Report to Shareholders

2023 Sienna Senior Living Inc.

Cultivating happiness in daily life

Sienna
Senior Living

LETTER TO SHAREHOLDERS

Dear Fellow Shareholders,

Our primary focus in 2023 was to reinvigorate growth within our organization. Against the backdrop of a stable operating environment, we have successfully achieved this important objective. Through our ongoing initiatives to grow revenue, reduce cost, and minimize temporary agency staffing, we captured the growth potential inherent in our business and delivered strong results across our key performance indicators.

Q4 2023 marked the fourth consecutive quarter of significant year over year same property net operating income ("NOI") growth in both of the Company's business lines, with total same property NOI increasing by 16.5% in the fourth quarter.

A stable operating environment contributes to strong results and optimistic outlook

At our long-term care operations, the return to a stable operating environment was an important factor in average occupancy reaching 97.6% in Q4 2023. In addition, higher preferred accommodation revenues and our ongoing efforts to minimize agency staffing added to the strong results in our long-term care segment.

With respect to our retirement operations, we continue to make steady progress towards our goal of stabilized occupancy levels of 95%. Our intensified focus on homes with lower occupancy, combined with the strong performance of the remainder of our portfolio, supported same property occupancy growth to 88.2% in Q4 2023. In addition, average rate increases of approximately 5% further contributed to our financial results.

Heading into 2024, we will relentlessly focus on initiatives to support occupancy growth in our retirement segment and prioritize revenue optimization across both lines of our business, while benefitting from a stable operating environment.

Expansion in three provinces through acquisitions, development and a new management contract

Throughout 2023, we took advantage of select opportunities to expand our business. The strength of our balance sheet and prudent approach to capital has allowed us to act on strategic growth projects and opportunities despite a more challenging capital market.

We started and ended the year acquiring properties that we had been managing for some time, leveraging our existing knowledge and our operational expertise in these homes. On January 3, 2023, we finalized the acquisition of Woods Park, a campus of care in Barrie, Ontario, which we had managed on behalf of a third party for the past decade, and on December 31, 2023, we increased our ownership interest in Nicola Lodge, a long-term care community in Port Coquitlam, British Columbia, by 30%. We now own 70% of this 256-bed best-in-class home, and will acquire the remaining 30% in a later transaction prior to March 2026, depending on our determination of the optimal timing.

On the development front, we completed the construction of our 150-suite retirement residence in Niagara Falls in Q4 2023. The first residents have started to move into the state-of-the-art Elgin Falls Retirement Residence in the high demand Niagara region at the beginning of 2024.

Further, on November 1, 2023, we made our inaugural entry into Alberta. We entered into a management contract with Sabra Health Care REIT, Inc. for a 70-suite retirement residence in a prime location in Calgary. The transaction underscores our commitment to continually diversify our business and deepen relationships with key partners. We currently manage 21 properties on behalf of Sabra or our joint venture with them, which comprises 12 retirement residences in Ontario and Saskatchewan.

Investments in our team lead to higher engagement and create outstanding resident experiences

Throughout 2023, we continued to make team engagement and support a core focus. A number of our key priorities were focused on reducing our reliance on temporary agency staff and improving team member retention. Through prioritizing initiatives that offer a compelling team experience and creating a purpose-driven and differentiated culture, we were able to increase team member engagement for the third consecutive year and increased team member retention by over 10%. These achievements have a direct impact on our residents' quality of life and their overall experience.

We also invested in team member training and development, made significant improvements to our onboarding process, and enhanced our shift scheduling system. In addition, we awarded shares to 800 team members as part of Sienna's Ownership and Rewards program ("SOAR") and provided a platform for team members to share their ideas through SPARK, which continues to generate hundreds of ideas. Our multifaceted approach to building and retaining an engaged team also includes the placement of students, as well as temporary foreign workers and internationally educated nurses, programs that are of particular importance at communities with significant staffing challenges.

On the right track to seize growth potential

Canadian senior living is driven by an aging population, long wait lists for long-term care and limited new supply of retirement residences. There is tremendous growth potential with demand for the high quality of care and services we provide expected to rise for many years to come. The oldest baby boomers are turning 80 in two years and Canadian seniors aged 85 and older are expected to triple within the next 25 years.

Last year, we outlined where we see significant growth potential in our business over the next several years and how we believe our current initiatives will contribute to a notable expansion of Sienna's NOI. Initiatives to grow occupancy and optimize revenue, reduce agency costs and generate incremental cash flow from the contributions of acquisitions and development were some of the areas that we highlighted. Sienna's consistently strong financial performance throughout 2023 indicates that we are on the right track.

As we look ahead, we will continue our intense focus on operational excellence and seek opportunities to further strengthen and grow our Company.

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

2023 Sienna Senior Living Inc.

Cultivating happiness in daily life

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Management's Discussion and Analysis

Basis of Presentation

The following Management's Discussion and Analysis ("**MD&A**") for Sienna Senior Living Inc. (the "**Company**" or "**Sienna**") provides a summary of the financial results for the year ended December 31, 2023. This MD&A should be read in conjunction with the Company's audited consolidated financial statements ("**consolidated financial statements**") for the year ended December 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.sedarplus.ca.

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 senior 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 senior 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 February 20, 2024, 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 senior 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 senior living residences in the Provinces of British Columbia, Saskatchewan and Ontario. As at December 31, 2023, the Company owns and operates a total of 81 senior living residences: 39 retirement residences ("**RRs**" or "**Retirement Residences**") (including the Company's 50% joint venture interest in 12 residences in Ontario and Saskatchewan); 34 LTC communities; and eight senior 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 12 senior living residences in the Provinces of British Columbia, Ontario and Alberta.

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	3,208	40	6,198	67	9,406
Partially Owned - operating [4]	12	1,234	2	374	14	1,608
Total Owned	39	4,442	42	6,572	81	11,014
Managed Residences	9	826	3	526	12	1,352
Total	48	5,268	45	7,098	93	12,366

Notes:
1. 79.5%, 15.6%, 4.3% and 0.6% of total beds/suites are located in Ontario, British Columbia, Saskatchewan and Alberta, respectively.
2. 180 of the LTC beds are privately funded.
3. Includes one retirement residence (53 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. At the time of acquisition, Woods Park had 55 retirement suites. Four of the suites have been combined into two suites since the time of acquisition.
4. We have a 50% ownership in 12 retirement residences (1,234 suites), a 70% ownership in one long-term care community (256 beds) and a 77% ownership in one long-term care community (118 beds) as at December 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 February 20, 2024, the Company had 72,967,166 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 Ventures (as defined below) on a proportionate consolidated basis.	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 Ventures (as defined below) on a proportionate consolidated basis.	N/A
Equity-Accounted Joint Ventures	Equity-Accounted Joint Ventures is defined as the Company's interest in Sienna-RSH Niagara Falls LP and Sienna-Sabra LP joint ventures.	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 Ventures. 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 (loss) 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, current income taxes and SOAR program . 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 Ventures. 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 Ventures, made to maintain the Company's residences to meet residents' needs and continually improve residents' 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 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 Ventures), 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 which is calculated using total debt service (including the Company's share of debt in Equity-Accounted Joint Ventures), divided by Adjusted EBITDA, is a useful indicator of the Company's ability to pay off its debt.	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 closing or closed. 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, properties closing or closed. 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 December 31:

Thousands of Canadian dollars, except occupancy, share and ratio data	Three months ended December 31,			Year ended December 31,		
	2023	2022	Change	**2023**	2022	Change
OCCUPANCY						
Retirement - Average same property [1]	**88.2 %**	88.0 %	0.2 %	**87.6 %**	87.0 %	0.6 %
Retirement - Acquisition, development and others - Average occupancy [2]	**98.3 %**	n/a	n/a	**87.2 %**	72.2 %	15.0 %
Retirement - Average total occupancy	**88.4 %**	88.0 %	0.4 %	**87.5 %**	86.8 %	0.7 %
LTC - Average private occupancy	**89.1 %**	84.6 %	4.5 %	**88.2 %**	83.0 %	5.2 %
LTC - Average total occupancy [3]	**97.6 %**	96.1 %	1.5 %	**97.7 %**	94.9 %	2.8 %
FINANCIAL						
Total Adjusted Revenue	**218,863**	193,216	25,647	**816,657**	736,841	79,816
Total Adjusted Operating Expenses, net	**180,659**	160,699	19,960	**665,402**	602,948	62,454
Same property NOI [4]	**37,729**	32,394	5,335	**147,025**	132,951	14,074
Total NOI [4][9]	**38,204**	32,517	5,687	**151,255**	133,893	17,362
Administrative expenses	**7,172**	13,307	(6,135)	**29,092**	39,370	(10,278)
Adjusted EBITDA [5][8]	**31,272**	28,499	2,773	**126,976**	113,236	13,740
Net income (loss) [8][9]	**432**	(6,675)	7,107	**7,038**	10,668	(3,630)
OFFO [6][8]	**22,112**	17,701	4,411	**82,071**	69,078	12,993
AFFO [6][8]	**17,756**	17,302	454	**75,137**	67,475	7,662
Total assets [7]	**1,695,343**	1,680,428	14,915	**1,695,343**	1,680,428	14,915
PER SHARE INFORMATION						
Net income per share, basic and diluted	**0.006**	(0.092)	0.098	**0.097**	0.149	(0.052)
OFFO per share [6]	**0.303**	0.243	0.060	**1.125**	0.965	0.160
AFFO per share [6]	**0.243**	0.237	0.006	**1.030**	0.943	0.087
Dividends per share	**0.234**	0.234	—	**0.936**	0.936	—
AFFO Payout ratio	**96.3 %**	98.7 %	(2.4)%	**90.9 %**	99.3 %	(8.4)%
FINANCIAL RATIOS						
Debt to Gross Book Value as at period end	**44.6 %**	43.9 %	0.7 %	**44.6 %**	43.9 %	0.7 %
Weighted Average Cost of Debt as at period end	**3.7 %**	3.7 %	— %	**3.7 %**	3.7 %	— %
Debt to Adjusted EBITDA as at period end	**8.4**	8.9	(0.5)	**8.4**	8.9	(0.5)
Interest Coverage Ratio	**3.4**	3.1	0.3	**3.4**	3.3	0.1
Debt Service Coverage Ratio	**1.8**	1.9	(0.1)	**1.9**	1.8	0.1
Weighted Average Term to Maturity as at period end	**5.9**	4.5	1.4	**5.9**	4.5	1.4
CHANGE IN SAME PROPERTY NOI						
Retirement			**11.8 %**			**8.6 %**
LTC			**21.1 %**			**12.4 %**
Total			**16.5 %**			**10.6 %**

Notes:

1. Effective June 1, 2023, the results of the 12 joint venture retirement residences acquired in Q2 2022 ("Acquired Properties") were reclassified from "acquisitions" to "same property" in the table above. Accordingly, "same property" includes results of the Acquired Properties from June 1, 2023 onwards.
2. Results for the twelve months include the results of the Acquired Properties from January 1, 2023 to May 31, 2023.
3. Excludes the 3rd and 4th beds in multi-bed rooms in Ontario that will not be reopened.
4. NOI for the three months and year ended December 31, 2023 includes net pandemic and incremental agency expenses of $2,194 and $3,528, respectively (2022 - $2,779 and $8,401, respectively).
5. Adjusted EBITDA for the three months ended December 31, 2023 increased by $2,773 to $31,272, compared to same period in 2022, primarily due to higher NOI, partially offset by higher general and administrative expenses and lower proceeds from construction funding. Adjusted EBITDA for the year ended December 31, 2023 increased by $13,740 to $126,976, compared to same period in 2022, primarily due to higher NOI, partially offset by lower proceeds from construction funding.
6. OFFO and AFFO for the three months ended December 31, 2023 include after-tax net pandemic and incremental agency expenses of $1,608 (2022 - $1,885). OFFO and AFFO for the year ended December 31, 2023 include after-tax net pandemic and incremental agency expenses of $2,594 (2022 - $6,230).
7. Property and equipment and intangible assets included in total assets are measured at cost less accumulated depreciation and amortization and impairment loss.
8. Includes the Company's share of each of the revenue, operating expenses, and NOI of its Equity-Accounted Joint Ventures.
9. Net income for the year ended December 31, 2022 included an impairment loss of $12,788 and a gain on disposal of properties of $23,726.

Fourth Quarter 2023 Summary

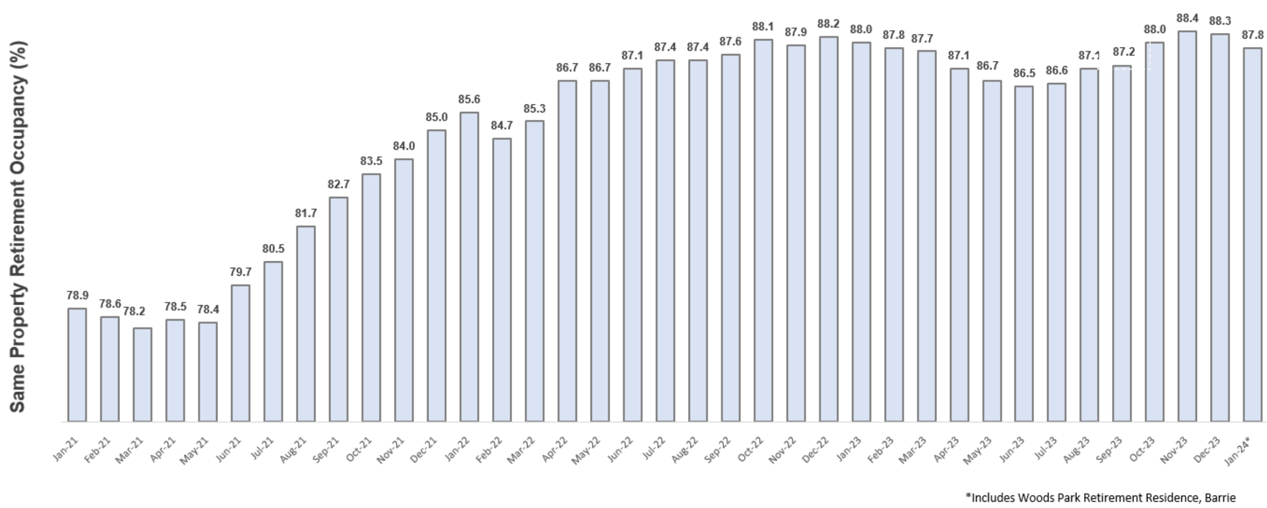
Sienna's strong year over year fourth quarter results reflect the return to a stable operating environment in 2023, the Company's successful cost management initiatives, and significant reductions in temporary agency staffing costs. These improvements resulted in same property NOI growth of 21.1% in our LTC segment and 11.8% in our retirement segment, and supported the continued improvements of most key performance indicators.

We also benefit from a strong balance sheet with ample liquidity and a $1.0 billion pool of unencumbered assets, which provides financial flexibility and supports our refinancing initiatives at attractive rates.

Retirement Same Property Occupancy - Average same property occupancy in the Retirement portfolio was 88.2% in Q4 2023.

An intensified focus on high opportunity homes with lower occupancy levels, as well as the continued strong leasing across the remainder of our portfolio, resulted in a 130 bps increase in same property occupancy quarter over quarter in Q4 2023 compared to Q3 2023.

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



LTC Occupancy - Average occupancy in the LTC portfolio was 97.6% in Q4 2023, excluding the unavailable 3rd and 4th beds that will not be reopened, a 150 bps improvement compared to Q4 2022. For the full year, average occupancy reached 97.7%, exceeding the required occupancy threshold for full government funding.

Total Adjusted Revenue increased by 13.3% in Q4 2023, or $25,647, to $218,863, compared to Q4 2022. In the Retirement segment, revenues increased by $2,668, or 5.4%, compared to Q4 2022, driven by annual rental rate increases, occupancy increases and care and ancillary revenue. In the LTC segment, revenues increased by $22,979, or 16.0%, compared to Q4 2022, primarily due to increased flow-through funding for direct care, annual inflationary funding increases, and higher occupancy compared to Q4 2022 which allowed for full government funding.

Total Adjusted Operating Expenses, net of government assistance increased by $19,960 in Q4 2023, or 12.4%, to $180,659, compared to Q4 2022. In the Retirement segment, the increase in expenses is mainly due to inflationary increases in wages and higher operating expenses. In the LTC segment, the increase in expenses was mainly due to higher direct care wages, and annual inflationary increases in wages.

