disposal of properties		**—**	(23,722)
		26,700	23,382
Non-cash changes in working capital			
Accounts receivable and other receivables		**1,793**	(680)
Prepaid expenses and deposits		**655**	(4,970)
Accounts payable and other liabilities		**(2,591)**	8,213
Government funding, net, and excluding government assistance related to pandemic expenses		**973**	(10,156)
		830	(7,593)
Interest paid on long-term debt		**(11,247)**	(8,744)
Net settlement recovery (payment) on interest rate swap contracts		**770**	(658)
Income taxes paid		**(2,911)**	(1,780)
Government assistance related to pandemic expenses		**3,553**	35,996
Cash provided by operating activities		**17,695**	40,603
INVESTING ACTIVITIES			
Purchase of property and equipment		**(10,024)**	(10,881)
Government assistance related to capital expenditures		**3,936**	5,032
Acquisition	4	**(14,711)**	—
Proceeds from disposal of properties		**—**	29,952
Purchase of intangible assets	9	**(497)**	(276)
Amounts received from construction funding	7	**2,098**	2,610
Interest received	12	**376**	29
Distributions received from joint ventures	22	**500**	—
Change in restricted cash	6	**(41)**	(83)
Cash (used in) from investing activities		**(18,363)**	26,383
FINANCING ACTIVITIES			
Net proceeds from issuance of common shares	14	**—**	82,632
Repayment of long-term debt	11	**(44,685)**	(35,691)
Proceeds from long-term debt	11	**57,083**	8,000
Deferred financing costs		**(2,273)**	(345)
Dividends paid	14	**(17,068)**	(15,687)
Cash (used in) from financing activities		**(6,943)**	38,909
(Decrease) increase in cash and cash equivalents during the period		**(7,611)**	105,895
Cash and cash equivalents, beginning of period		**38,050**	29,053
Cash and cash equivalents, end of period		**30,439**	134,948

See accompanying notes.

1 Organization

Sienna Senior Living Inc. (the "**Company**") and its predecessors have been operating since 1972. The Company is a seniors' living provider serving the continuum of independent living ("**IL**"), independent supportive living ("**ISL**"), assisted living ("**AL**"), memory care ("**MC**") and long-term care ("**LTC**" or "**Long-term Care**") through the ownership and operation of seniors' living residences in the Provinces of British Columbia, Saskatchewan, and Ontario. As at March 31, 2023, the Company owns and operates a total of 82 seniors' living residences: 39 retirement residences ("**RRs**", "**Retirement Residences**" or "**RET**") (including the Company's joint venture interest in 12 residences in Ontario and Saskatchewan); 35 LTC residences; and eight seniors' living residences providing both private-pay IL and AL and funded LTC (including the Company's joint ownership in two residences in British Columbia). The Company also provides management services to 11 seniors' living residences in British Columbia and Ontario.

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

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

As at March 31, 2023, the Company had outstanding 72,939,941 common shares.

2 Basis of preparation

These unaudited condensed interim consolidated financial statements ("**interim consolidated financial statements**") have been prepared in accordance with International Accounting Standard ("**IAS**") 34, *Interim Financial Reporting*. The interim consolidated financial statements should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended December 31, 2022, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

Certain prior year figures have been revised to conform to current year's presentation.

The condensed interim consolidated financial statements were approved by the Board of Directors on May 11, 2023.

3 Summary of significant accounting policies, judgments and estimation uncertainty

In preparing these condensed interim consolidated financial statements, the accounting policies utilized are consistent with those utilized in the preparation of the annual audited consolidated financial statements for the year ended December 31, 2022.

Amendments to IAS 8, Definition of Accounting Estimates

In February 2021, the IASB issued Definition of Accounting Estimates, which made amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendment replaced the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Accounting estimates are developed if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendment clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the current period’s consolidated statements of comprehensive income (loss), or the consolidated statements of comprehensive income (loss) of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The amendments apply for annual periods beginning on or after January 1, 2023. The amendments apply for annual periods beginning on or after January 1, 2023. Effective January 1, 2023, the Company adopted these requirements. The application of this amendment did not have a material impact on the Company’s condensed interim consolidated financial statements.

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

4 Acquisitions

On January 3, 2023, the Company completed the acquisition of a formerly managed retirement and long-term care community ("Woods Park") from a related party. Woods Park consists of 55 retirement suites and 123 Class A LTC Beds and is located in Barrie, Ontario. The total purchase price of the acquisition was allocated to the assets and liabilities on a preliminary basis as follows:

Assets	
Cash	2
Accounts receivable	5
Prepaid expenses and deposits	11
Property and equipment	26,300
Total assets	26,318
Liabilities	
Accounts payable and other liabilities	1,135
Long-term debt	10,472
Total liabilities	11,607
Net assets acquired	14,711
Cash consideration	14,711
Total consideration	14,711

Transaction costs expensed related to the acquisition for the three months ended March 31, 2023 were $532.

As part of the Woods Park Acquisition, the Company assumed existing property-level mortgages in the amount of $10,807 with a fair value of $10,472 bearing interest of 4.27% and maturing on December 29, 2024.

Woods Park contributed $3,318 revenue and net income of $25 to the Company for the period between the date of acquisition and March 31, 2023.

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

5 Financial instruments

The following financial instruments are measured at amortized cost and the corresponding fair values as at March 31, 2023 and December 31, 2022 are disclosed in the table below:

	As at March 31, 2023		As at December 31, 2022	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Current and long-term portion of construction funding receivable	**12,710**	**12,205**	14,662	14,122
Financial Liabilities				
Current and long-term portion of debt	**999,258**	**960,161**	977,964	940,077

Liquidity risk

Liquidity risk is the risk the Company may encounter difficulties in meeting its obligations associated with financial liabilities and commitments. The Company has credit agreements in place related to its long-term debt. These credit agreements contain a number of standard financial and other covenants. The Company was in compliance with all covenants on its borrowings as at March 31, 2023. A failure by the Company to comply with the obligations in these credit agreements could result in a default that, if not rectified or waived, could permit acceleration of the relevant indebtedness.

As at March 31, 2023, the Company had negative working capital (current assets less current liabilities) of $264,246 (December 31, 2022 - $252,951), which is primarily related to the current portion of long-term debt of $127,047 and timing of settling accounts payable. To support the Company's working capital deficiency, the Company has available cash from operations, access to multiple sources of financing, and a history of successfully refinancing debt.

6 Restricted cash

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

7 Construction funding receivable

As at March 31, 2023, the Company is eligible to receive funding from the Government of Ontario of approximately $12,710 (December 31, 2022 - $14,662) related to the costs of developing or redeveloping eligible LTC residences. The receipt of this funding is subject to the condition that the residences continue to operate as long-term care residences for the period for which the residences are entitled to the construction funding. As at March 31, 2023, the condition for the funding has been met.

As at March 31, 2023, the weighted average remaining term of the construction funding is approximately 6.2 years. The fair value of the construction funding receivable is determined by discounting the expected future cash flows of the receivable using the applicable Government of Ontario bond rates.

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

The following table summarizes the construction funding activity:

As at January 1, 2022	26,218
Add: Interest income earned	878
Less: Construction funding payments received	(9,980)
Less: Construction write-off [1]	(2,454)
As at December 31, 2022	14,662
Add: Interest income earned	146
Less: Construction funding payments received	(2,098)
As at March 31, 2023	12,710
Less: Current portion	(4,770)
Long-term receivable	**7,940**

[1] During the year ended December 31, 2022, the Company announced the closure of one of its LTC residences. The Company will permanently close the LTC residence in 2023, after which the Company will no longer be eligible to receive the related construction funding. Accordingly, as at December 31, 2022, the Company had recorded a charge to reduce the receivable by the amount it will no longer be eligible for.