Total NOI increased by $5,687 in Q4 2023, or 17.5%, to $38,204, compared to Q4 2022. NOI in the Retirement segment increased by $2,087 driven by an increase in same property NOI and the acquisition of a campus of care in Q1 2023. NOI in the LTC segment increased by $3,600 due to annual inflationary funding increases and higher preferred accommodation revenues, offset by inflationary increases in expenses.

Net income (loss) was $432 for Q4 2023 as compared to a net loss of $(6,675) in Q4 2022. The increase was primarily due to higher NOI, decrease in share of net loss in joint ventures, lower transaction costs offset by increase in net finance charges and increase in provision for income taxes.

OFFO increased by 24.9% in Q4 2023, or $4,411, to $22,112 compared to Q4 2022. The increase was primarily attributable to higher NOI, partially offset by higher administrative expenses excluding restructuring costs. OFFO per share increased by 24.7% in Q4 2023, or $0.060, to $0.303.

AFFO increased by 2.6% in Q4 2023, or $454, to $17,756 compared to Q4 2022. The increase was primarily related to the increase in OFFO, offset by higher spending on maintenance capital expenditures as a result of timing, and a decrease in construction funding income. AFFO per share increased by 2.5% in Q4 2023 to $0.243.

Debt - The Company's Debt to Gross Book Value increased by 70 bps to 44.6% at the end of Q4 2023, from 43.9% at the end of Q4 2022, primarily due to an increase in mortgages partly as a result of acquisitions, and a construction loan related to one of our development projects, partially offset by the repayment of the remaining balance of the Company's unsecured term loan ("**Unsecured Term Loan**") in Q2 2023. Debt to Adjusted EBITDA decreased to 8.4 times in Q4 2023 from 8.9 times in Q4 2022, and the Debt Service Coverage Ratio decreased to 1.8 times in Q4 2023 from 1.9 times in Q4 2022. The Interest Coverage Ratio increased to 3.4 times in Q4 2023 compared to 3.1 times in Q4 2022. The Weighted Average Term to Maturity increased to 5.9 years from 4.5 years in Q4 2022. The Company is in compliance with all of its debt covenants.

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

Business Update

Sienna's strong fourth quarter and annual results reflect the return to a stable operating environment, the Company's successful cost management strategy, and sustained reductions in temporary agency staffing costs. Q4 2023 marks the fourth consecutive quarter of significant year over year same property NOI growth in both business segments, including a 21.1% increase in our LTC segment and a 11.8% increase in our retirement segment. For the full year, same property NOI increased by 10.6% in 2023 compared to 2022, including a 12.4% increase in our LTC segment and a 8.6% increase in our retirement segment.

Our long-term care operations benefited from a stable operating environment with average occupancy levels of over 97%, a requirement for full government funding. In addition, annual funding increases and higher preferred accommodation revenues contributed to the strong results.

At our retirement operations, average same property occupancy increased by 130 bps quarter over quarter compared to Q3 2023 to 88.2%. Our intensified focus on homes with below average occupancy levels, combined with the strong leasing across the remainder of our portfolio, supported the occupancy increase during the final quarter of 2023.

In addition, reduced administrative costs as a result of a corporate restructuring at the Company’s head office added to our strong year over year growth in Q4 2023. The restructuring was completed in Q1 2023 and led to an approximate 10% workforce reduction of non-unionized employees in addition to not replacing vacant positions.

We also continue to benefit from a strong balance sheet, a significant unencumbered asset pool and minimal debt maturities prior to Q4 2024.

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 and the 30% increase of our ownership interest in a LTC home in British Columbia, highlights our strategy of owning a diversified portfolio of private-pay retirement residences and government-funded long-term care communities in Canada. The 12 retirement residences were acquired in a joint venture with Sabra Health Care REIT, Inc. ("**Sabra**") in which the Company owns a 50% ownership interest and acts as the manager of the assets.

With deep experience and scale in both the long-term care and retirement 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.

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% on a stabilized basis. The Company has allocated approximately $1 million for further capital improvements, which have been substantially completed to date. Woods Park is located in Barrie, Ontario, and offers a continuum of care, comprised of 53 private-pay independent living retirement suites and 123 government-funded Class A long-term care beds.

Acquisition of Ownership Interest in Nicola Lodge, Port Coquitlam, British Columbia

On September 14, 2023, Sienna entered into an agreement to acquire the remaining 60% interest in Nicola Lodge, a 256-bed best-in-class long-term care community managed and partially owned by the Company. Nicola Lodge was built in 2016 and offers long term care with specialized services for bariatric care, dementia and mental health care.

The transaction is taking place in two stages, each comprising a 30% interest to be purchased for approximately $26.5 million, before closing costs, and representing an expected yield of approximately 6.75%, based on the 2024 NOI projections in relation to our purchase price.

On December 31, 2023, the Company completed the first stage of the acquisition, acquiring a 30% interest and increasing its total ownership interest in Nicola Lodge to 70%. The purchase was financed through the assumption of a pro rata share on the in-place mortgage loan with a 5.01% interest rate and cash on hand.

The second closing is expected to occur between November 2024 and March 2026, depending on the Company's determination of the optimal timing.

Strategic Expansion into a New Market in Q4 2023

On November 1, 2023, Sienna entered into a management contract with Sabra for a 70-suite retirement residence in a prime location in Calgary. This is the Company's inaugural entry into the Alberta market and the transaction reflects Sienna's commitment to our strategic growth and expansion plans while also reinforcing our relationship with a key partner.

Completion of Joint Venture Retirement Residence in Ontario

Our joint venture development of a 150-suite retirement residence ("**Elgin Falls**") in Niagara Falls with Reichmann Seniors Housing was completed in the fourth quarter of 2023. The total capital investment for 100% of Elgin Falls is approximately $55 million, and the expected development yield is approximately 7.5%. Sienna’s share of Elgin Falls is 70%.

In late January 2024, the residence has opened for residents to move in. Elgin Falls will be managed by our joint venture partner until fully stabilized, at which point the Company has the option to acquire the remaining 30% interest and assume management of the retirement residence.

Development and Redevelopment of Long-Term Care Portfolio in Ontario

The Government of Ontario has committed to invest approximately $6.4 billion for the development of new long-term care beds and upgrades of existing beds. The investment is tailored to account for regional differences in land and construction costs.

However, 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, continues to actively work with the government to revise the construction funding model in order to ensure the financial feasibility of long-term care redevelopment.

To date, we have two projects under construction. Our campus of care project in Brantford, where we are replacing 122 Class C long-term care beds with 160 Class A beds and adding 147 retirement suites is progressing well. The estimated total development cost for this project is approximately $140 million, with a projected development yield of approximately 8%.

We are also progressing well 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. Further details with respect to the development yield can be found under Developments in the Outlook section of this MD&A.

Both of our current long-term care redevelopments in Brantford and North Bay are located on new sites and expected to be completed in the second half of 2025.

Retirement Operations Update

As at December 31, 2023, the retirement portfolio comprised 4,442 suites across Ontario, Saskatchewan and British Columbia and contributed approximately 48% to the Company's NOI in Q4 2023. Same-property NOI increased by 11.8% year over year compared to Q4 2022.

Average occupancy in the Company's same property portfolio was 88.2% in Q4 2023, up 20 bps year over year compared to Q4 2022, and 130 bps quarter over quarter since Q3 2023. An intensified focus on high opportunity homes with lower occupancy levels as well as the strong performance of the remainder of our portfolio supported same property occupancy growth in Q4 2023.

Further supporting our strong results in the retirement segment were rate increases in line with market rates and the Company's successful cost management strategy, which helped offset inflationary pressures.

Marketing and Sales Initiatives

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. In addition to our local and centralized marketing and sales initiatives, additional targeted on-site sales and community outreach support is provided to a number of homes with above average levels of vacancy.

Our efforts, coupled with strong demand in many of our key markets, resulted in 408 resident move-ins in our same property retirement portfolio in Q4 2023, offsetting 386 resident move-outs. Rent collection levels remained high at approximately 99% throughout Q4 2023.

Lead generation remains strong and is expected to support occupancy during the winter months as we experience typical softness consistent with seasonal occupancy patterns. We further anticipate that annual rental rate increases in line with market rates will add to the Company's continued NOI growth in its retirement segment.

Long-term Care Operations Update

In Q4 2023, same property NOI increased by 21.1% year over year in the Company's long-term care portfolio, which comprises 6,572 beds in Ontario and British Columbia, and contributed approximately 52% to the Company's total NOI.