8 Property and equipment

	Land	Buildings	Furniture and fixtures	Automobiles	Computer hardware	Circulating equipment	Construction in progress	Right-of-use building and equipment [1]	Total
Cost									
As at January 1, 2023	131,014	1,213,203	82,385	2,519	16,830	1,290	12,367	5,049	1,464,657
Acquisition of Woods Park	2,061	24,200	39	—	—	—	—	—	26,300
Additions [2]	—	(845)	1,496	2	179	7	3,051	—	3,890
As at March 31, 2023	133,075	1,236,558	83,920	2,521	17,009	1,297	15,418	5,049	1,494,847
Accumulated depreciation									
As at January 1, 2023	—	335,876	49,276	1,469	9,483	1,183	100	2,390	399,777
Charges for the period	—	8,528	2,171	98	1,038	7	—	110	11,952
As at March 31, 2023	—	344,404	51,447	1,567	10,521	1,190	100	2,500	411,729
Net book value									
As at March 31, 2023	**133,075**	**892,154**	**32,473**	**954**	**6,488**	**107**	**15,318**	**2,549**	**1,083,118**
As at December 31, 2022	131,014	877,327	33,109	1,050	7,347	107	12,267	2,659	1,064,880

[1] Includes right-of-use building and related accumulated depreciation of $4,227 and $1,645, respectively (December 31, 2022 - $4,227 and $1,547, respectively), and the right-of-use equipment and related accumulated depreciation of $822 and $822, respectively (December 31, 2022 - $822 and $822, respectively).

[2] Includes pandemic capital expenditures for the three months ended March 31, 2023 of $6,134 (2022 - $5,032), reduced by related government assistance for the three months ended March 31, 2023 of $6,134 (2022 - $5,032). Included in the $6,134 is $2,198 of eligible capital expenditures incurred in 2022 for which government assistance was applied in the three months ended March 31, 2023.

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

9 Intangible assets

	Indefinite life	Finite life			
	Licences	Resident relationships	Service contracts	Computer software	Total
Cost					
As at January 1, 2023	188,569	164,393	10,968	17,445	381,375
Additions	—	—	—	497	497
As at March 31, 2023	188,569	164,393	10,968	17,942	381,872
Accumulated amortization					
As at January 1, 2023	1,426	164,393	10,968	12,303	189,090
Charges for the period	—	—	—	416	416
As at March 31, 2023	1,426	164,393	10,968	12,719	189,506
Net book value					
As at March 31, 2023	**187,143**	**—**	**—**	**5,223**	**192,366**
As at December 31, 2022	187,143	—	—	5,142	192,285

10 Accounts payable and other liabilities

	March 31, 2023	December 31, 2022
Accounts payable and other liabilities	**41,750**	44,401
Accrued wages and benefits	**68,727**	66,543
Accrued interest payable	**3,726**	4,892
Dividends payable (Note 15)	**5,689**	5,690
Restructuring provision (1)	**4,096**	4,096
Total	**123,988**	125,622

(1) In 2022, the Company announced the closure of one of its LTC residences and recognized a restructuring provision as a result. Closing process is underway, no additional provision is recognized in Q1. The Company will permanently close the LTC residence in 2023.

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

11 Long-term debt

	Interest rate	Maturity date	March 31, 2023	December 31, 2022
Series A Unsecured Debentures	3.109%	November 4, 2024	**150,000**	150,000
Series B Unsecured Debentures	3.450%	February 27, 2026	**175,000**	175,000
Series C Unsecured Debentures	2.820%	March 31, 2027	**125,000**	125,000
Unsecured Term Loan	Floating	May 16, 2023	**50,000**	50,000
Credit facilities	Floating	March 19, 2027	**31,000**	60,000
Mortgages at fixed rates	1.65% - 5.80%	2023-2041	**345,064**	291,487
Mortgages at variable rates	Floating	2023-2029	**129,820**	131,191
Lease liability	2.58% - 3.83%	2023-2029	**2,748**	2,844
			1,008,632	985,522
Fair value adjustments on acquired debt			**1,992**	2,343
Less: Deferred financing costs			**(11,366)**	(9,901)
Total debt			**999,258**	977,964
Less: Current portion			**(127,047)**	(126,099)
			872,211	**851,865**

Credit facilities

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

	March 31, 2023	December 31, 2022
Credit facilities available	**308,500**	308,500
Amounts drawn under credit facilities	**(31,000)**	(60,000)
Remaining available balance under credit facilities	**277,500**	248,500

Mortgages

The following table summarizes the scheduled maturities of the Company's property-level mortgages as at March 31, 2023:

	Mortgages			
Year	Regular principal payments	Principal due at maturity	Total	% of Total
2023	13,861	60,824	**74,685**	15.7 %
2024	16,937	59,531	**76,468**	16.1 %
2025	12,743	41,065	**53,808**	11.3 %
2026	12,877	—	**12,877**	2.7 %
2027	12,317	35,115	**47,432**	10.0 %
2028	7,310	115,703	**123,013**	26.0 %
2029	3,199	5,477	**8,676**	1.8 %
2030	2,855	9,230	**12,085**	2.5 %
Thereafter	15,795	50,045	**65,840**	13.9 %
	97,894	376,990	**474,884**	100 %

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

12 Net finance charges

	Three months ended March 31	
	2023	2022
Finance costs		
Interest expense on mortgages	**5,071**	3,629
Interest expense on debentures	**3,508**	3,508
Interest on unsecured term loan	**789**	—
Interest expense on credit facilities	**686**	225
Interest expense on right-of-use assets	**27**	12
Amortization of financing charges and fair value adjustments on acquired debt	**793**	552
Net settlement payment (receipt) on interest rate swap contracts	**(770)**	658
Fair value loss (gain) on interest rate swap contracts	**1,087**	(4,969)
	11,191	3,615
Finance income		
Interest income on construction funding receivable	**146**	255
Other interest income	**376**	29
	522	284
Net finance charges	**10,669**	3,331

13 Income taxes

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

	Three months ended March 31,	
	2023	2022
(Loss) income before provision (recovery of) income taxes	**(261)**	31,177
Canadian combined income tax rate	**26.57 %**	26.57 %
Income tax (recovery) expense	**(69)**	8,284
Adjustments to income tax provision:		
Non-deductible items	**60**	(3,153)
Other items	**88**	26
Provision for income taxes	**79**	5,157

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

The following are the deferred tax assets (liabilities) recognized by the Company and movements thereon during the three months ended March 31, 2023:

	Depreciable tangible and intangible assets	Share issuance	Construction funding interest	Other	Total
As at January 1, 2022	(54,464)	443	899	72	(53,050)
Credit (charge) to net income	4,244	(681)	(233)	428	3,758
Book to filing adjustment	(93)			122	29
Credit to equity		1,196			1,196
As at December 31, 2022	(50,313)	958	666	622	(48,067)
Credit (charge) to net income	312	(60)	(38)	949	1,163
Other items	—	—	—	(89)	(89)
As at March 31, 2023	**(50,001)**	**898**	**628**	**1,482**	**(46,993)**

14 Share capital

Authorized

Unlimited number of common shares, without nominal or par value

Unlimited number of preferred shares, without nominal or par value

Issued and outstanding

	Common shares	Amount
Balance, January 1, 2022	67,039,123	879,028
Long-term incentive plan, net of loans receivable	—	416
Common shares issued pursuant to bought deal, net of share issuance costs	5,750,000	82,945
Common shares issued pursuant to SOAR program	150,818	2,125
Balance, December 31, 2022	72,939,941	964,514
Long-term incentive plan, net of loans receivable	—	6
Balance, March 31, 2023	**72,939,941**	**964,520**

For the three months ended March 31, 2023, the weighted average of total shares outstanding was 72,939,941 (2022 - 67,614,123).