A stable operating environment with average occupancy levels of over 97%, which are required to obtain full government funding, in addition to annual funding increases and higher preferred accommodation revenues contributed to the strong results. Furthermore, our reduced usage of agency staff as a result of increased hiring and a reduction in agency rates further contributed to our improved results.

Continued Improvements to LTC Platform

Sienna's 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.

We continually seek the input and listen to ideas from our residents and families, with the aim to distinguish Sienna as a LTC provider. Improving 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.

We have also been working on improving the overall dining and culinary experience. This includes the creation of meals based on recipes created by residents and family members and onsite culinary skills training with Sienna's long-term care executive chef. Training through the "Sienna Culinary Academy" has been rolled out across all of our long-term care communities.

Focus on Residents' Quality of Life and Care

Our focus continues to be on delivering both 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 ongoing quality improvement efforts by continually identifying what we are doing well and where improvements are needed.

Closing of LTC Residence in Ontario

In early 2023, the Ontario Ministry of Long-Term Care (**"MLTC"** or **"Ministry"**) 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. With a focus on the well-being and smooth transition for residents and team members, the relocation of the last remaining residents was completed in early Q3 and the home successfully finalized winding down its operations.

Update on Government Funding and Policy

COVID-19 Prevention and Containment - The MLTC has been providing funding for incremental costs associated with COVID-19 prevention and containment and PPE to LTC homes. The Company did not receive any retroactive funding from MLTC in Q4 2023. Further, the Ministry has indicated that it will not continue its funding for COVID-19 prevention and containment after April 1, 2023. In British Columbia, Sienna received approximately $0.6 million of funding in Q4 2023 pertaining to eligible pandemic expenses incurred during the second and third quarter of 2023.

Funding Changes with respect to 3rd and 4th beds in multi-bed rooms - On March 30, 2023, the Ministry provided funding details relating to the closure of 3rd and 4th beds in older homes, including the following phased-in revisions:

- the continued full funding of the Other Accommodations ("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

- funding reduction 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 has approximately 350 3rd and 4th beds in Ontario that are impacted by this change, of which 46 beds will be re-opened in private and semi-private rooms in our two redevelopment projects currently under construction. The Company continues to work with the Ontario government to protect the full OA funding for the 350 beds, which is currently $59.69 per bed/per day.

Funding Increases for Resident Care, Food, Services and OA - Effective April 1, 2023, the Government of Ontario increased its OA funding by approximately 2.0%, and its flow-through funding, which needs to cover the cost of care, food and services provided to residents, by approximately 2.7%.

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 differentiates Sienna from competitors and helps us attract and retain a highly engaged workforce and build a talent pipeline amid staffing shortages in the senior living sector and the wider health care sector. These efforts contributed to a nearly 11% increase in team member retention year over year in 2023.

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. We successfully reduced the number of staffing agencies we work with from over 100 to less than 15 and negotiated more competitive rates, terms and standardized contracts. These significant improvements are reflected in the reduction of agency costs in our 2023 operating results. Agency costs have now returned to pre-pandemic levels.

We have also been working on a number of other staffing initiatives, including the placement of temporary foreign workers and internationally educated nurses, programs that are of particular importance at communities with significant staffing challenges. To date, we have finalized the approval process for 32 internationally trained nurses, who are expected to be settling into their respective positions in the first few months of 2024, upon their arrival in Canada. In addition, we are currently piloting a number of recruitment initiatives that leverage our call centre and Artificial Intelligence ("AI") technology to increase the talent pool.

Centralized Scheduling and Call-Out System

A centralized scheduling model and call-out system continues to support and improve the staffing process. The system has been rolled out across our long-term care communities and is planned to be rolled out to our retirement residences in 2024. 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 made improvements to our onboarding process, including enhancements to team member orientation, mentoring and a more streamlined pre-boarding process across our LTC communities. A key aspect of these changes is an enhanced multi-day orientation program for Executive Directors, PSWs and clinical leaders, which is expected to improve team member engagement and help reduce turnover.

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 nearly 300 student placements in Q4 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 SPARK, a program that allows team members to share ideas on how Sienna can grow, improve and fulfil its purpose of Cultivating Happiness in Daily Life. A small number of the submitted ideas are piloted with the most outstanding being rewarded with cash prizes. During our first round, the grand prize of $15,000 was awarded to a team member for an idea on donating excess food to Canadians living with food insecurity. With the second round of SPARK well underway, 175 ideas were submitted in 2023 and judging is now in progress.

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. As part of Sienna's 2023 issuance, approximately 29,000 Sienna shares were issued to nearly 800 team members in Q2 2023.

Resident, Family and Team Member Satisfaction

Resident & Family Satisfaction Surveys

At both our retirement residences and long-term care communities, we have started to measure our residents' willingness to promote our residences and communities based on the internationally recognized net promoter score method ("NPS").

We had good engagement with respect to our first platform-wide NPS surveys, with excellent participation from both residents and families. An in-depth analysis of the survey results has provided important insights on what it takes to improve our residents' happiness in daily life, and to further enhance our operating platforms accordingly.

Survey results will serve as an important baseline to measure the success of our continued platform enhancements.

SPARKLE

Aligned with Sienna's purpose and values, we introduced the Sienna Sparkle Award, which honours residents from both our retirement and long-term care homes who go above and beyond to help cultivate happiness and create community. Nominations can be made by team members, residents and family members. The first round of submissions took place in early 2024 with over 100 nominations. The first awards will be given out as part of our Circle of Excellence Tours in Q1 2024.

Team Member Engagement Survey

In October 2023, Sienna conducted its annual employee satisfaction survey, a third-party survey that allows team members to voice their opinions. Feedback from these surveys provide insights concerning team members’ level of engagement. It also allows Sienna to build and implement action plans to improve engagement and enhance the team member experience.

2023 was the third consecutive time Sienna's employee engagement score increased, with improvements across all drivers of engagement. According to our most recent survey, Sienna's team members rated their ability to do meaningful work every day with an average score of 9.1 out of 10. In addition, the survey participation was 72%, the highest participation rate to date at Sienna, and a significant improvement from prior years.

Sienna's continued focus on enhancing team member engagement and the successful reduction of agency staffing to pre-pandemic levels has contributed to the substantial growth in the Company's NOI.

Response to Cost Pressures and Inflation

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.

With respect to staffing costs, significant agency premiums combined with a generally higher reliance on agency staff have resulted in a substantial increase in staffing costs for a number of years. In 2023, a combination of an improving operating environment and improvements to filling shifts with Sienna's own team members in combination with rate reductions for agency staff have led to a notable reduction of agency staffing costs. The Company incurred $26.9 million in agency staffing costs in 2023, compared to $52.2 million in 2022. In Q4 2023, agency costs declined by $8.9 million year over year to $5.8 million, returning to pre-pandemic levels. Agency staffing costs were predominately covered by the government's flow-through funding for resident care.

We also continue to actively work, alongside the provincial associations, 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 in Q1 2023, 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

Long-term demand fundamentals in Canadian senior living remain strong, driven by the rising needs of seniors, who make up the fastest-growing demographic in Canada. The return to a stable operating environment across our long-term care operations, coupled with continued occupancy improvements and rate increases in our retirement segment, resulted in strong year over year NOI growth, including a 21.1% increase in our LTC segment and a 11.8% increase in our retirement segment.

These positive factors in combination with our successful cost reduction strategy have supported our fourth quarter and full year results in 2023 and give us reason for an optimistic outlook for 2024.

At the same time, the current higher interest environment may increase our interest expenses in the coming years. However, with no major debt maturities until Q4 2024 and ample sources of attractive financing options, we are well positioned to execute on our strategic initiatives.

Retirement Operations

Average occupancy in the Company's same property portfolio was 88.2% in Q4 2023. Our community outreach efforts, combined with a robust sales platform and an intensified focus on homes with below average occupancy levels, continued to support occupancy which grew by 20 bps year over year in 2023, from 88.0% in 2022.

Heading into 2024, we continue to capitalize on the growing demand for quality senior living. Based on the Company’s occupancy forecast, average same property occupancy is expected to grow to approximately 89% for the full year in 2024, representing a 150 bps increase compared to 2023.

Going forward, we will continue with our focused marketing and sales initiatives, working towards our target for stabilized average occupancy of 95% in our same-property portfolio. We further expect year over year same property NOI growth in the high single digit percentage range as a result of rate increases and occupancy growth.