Normal course issuer bid

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

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

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

Net income per share

Net income per share is calculated using the weighted average number of common shares outstanding for the three months ended March 31, 2023.

15 Dividends

For the three months ended March 31, 2023, the Company paid monthly dividends of $0.078 per common share totaling $17,068 (2022 - $15,687). Dividends payable of $5,689 are included in accounts payable and other liabilities as at March 31, 2023 (December 31, 2022 - $5,690). Subsequent to March 31, 2023, the Board of Directors declared dividends of $0.078 per common share for April 2023 totaling $5,689.

16 Share-based compensation

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

Total expenses related to the RSUP for the three months ended March 31, 2023 were $358 (2022 - $206), including mark-to-market adjustments and net of forfeitures, which were recognized in administrative expenses. During the three months ended March 31, 2023, 1,324 RSUs vested (2022 - 21,525) and were settled in cash, resulting in a decrease of $132 to the share-based compensation liability (2022 - $190). The total liability recorded as part of the share-based compensation liability as at March 31, 2023 was $1,247 (December 31, 2022 - $1,021).

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

	Number of RSUs
Outstanding, January 1, 2022	130,967
Granted	153,604
Forfeited	(15,651)
Dividends reinvested	16,214
Settled in cash	(15,477)
Outstanding, December 31, 2022	269,657
Granted	228,742
Dividends reinvested	5,570
Settled in cash	(1,324)
Outstanding, March 31, 2023	**502,645**

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

Total expenses related to the DSUP for the three months ended March 31, 2023 were $157 (2022 - $395), including mark-to-market adjustments, which were recognized in administrative expenses. The total liability recorded related to the DSUP as a part of the share-based compensation liability as at March 31, 2023 was $5,189 (December 31, 2022 - $5,032). The value of each deferred share unit is measured at each reporting date and is equivalent to the fair value of a common share at the reporting date.

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

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

	Number of DSUs
Outstanding, January 1, 2022	454,379
Granted	45,106
Forfeited	(515)
Dividends reinvested	34,653
Settled in cash	(71,988)
Outstanding, December 31, 2022	461,635
Granted	11,816
Forfeited	(505)
Dividends reinvested	10,191
Outstanding, March 31, 2023	**483,137**

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

Total expenses (recoveries) related to the EDSUP for the three months ended March 31, 2023 were $175 (2022 - $196), including mark-to-market adjustments, which were recognized in administrative expenses. During the three months ended March 31, 2023, 19,813 EDSUs vested (2022 - 136,483) and settled in cash, resulting in a decrease of $172 to share-based compensation liability (2022 - $1,872). The total liability recorded related to the EDSUP as a part of the share-based compensation liability as at March 31, 2023 was $883 (December 31, 2022 - $880). The value of each vested EDSU is measured at each reporting date and is equivalent to the fair value of a common share of the Company at the reporting date.

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

	Number of EDSUs
Outstanding, January 1, 2022	230,255
Granted	27,243
Forfeited	(2,502)
Dividends reinvested	6,895
Settled in cash	(137,198)
Outstanding, December 31, 2022	124,693
Granted	20,369
Forfeited	(132)
Dividends reinvested	2,087
Settled in cash	(19,813)
Outstanding, March 31, 2023	**127,204**

Total return swap contracts and mark-to-market adjustments on share-based compensation

Share-based compensation expense (recovery), under Notes 17 and 19, includes a fair value loss (gain) on Total Return Swap contracts for the three months ended March 31, 2023 of $101 (2022 - $(268)) and mark-to-market (recovery) expense on share-based compensation liability for the three months ended March 31, 2023 of $(114) (2022 - $158).

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

17 Key management compensation

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

	Three months ended March 31,	
	2023	2022
Salaries and short-term employee benefits	**1,217**	1,553
Share-based compensation expense	**662**	482
	1,879	2,035

18 Economic Dependence

The Company holds licences related to each of its LTC residences and receives funding from the applicable health authorities related to those licences, which are included in revenues. In addition, the Company has received government assistance to support pandemic related expenses for LTC and Retirement Residences which is recorded against operating expenses. Funding for incremental COVID-19 costs is provided in addition to ongoing long-term care funding, all of which are subject to periodic reconciliations with the regulatory authorities. Funding for incremental COVID-19 costs is required to be spent entirely on resident care, with any excess amounts not allocated to direct resident care or pandemic expenses required to be returned to the regulatory authorities. During the three months ended March 31, 2023, the Company received approximately $128,705 (2022 - $155,723) in respect of these licences and pandemic related funding.

Approximately 79% and 60% (2022 - 86% and 59%) of revenue from the Company's Ontario LTC residences and British Columbia LTC residences is received from the applicable health authorities, respectively. The rest of the LTC segment's revenue are received from resident co-payments.

19 Administrative expenses

	Three months ended March 31	
	2023	2022
General and administrative expenses	**6,969**	7,220
Restructuring costs [1]	**592**	—
Pandemic related expenses	**20**	197
Share-based compensation expense	**791**	529
Total administrative expenses	**8,372**	7,946

[1] For the three months ended March 31, 2023, the Company recognized restructuring costs related to reduction of employees at our corporate office.

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

20 Expenses by category

	Three months ended March 31,	
	2023	2022
Salaries, benefits and people costs	**122,460**	108,011
Depreciation and amortization	**12,368**	12,067
Net finance charges	**10,669**	3,331
Food	**8,505**	7,611
Purchased services and non-medical supplies	**6,623**	6,419
Utilities	**6,206**	5,836
Property taxes	**3,673**	3,696
Share of net loss in JV	**2,541**	—
Share-based compensation expense	**791**	529
Transaction costs	**774**	1,339
Restructuring costs	**592**	—
Other (1)	**16,743**	16,061
Total expenses before net pandemic expenses	**191,945**	164,900
Pandemic labour	**8,232**	21,804
Other pandemic related expenses (2)	**1,759**	5,164
Government assistance (3)	**(9,621)**	(25,041)
Net pandemic expenses	**370**	1,927
Gain on disposal of properties	**—**	(23,722)
Total expenses	**192,315**	143,105

(1)(Other expenses primarily relate to maintenance and equipment expenses, supplies, professional fees and program costs.

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

(3) There are various programs and financial assistance provided by the government to support COVID-19 related expenses. During the three months ended March 31, 2023, the LTC segment received additional retroactive pandemic funding of $2,979 (2022 - $2,222) for pandemic expenses incurred during 2022.

21 Segmented information

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

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

The Company is comprised of the following main business segments:

- Retirement - this segment consists of 39 RRs, of which five retirement residences are located in Saskatchewan, four of which are located in British Columbia and 30 of which are located in Ontario, and the RR management services business;

- LTC - this segment consists of 35 LTC residences located in Ontario, eight seniors' living residences located in British Columbia and the LTC management services business; and

- Corporate, Eliminations and Other - this segment represents the results of head office, intercompany eliminations and other items that are not allocated to the segments.

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

	Three months ended March 31, 2023				
	Retirement [1]	LTC	Corporate, eliminations and other	Adjustments for Joint Venture [4]	Total
Gross revenue	49,421	154,155	17,420	(7,557)	213,439
Less: Internal revenue	—	(3,965)	(17,420)	—	(21,385)
Net revenue	49,421	150,190	—	(7,557)	192,054
Operating expense, net of government assistance [2]	31,806	131,496	—	(5,711)	157,591
Depreciation and amortization	9,693	5,472	1,362	(4,159)	12,368
Administrative expense [2]	—	—	8,372	—	8,372
Share of net loss in joint venture	—	—	—	2,541	2,541
Finance costs	4,392	1,560	5,436	(197)	11,191
Finance income	(8)	(186)	(334)	6	(522)
Transaction costs	50	550	211	(37)	774
Impairment loss	—	—	—	—	—
Gain on disposal of properties	—	—	—	—	—
Provision for income taxes	—	—	79	—	79
Net income (loss)	3,488	11,298	(15,126)	—	(340)
Purchase of property and equipment [3]	12,595	17,469	126	—	30,190
Purchase of intangible assets	—	—	497	—	497

(1) For the three months ended March 31, 2023, the Retirement segment recognized accommodation revenues of $24,216 and service revenues of $25,205.