Taking all factors into account, we expect the average operating margin in our retirement segment, excluding the recently completed Elgin Falls, which is currently in lease-up, to improve by approximately 50 bps - 100 bps year over year in 2024 compared to 2023.

This expected improvement is primarily driven by increased average annual rates upon renewal in line with market rates, continued improvements with respect to labour market conditions and the results of our focused cost management.

Going forward, we intend to focus our outlook disclosure on same property NOI growth, without providing specific guidance on occupancy, margins or rate increases. This approach is consistent with our outlook disclosure for the Company's LTC segment and is aligned with our focus on expanding the Company's NOI.

Long-Term Care Operations

A stable post-pandemic operating environment supported the strong performance of Sienna's LTC portfolio during Q4 2023. Average same-property occupancy was 97.6% during the fourth quarter, compared to 96.1% in Q4 2022. We have also made great strides in reducing cost wherever possible, further contributing to the $3.4 million year over year increase in same property NOI in our LTC segment in Q4 2023.

In 2024, we expect to benefit from a stable operating environment, our focused cost management and continued improvements with respect to staffing. We anticipate that current occupancy and cost management trends will continue, and expect our 2024 LTC NOI, inclusive of retroactive funding, for the full year to grow in the low to mid-single digit percentage range compared to 2023.

Developments

The following table summarizes development projects that were in progress in Q4 2023:

Projects	Property Type	Expected Completion	Number of Beds / Suites	Estimated Development Costs	Development Grant	Annual Construction Subsidy [2]	Expected Unlevered Yield [3]
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			**320 / 147**	**$220M**	**$8.0M**	**$6.6M**	

Notes:

1. Total amount receivable each year over a period of 25 years
2. Estimate using the expected stabilized annual NOI 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 senior 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.

As for Elgin Falls, construction costs for the project, which was completed in Q4 2023, are in line with our estimates.

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 senior 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 minimizing our reliance on agency staffing. Combined, these initiatives will support our operating margins and put us in a strong position to take advantage of the favourable supply and demand fundamentals across our key markets.

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 of initiatives which may contribute to the Company's NOI expansion including:

- **Occupancy growth in the Company's retirement segment**, including incremental NOI should we reach our target for stabilized average occupancy of 95.0% in our same-property portfolio, which would represent a 680 bps increase from our average occupancy of 88.2% in Q4 2023;
- **Contributions from acquisitions and new developments**, including incremental NOI from:

1. The Company’s 50% joint venture interest in 12 retirement properties, acquired in 2022 for $189.8 million;

2. The completion of our 70% joint venture interest in the development of Elgin Falls for $38.5 million, which has an expected stabilized unlevered yield of approximately 7.5%; and

3. The Company’s acquisition of its remaining interest in Nicola Lodge, expected to generate an unlevered yield of 6.75%.

- **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 OA 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 stabilized unlevered yield of 6.75%. Woods Park is located in Barrie, Ontario, and offers a continuum of care, comprised of 53 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 has been substantially completed to date.

Acquisition of Ownership Interest in Nicola Lodge, Port Coquitlam, British Columbia

On September 14, 2023, Sienna entered into an agreement to acquire the remaining 60% interest in Nicola Lodge, a 256-bed long-term care community managed and partially owned by the Company. A best-in-class complex care facility, Nicola Lodge was built in 2016 and offers long term care with specialized services for bariatric care, dementia and mental health care.

The transaction is taking place in two stages, each comprising a 30% interest to be purchased for approximately $26.5 million, before closing costs, and representing an expected yield of approximately 6.75%, based on the 2024 NOI projections in relation to our purchase price. On December 31, 2023, the Company completed the first stage of the acquisition, acquiring a 30% interest and increasing its total ownership interest in Nicola Lodge to 70%. The purchase was financed through the assumption of a pro rata share on the in-place mortgage loan with a 5.01% interest rate and cash on hand.

The second closing is expected to occur between November 2024 and March 2026, depending on the Company's determination of the optimal timing.

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 senior 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 senior 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 senior 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 most recent 2022/2023 ESG Report. For more information on Sienna's ESG initiatives and our most recent report, please refer to the ESG section on Sienna's website under https://www.siennaliving.ca/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.

Diversity, Equity and Inclusion

A Diverse and Inclusive Workforce

Gender - Sienna's total workforce is predominantly female, with approximately 86% 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 79% of the Company's over 400 leadership positions being held by women.

Gender equality also extends to Sienna's Board of Directors who has been committed to increasing female representation on its board. To date, 43% of Sienna's Board of Trustees, including its Chair, are women.

Sienna has been recognized once again in the Globe and Mail's 2023 "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.

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. As part of Sienna's 2023 issuance, a total of approximately 29,000 Sienna shares were issued to nearly 800 team members in Q2 2023.

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 84% unionization rate among our team members as at December 31, 2023.

Excluding management positions, this number would be even higher with approximately 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.

The Foundation has recently received support from external partners to help with the mission of supporting seniors charities in the communities we serve. Sienna has put out a call for charities seeking financial support and will be making grants throughout the year. Team members are also encouraged to nominate a charity of their choice.

With food insecurity a pressing concern, one of the Foundation's initiatives is "Sienna Supper". Spearheaded by Sienna's communities who partnered with local community groups such as Second Harvest, team members provide fresh and nutritious meals to help nourish seniors and others in some of our communities. Through our partnership with Second Harvest, nearly 3,600 meals have been donated to date, supporting those in need.

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.

The Foundation was 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.

In connection with an enhanced focus on supporting mental health and wellness in the communities we serve, the Foundation made an inaugural donation of $250,000 to support seniors' mental health provided by Scarborough Health Network.

Sienna Senior Living Dino Chiesa Scholarship

In August 2022, we announced the Sienna Senior Living Dino Chiesa Scholarship. Endowed with $50,000, scholarships are awarded to Sienna employees enrolled in an accredited Canadian Personal Support Worker (PSW), Health Care Aide (HCA), or Continuing Care Assistant (CCA) education programs. In 2023, four scholarships were awarded, adding to the three scholarships awarded in 2022.

Further scholarships will be offered in 2024, as we continue to support team members who strive to achieve career growth in the healthcare sector.

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 senior living employees, the CaRES Fund has shifted its focus from crisis funding for economic hardship as a result of the pandemic to education bursaries. Since 2022, the CaRES Fund has provided bursaries to approximately 100 staff members in senior 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.

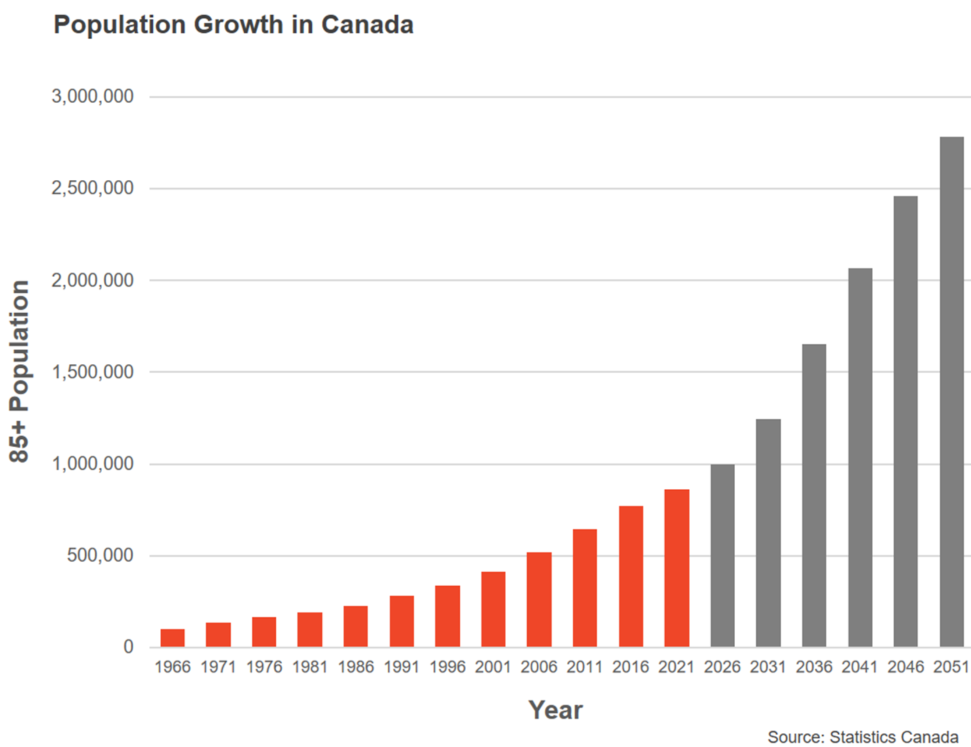
Exploring Alternatives to Divert Food Waste Away from Landfills

We have been exploring several alternatives to divert food waste away from landfills and are always looking for opportunities to create operational efficiencies to further reduce food waste. Based on an idea from a team member who participated in Sienna’s SPARK program, we piloted an initiative to redistribute excess food that would have otherwise been disposed of to Canadians living with food insecurity. Through this initiative, nearly 3,600 meals have been donated to date.