(2) Includes net pandemic expense (recovery) of $(156) for Retirement, $506 for LTC and $20 for Corporate, eliminations and other.

(3) Includes pandemic capital expenditures for the three months ended March 31, 2023 of $6,134, which were fully funded by related government assistance. Also includes purchase price allocation of $26,300 from the acquisition of Woods Park (see Note 8).

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

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

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

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

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

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

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

	As at March 31, 2023				
	Retirement	**LTC**	**Corporate, eliminations and other**	**Adjustments for Joint Venture [1]**	**Total**
Total assets	**892,756**	**787,672**	**26,990**	**(26,373)**	**1,681,045**

	As at December 31, 2022				
	Retirement	LTC	Corporate, eliminations and other	Adjustments for Joint Venture	Total
Total assets	893,449	786,568	26,734	(26,323)	1,680,428

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

	As at March 31, 2023				
	Retirement	**LTC**	**Corporate, eliminations and other**	**Adjustments for Joint Venture [1]**	**Total**
Total liabilities	**340,489**	**341,835**	**607,804**	**(26,373)**	**1,263,755**

	As at December 31, 2022				
	Retirement	LTC	Corporate, eliminations and other	Adjustments for Joint Venture	Total
Total liabilities	298,710	328,874	644,475	(26,323)	1,245,736

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

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

22 Joint arrangements

A joint arrangement can be a joint venture or a joint operation. In a joint venture, the parties that have joint control of the arrangement have the rights to the net assets of the arrangement. In a joint operation, the parties that have joint control of the arrangement have the rights to the assets, and obligations for the liabilities, relating to the arrangement. The following are the Company's joint arrangements as at March 31, 2023:

Joint Arrangements	Number of properties	Sienna ownership	Joint arrangement type	Accounting treatment	Investment in joint venture balance	Share of net loss from joint venture balance
					March 31, 2023	**Three months ended March 31, 2023**
Sienna-RSH Niagara Falls LP [1]	0	70%	Joint venture	Equity	6,219	—
Sienna-Sabra LP	12	50%	Joint venture	Equity	149,813	(2,541)
Sienna Baltic Development LP [2]	2	40%/77%	Joint operation	Proportionate	N/A	N/A
					156,032	(2,541)

[1] The property of Sienna-RSH Niagara Falls LP is currently in development stage as of March 31, 2023.

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

Joint ventures

Sienna-RSH Niagara Falls LP

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

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

Investment in joint venture as at January 1, 2022	6,297
Contributions to joint venture	—
Share of net loss in joint venture	(78)
Investment in joint venture as at December 31, 2022	6,219
Share of net loss in joint venture	—
Investment in joint venture as at March 31, 2023	**6,219**

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

Statements of Financial Position of Joint Venture	**March 31, 2023**	December 31, 2022
Current assets	**490**	213
Long-term assets	**30,030**	26,824
Total assets	**30,520**	27,037
Current liabilities	**1,149**	1,156
Long-term liabilities	**20,487**	16,997
Total liabilities	**21,636**	18,153
Net assets	**8,884**	8,884
Sienna's share of net investment in joint venture (70%)	**6,219**	6,219

	Three months ended	
Statements of Net Income of Joint Venture	**March 31, 2023**	March 31, 2022
Expenses	**—**	—
Net loss	**—**	—
Sienna's share of net loss in joint venture (70%)	**—**	—

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

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

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

Investment in joint venture as at January 1, 2022	—
Contributions to joint venture	164,051
Distribution received from joint venture	—
Share of net loss in joint venture	(11,197)
Investment in joint venture as at December 31, 2022	152,854
Contributions to joint venture	—
Distribution received from joint venture	(500)
Share of net loss in joint venture	(2,541)
Investment in joint venture as at March 31, 2023	**149,813**

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

Statements of Financial Position of Joint Venture	**March 31, 2023**	December 31, 2022
Current assets	**6,645**	4,899
Long-term assets	**345,726**	353,455
Total assets	**352,371**	358,354
Current liabilities	**7,239**	6,779
Long-term liabilities	**45,507**	45,867
Total liabilities	**52,746**	52,646
Net assets	**299,625**	305,708
Sienna's share of net investment in joint venture (50%)	**149,813**	152,854

	Three months ended	
Statements of Net Income of Joint Venture	**March 31, 2023**	March 31, 2022
Revenue	**15,115**	—
Expenses and other items		
Operating expenses	**11,422**	—
Depreciation and amortization	**8,318**	—
Net finance charges	**382**	—
Transaction costs	**75**	—
	20,197	—
Net loss	**(5,082)**	—
Sienna's share of net loss in joint venture (50%)	**(2,541)**	—

Acquisitions by Sienna-Sabra LP

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

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

The net purchase prices for these two acquisitions were $250.4 million and $70.6 million, respectively, and were allocated to the assets and liabilities of the joint venture. Transaction costs for the acquisitions for the three months ended March 31, 2023 were $75 (2022 - $nil).

Related party transactions occur between Sienna and its joint ventures. These related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to between the related parties. Except as disclosed elsewhere in these annual consolidated financial statements, the related party balances are included in accounts receivable and payable, and in management fee revenue, as applicable. As of March 31, 2023, $595 (December 31, 2022 - $376) of the Company's accounts receivable related to its investments in joint ventures. For the three months ended March 31, 2023, $292 (2022 - $nil) of the Company's management fees related to its investment in joint ventures.

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

Joint operations

Sienna Baltic Development LP

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

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

Statements of Financial Position of Joint Operation	**March 31, 2023**	December 31, 2022
Current assets	**7,466**	4,836
Long-term assets	**94,256**	94,838
Total assets	**101,722**	99,674
Current liabilities	**11,735**	10,006
Long-term liabilities	**60,513**	60,873
Total liabilities	**72,248**	70,879
Net assets	**29,474**	28,795
Sienna's share of net assets	**15,000**	14,685

As at March 31, 2023, the Company's share of net assets in Nicola Lodge and Glenmore Lodge was $8,341 and $6,659, respectively (December 31, 2022 - $8,118 and $6,567, respectively).

	Three months ended	
Statements of Net Income of Joint Operation	**March 31, 2023**	March 31, 2022
Revenue	**9,461**	8,019
Expenses and other items		
Operating, net [1]	**7,936**	7,124
Depreciation and amortization	**650**	644
Net finance charges	**(316)**	706
Net income (loss)	**1,191**	(455)
Sienna's share of net income (loss)	**604**	(251)

[1] Includes net pandemic expenses for the three months ended March 31, 2023 of $699 (2022 - $649).

For the three months ended March 31, 2023, the Company's share of net income (loss) in Nicola Lodge and Glenmore Lodge was $340 and $264, respectively (2022 - $(109) and $(142), respectively).

23 Commitments and contingencies

The Company has a lease with respect to its Markham corporate office, which expires on October 31, 2029.

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

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

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

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

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

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

None of the above claims, including the consolidated claim, have been certified as a class action. The Company is vigorously defending itself against these claims.

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

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

Pay Equity Claim Proceedings

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

Given the current status of the proceedings and significant number of judgements required in establishing the pay equity framework, including ongoing discussion with the respective unions amongst the parties, that will impact the measurement of any potential provision, management has assessed the conditions required for a provision and have concluded that it is not possible to reliably measure the potential outflow of resources, and accordingly no provision has been recorded in the Condensed Interim Consolidated Financial Statements as at March 31, 2023.

Sienna
Senior Living