Industry Update

Demand driven by Rapid Growth in Target Demographic

Demand for senior living is driven by an aging population. According to Statistics Canada, the 85+ years of age cohort is expected to grow to approximately one million by 2026 and will triple by 2046 as a result of baby boomers reaching retirement age and life expectancy continuously increasing. In Canada, more than one quarter of people aged 85 and older live in a nursing care, long-term care or seniors' residence.

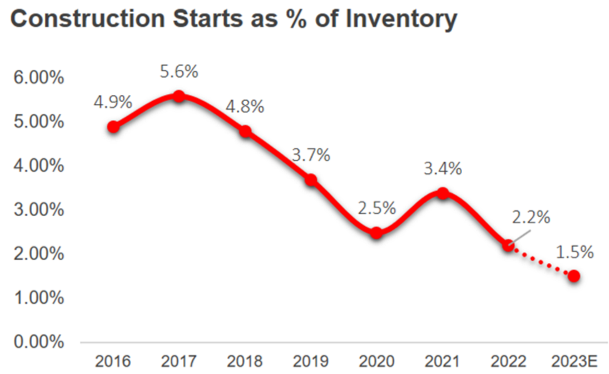


The needs-based driven demand for senior living is expected to outpace supply growth in the coming years, due to a combination of factors that have delayed construction starts and increased building costs. In addition, the significant equity many seniors have built up in their homes over the decades, will support demand in the coming years.

Slowing Supply of Retirement Residences

Due to a combination of factors, including rising construction costs and interest rates, new construction activity of retirement residences in Canada has declined significantly in recent years. While development prior to the pandemic caused some headwinds in several regions across the country due to oversupply, slowing development activity since 2018 is resulting in less competition from newly completed developments and is expected to support continued occupancy growth in Canadian senior living.

The chart below highlights the significant decline in construction starts:



Source: Cushman & Wakefield ULC

Robust Fundamentals in Sienna's Key LTC Markets

Demand for long-term care beds is higher than ever, with long waiting lists and increasing pressure on hospital systems. In Ontario, approximately 40,000 people are waiting for long-term care. This waitlist has nearly doubled over the past 10 years and it is expected to continue to grow, according to the Ontario Long-Term Care Association ("**OLTCA**").

Similarly, there is strong demand for LTC beds in British Columbia with the number of LTC beds having increased by only 2% while the 75+ population increased by 20% over the past five years.

High Barriers to Entry

The senior living sector in Canada continues to be fragmented and highly regulated, with significant barriers to entry. The sector is regulated by provincial governments and regional health authorities, with growing and varied obligations placed on operators. Additionally, the sector requires an increasingly complex level of specialized expertise and a solid operating platform in order to succeed in meeting regulatory requirements and providing positive resident and family experiences. All LTC and Retirement residences require an approved licensed operator.

Senior Living Continuum

Private-pay vs. Funded Care

Retirement residences are privately funded by the residents who are responsible to cover their monthly rent and cost of services. In long-term care, most residences are funded by the provincial governments. Residents' monthly rent is typically subsidized and the care they receive is fully funded. Select long-term care residences across Canada also offer private-pay options.

Senior living residences provide a range of services and programs based on an individual's needs and level of independence. Seniors who enjoy a high level of independence and require little assistance with the activities of daily living may choose to live in seniors' apartments or condominiums with minimal or no assistance or with the option of care and services on an as-needed basis, while those who require extensive assistance with the activities of daily living, healthcare needs and access to 24-hour nursing care support are best suited to LTC. A general and broad description of the services is detailed below:

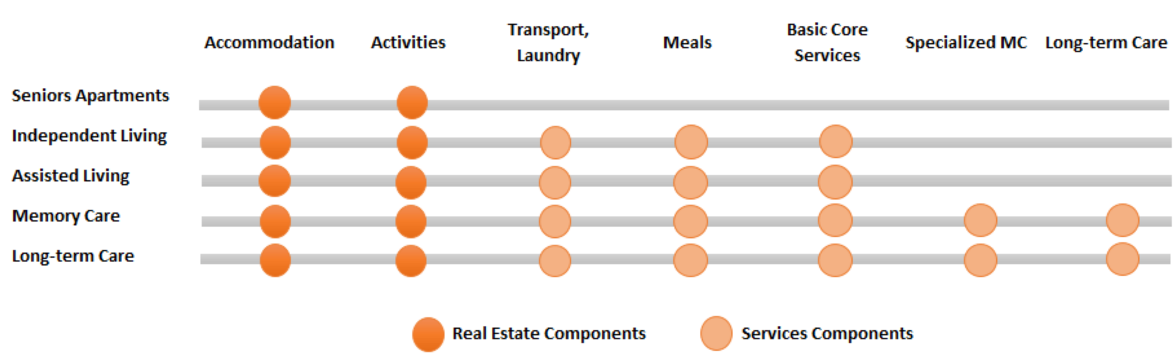
- **Independent Living ("IL")**: IL provides the privacy and freedom of home combined with the convenience and security of on-call assistance and a maintenance-free environment. Residents typically have the option of purchasing à la carte services including meal packages, housekeeping, transportation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

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

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

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

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



Source: NIC Investment Guide.

Retirement Residences

Retirement residences focus on IL, ISL, AL, and in some cases MC, and generally provide studio, one-bedroom or two-bedroom accommodation suites and amenity space. Suites are rented to residents on a monthly basis, and provide for meals, snacks, leisure activities, transportation and AL services, which include some care and services based on resident needs and preferences (such as assistance with bathing, medication administration and other activities of daily living). Accommodation and services are private-pay based on market rates.

The retirement sector requires that a residence must be licensed to operate. Further, expansion of retirement residences or new development require feasibility studies, which support that there is adequate income qualified demand for any given community to accommodate additional retirement residence capacity. Feasibility studies and proven demand are required for financing. The regulations and operational nature of the business and licensing requirements pose increasing barriers of entry.

Long-term Care

The LTC sector in Ontario and British Columbia, Sienna's key markets, is comprised of a number of private operators, public sector operators and not-for-profit organizations offering a variety of services similar to those offered by the Company. The sector has experienced consolidation in recent years, which is expected to continue, although it remains fragmented with small operators (including not-for-profit operators) providing most of the beds.

The LTC sector, which provides essential health services to its communities, can be distinguished from other segments of the senior living sector based on a number of factors, including the following:

- **Provision of an essential service**: LTC residences provide essential health services in the form of 24-hour registered nursing support, assistance with activities of daily living and mobility, to individuals with complex physical and medical care needs who may otherwise require hospital care.
- **Significant barriers to entry**: Barriers to entry are both regulatory and operational. The LTC sector requires that a residence and operator must be licensed by the regulatory authority in order to operate. In addition to the regulatory barriers to entry, the successful operation of a LTC residence requires a broad range of specialized expertise.

LTC Financial Model

All aspects of the operation of LTC are highly regulated by provincial government and regional health authorities. In British Columbia and Ontario, the two provinces where the Company operates LTC homes, access to LTC is controlled though a government agency based on eligibility. Provincial health programs provide funding for certain care services, with the residents contributing a co-payment (the rate is set by the regulatory body). Since each province establishes its own system for carrying out the oversight of LTC residences and administering programs, there are differences in the regulations governing care providers, as well as in the actual funding programs.

Ontario

Licensed operators of Ontario LTC residences are entitled to operational funding for care services to residents, as well as various other payments from the MLTC. Operational funding of LTC residences is used to fund certain eligible care services and is currently paid monthly in what is known as flow-through "envelopes". Generally, a licensed LTC operator is funded the ‘level-of-care’ per diem for every licensed or approved bed in the residence.

Funding received for flow-through envelopes in excess of the amounts spent by the operator must be returned to the MLTC during an annual reconciliation process. Funding provided pursuant to flow-through envelopes may only be applied to certain eligible expenses.

British Columbia

Funded LTC Beds

The funding contracts between LTC operators and the applicable health authorities in British Columbia are on a per diem basis, adjusted annually, for resident services provided and capital cost of the residences, and outline the hours of direct care required by a resident per day, minimum occupancy thresholds and minimum levels of professional staffing.

Private-Pay Long-term Care Beds

In British Columbia, operators may designate a number of beds for private-pay LTC whereby the operator provides the same level of care and services to the resident as in the funded beds. Rates paid by the resident are market driven and the beds are subject to the same regulations and inspection as funded LTC beds.

Business of the Company

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

Quarterly Financial Information

Thousands of Canadian dollars, except occupancy, per share and ratio data	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1
Total Adjusted Revenue	218,863	199,840	198,343	199,611	193,216	189,192	180,151	174,282
Total Adjusted Operating expenses, net of government assistance	180,659	162,003	159,438	163,302	160,699	154,172	145,933	142,144
Net income (loss)	432	2,479	4,467	(340)	(6,675)	2,513	(11,190)	26,020
Per share basic and diluted	0.006	0.034	0.061	—	(0.092)	0.034	(0.154)	0.385
OFFO	22,112	20,069	21,443	18,447	17,701	17,944	17,299	16,134
Per share basic	0.303	0.275	0.294	0.253	0.243	0.246	0.237	0.239
OFFO, excluding net pandemic and incremental agency expenses (recoveries)	23,720	20,762	21,448	18,718	19,439	18,922	19,231	17,549
Per share, excluding net pandemic and incremental agency expenses (recoveries)	0.325	0.285	0.294	0.257	0.268	0.260	0.264	0.260
AFFO	17,756	19,612	19,582	18,187	17,302	16,564	17,162	16,447
Per share basic	0.243	0.269	0.268	0.249	0.237	0.227	0.236	0.243
AFFO, excluding net pandemic and incremental agency expenses (recoveries)	19,364	20,305	19,587	18,458	19,040	17,542	19,094	17,862
Per share, excluding net pandemic and incremental agency expenses (recoveries)	0.265	0.279	0.268	0.253	0.262	0.241	0.263	0.264
Dividends declared	17,074	17,074	17,072	17,068	17,065	17,059	17,055	16,136
Per share	0.234	0.234	0.234	0.234	0.234	0.234	0.234	0.234
Occupancy								
Retirement - Average same property	88.2 %	86.9 %	86.9 %	88.2 %	88.0 %	87.5 %	86.8 %	85.2 %
Retirement - Acquisition, development and others - Average occupancy	98.3 %	97.1 %	86.8 %	85.7 %	n/a	n/a	82.2 %	52.6 %
Retirement - Average total occupancy	88.4 %	87.1 %	86.8 %	87.8 %	88.0 %	87.5 %	86.6 %	84.7 %
LTC - Average private occupancy	89.1 %	89.6 %	88.6 %	85.4 %	84.6 %	84.0 %	82.4 %	80.4 %
LTC - Average total occupancy (1)	97.6 %	98.4 %	98.0 %	96.8 %	96.1 %	96.7 %	95.5 %	93.8 %
Debt to gross book value as at period end	44.6 %	44.4 %	44.0 %	44.5 %	43.9 %	43.3 %	43.4 %	41.5 %
Debt to Adjusted EBITDA as at period end	8.4	8.3	8.0	8.4	8.9	9.0	9.2	8.7
Interest coverage ratio	3.4	3.3	3.5	3.2	3.1	3.3	3.4	3.3
Total assets	1,695,343	1,681,167	1,675,614	1,681,045	1,680,428	1,736,319	1,747,872	1,702,288
Total debt	1,006,649	994,112	988,938	999,258	977,964	983,596	985,754	923,584
Weighted average shares outstanding	72,967,166	72,967,166	72,949,215	72,939,941	72,914,451	72,899,509	72,855,687	67,614,123

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 year ended December 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, higher utilities and insurance premiums, interest expense and fair value adjustments on interest rate swap contracts.

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

Select Annual Financial Information

The following table summarizes select annual financial information for the years ended December 31, 2023, 2022 and 2021:

Thousands of Canadian dollars, except per share data	2023	2022	2021
Revenue	785,368	718,590	668,494
Income before provision for income taxes	10,004	11,181	28,033
Net income	7,038	10,668	20,648
Per share basic and diluted	0.097	0.149	0.310
OFFO	82,071	69,078	76,992
Per share basic and diluted	1.125	0.965	1.148
AFFO	75,137	67,475	72,757
Per share basic and diluted	1.030	0.943	1.085
Dividends declared	68,288	67,315	62,749
Per share	0.936	0.936	0.936
Total assets (1)	1,695,343	1,680,428	1,680,428
Total debt	1,006,649	977,964	950,284

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

Operating Results

The following table represents the operating results for the periods ended December 31, prepared in accordance with IFRS:

	Three months ended December 31,			Year ended December 31,		
Thousands of Canadian dollars	**2023**	2022	Change	**2023**	2022	Change
Revenue	**210,742**	185,870	24,872	**785,368**	718,590	66,778
Expenses						
Operating expenses, net [1]	**174,705**	154,475	20,230	**642,588**	588,481	54,107
Depreciation and amortization	**12,314**	11,755	559	**49,623**	47,337	2,286
Administrative expenses	**7,172**	13,307	(6,135)	**29,092**	39,370	(10,278)
Share of net loss in joint ventures	**2,256**	3,430	(1,174)	**9,309**	11,275	(1,966)
Impairment loss	**—**	—	—	**—**	12,788	(12,788)
Net finance charges	**12,432**	9,164	3,268	**40,443**	25,689	14,754
Transaction costs	**1,320**	2,554	(1,234)	**4,309**	6,195	(1,886)
Gain on disposal of properties	**—**	(4)	4	**—**	(23,726)	23,726
	210,199	194,681	15,518	**775,364**	707,409	67,955
Income before provision for income taxes	**543**	(8,811)	9,354	**10,004**	11,181	(1,177)
Provision for (recovery of) income taxes						
Current	**(444)**	(73)	(371)	**1,718**	4,299	(2,581)
Deferred	**555**	(2,063)	2,618	**1,248**	(3,786)	5,034
	111	(2,136)	2,247	**2,966**	513	2,453
Net income (loss)	**432**	(6,675)	7,107	**7,038**	10,668	(3,630)
Total assets	**1,695,343**	1,680,428	14,915	**1,695,343**	1,680,428	14,915
Total debt	**1,006,649**	977,964	28,685	**1,006,649**	977,964	28,685

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

Retirement

The Company's Retirement portfolio consists of 39 Retirement Residences as of December 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 48% of the Company's total NOI for Q4 2023.

Long-term Care

The Company's LTC portfolio consists of 42 LTC communities, eight of which are located in British Columbia and 34 of which are located in Ontario. Our LTC portfolio contributed approximately 52% to the Company's total NOI for Q4 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 December 31, 2023:

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

Notes:

1. The property of Sienna-RSH Niagara Falls LP is under development as of December 31, 2023.
2. Sienna Baltic Development LP owns 70% of Nicola Lodge and 77% of Glenmore Lodge.

Adjusted Revenue, Adjusted Operating Expenses, and Adjusted NOI

The following table reconciles revenue and operating expenses from our financial statements to adjusted revenue, adjusted operating expenses and adjusted NOI:

	Three months ended December 31,			Year ended December 31,		
	2023	2022	Change	**2023**	2022	Change
Revenue	**210,742**	185,870	24,872	**785,368**	718,590	66,778
Share of revenue from Equity-Accounted Joint Ventures	**8,121**	7,346	775	**31,289**	18,251	13,038
Adjusted Revenue	**218,863**	193,216	25,647	**816,657**	736,841	79,816
Operating Expenses, net	**174,705**	154,475	20,230	**642,588**	588,481	54,107
Share of expenses from Equity-Accounted Joint Ventures	**5,954**	6,224	-270	**22,814**	14,467	8,347
Adjusted Operating Expenses, net	**180,659**	160,699	19,960	**665,402**	602,948	62,454
NOI	**36,037**	31,395	4,642	**142,780**	130,109	12,671
Share of NOI from Equity-Accounted Joint Ventures	**2,167**	1,122	1,045	**8,475**	3,784	4,691
Adjusted NOI	**38,204**	32,517	5,687	**151,255**	133,893	17,362

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 Ventures, for the periods ended December 31:

	Three months ended December 31,			Year ended December 31,		
Thousands of Canadian dollars	**2023**	2022	Change	**2023**	2022	Change
Revenue						
Same property	**214,389**	190,563	23,826	**784,658**	721,816	62,842
Acquisition, development and other	**4,474**	2,653	1,821	**31,999**	15,025	16,974
Total Adjusted Revenue	**218,863**	193,216	25,647	**816,657**	736,841	79,816
Operating Expenses, net						
Same property	**174,448**	155,162	19,286	**634,092**	580,220	53,872
Net pandemic and incremental agency expenses (1)	**2,194**	2,779	(585)	**3,528**	8,401	(4,873)
Acquisition, development and other	**4,017**	2,758	1,259	**27,782**	14,327	13,455
Total Adjusted Operating Expenses, net	**180,659**	160,699	19,960	**665,402**	602,948	62,454
NOI						
Same property	**37,729**	32,394	5,335	**147,025**	132,951	14,074
Acquisition, development and other	**475**	123	352	**4,230**	942	3,288
Total NOI	**38,204**	32,517	5,687	**151,255**	133,893	17,362

Notes:

1. For Q4 2023, includes government assistance related to the pandemic of $3,982 (2022 - $11,531) and incremental pandemic related and agency expenses of $6,176 (2022 - $14,316), resulting in net pandemic and incremental agency expenses of $2,194 (2022 - $2,779). For the year ended December 31, 2023, includes government assistance related to the pandemic of $24,865 (2022 - $58,849) and incremental pandemic related and agency expenses of $28,393 (2022 - $67,256), resulting in net pandemic and incremental agency expenses of $3,528 (2022 - $8,401).

   Government assistance related to the pandemic is recognized to the extent that eligible expenses have been incurred and funding allocations are reasonably determinable.

Fourth Quarter 2023 Operating Results

The Company's total same property revenues for Q4 2023 increased by $23,826 to $214,389, compared to Q4 2022. Retirement's same property revenues for Q4 2023 increased by $2,056 to $51,579, compared to Q4 2022, primarily due to annual rental rate increases in line with market conditions. LTC's same property revenues for Q4 2023 increased by $21,770 to $162,810, compared to Q4 2022, primarily due to increased flow-through funding for direct care, annual inflationary funding increases, and higher preferred accommodation revenue.

The Company's total same property operating expenses, excluding net pandemic and incremental agency expenses, for Q4 2023 increased by $19,286 to $174,448, compared to Q4 2022. Retirement's same property operating expenses, excluding net pandemic and incremental agency expenses of $463, for Q4 2023 increased by $144 to $33,070, compared to Q4 2022, primarily due to higher labour costs. LTC's operating expenses for Q4 2023, excluding net pandemic and incremental agency expenses of $1,731, increased by $19,142 to $141,378, compared to Q4 2022, mainly due to higher expenses related to an increase in direct care labour.

Net pandemic and incremental agency expenses for Q4 2023 decreased by $585 to $2,194 compared to Q4 2022, mainly due to a decrease in LTC's net pandemic and incremental agency expenses by $598 for the same period. During the quarter, the LTC segment received retroactive pandemic funding of $557 related to Q2 and Q3 2023. In Q4 2022, the LTC segment received retroactive pandemic funding of $2,215, of which $270 related to 2020, $376 related to 2021 and $1,569 related to Q2 and Q3 2022. Excluding retroactive pandemic funding, net pandemic and incremental agency costs were $2,751 in Q4 2023 compared to $5,000 in Q4 2022.

The Company's total same property NOI for Q4 2023 increased by $5,335 to $37,729, compared to Q4 2022. Retirement's same property NOI for Q4 2023 increased by $1,899 to $18,046. LTC's same property NOI for Q4 2023 increased by $3,436 to $19,683 compared to Q4 2022.

Year ended December 31, 2023 Operating Results

The Company's total same property revenues for the year ended December 31, 2023 increased by $62,842 to $784,658, compared to the year ended December 31, 2022. Retirement's same property revenues for the year ended December 31, 2023 increased by $10,714 to $186,513, compared to the year ended December 31, 2022, primarily due to annual rental rate increases in line with market conditions and occupancy growth. LTC's same property revenues for the year ended December 31, 2023 increased by $52,128 to $598,145, compared to the year ended December 31, 2022, primarily due to increased flow-through funding for direct care, annual inflationary funding increases, and higher preferred accommodation revenue.

The Company's total same property operating expenses, excluding net pandemic expenses, for the year ended December 31, 2023 increased by $53,872 to $634,092, compared to the year ended December 31, 2022. Retirement's same property operating expenses, excluding net pandemic expenses, for the year ended December 31, 2023 increased by $6,324 to $117,648, compared to the year ended December 31, 2022, primarily due to higher labour and food costs, increased maintenance and utilities expenses. LTC's operating expenses for the year ended December 31, 2023, excluding net pandemic expenses, increased by $47,548 to $516,444, compared to the year ended December 31, 2022, mainly due to increase in direct care labour and other labour.

Net pandemic and incremental agency expenses for the year ended December 31, 2023 decreased by $4,873 to $3,528 compared to 2022, mainly due to a decrease in LTC's net pandemic and incremental agency expenses by $3,828 for the same period. During the year ended December 31, 2023, the LTC segment received retroactive pandemic funding of $4,058, of which $3,414 related to 2022 and $644 related to 2021. During the year ended December 31, 2022, the LTC segment received retroactive pandemic funding of $4,766 related to 2021. Retirement's net pandemic and incremental agency expenses decreased by $1,051 compared to the year ended December 31, 2022. Excluding retroactive pandemic funding, net pandemic and incremental agency expenses were $7,586 for the year ended December 31, 2023 compared to $13,173 for the year ended December 31, 2022.

The Company's total same property NOI for the year ended December 31, 2023 increased by $14,074 to $147,025, compared to the year ended December 31, 2022. Retirement's same property NOI for the year ended December 31, 2023 increased by $5,410 to $68,294. LTC's same property NOI for the year ended December 31, 2023 increased by $8,664 to $78,731 compared to the year ended December 31, 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 December 31:

	Three months ended December 31,			Year ended December 31,		
Thousands of Canadian dollars	**2023**	2022	Change	**2023**	2022	Change
Retirement Revenue						
Same property [1]	**51,579**	49,523	2,056	**186,513**	175,799	10,714
Acquisition, development and other	**612**	—	612	**15,519**	1,706	13,813
Total Adjusted Retirement Revenue	**52,191**	49,523	2,668	**202,032**	177,505	24,527
Retirement Expenses, net						
Same property [1]	**33,070**	32,926	144	**117,648**	111,324	6,324
Net pandemic and incremental agency expenses [2]	**463**	450	13	**597**	1,648	(1,051)
Acquisition, development and other	**424**	—	424	**11,021**	1,094	9,927
Total Adjusted Retirement Expenses, net	**33,957**	33,376	581	**129,266**	114,066	15,200
Retirement NOI						
Same property [1]	**18,046**	16,147	1,899	**68,294**	62,884	5,410
Acquisition, development and other	**188**	—	188	**4,472**	555	3,917
Total Adjusted Retirement NOI	**18,234**	16,147	2,087	**72,766**	63,439	9,327

Notes:

1. Effective June 1, 2023, the results of the 12 joint venture retirement residences acquired in Q2 2022 ("Acquired Properties") were reclassified from "acquisitions" to "same property" in the table above. Accordingly, "same property" includes results of the Acquired Properties from June 1, 2023 onwards.

2. For Q4 2023, includes government assistance related to the pandemic of $237 (2022 - $456) and incremental pandemic related and agency expenses of $700 (2022 - $906), resulting in net pandemic and incremental agency expenses of $463 (2022 - $450). For the year ended December 31, 2023, includes government assistance related to the pandemic of $2,145 (2022 - $2,536) and incremental pandemic related and agency expenses of $2,742 (2022 - $4,184), resulting in net pandemic and incremental agency expenses of $597 (2022 - $1,648). Government assistance related to the pandemic is recognized to the extent that eligible expenses have been incurred and funding allocations are reasonably determinable.

Fourth Quarter 2023 Retirement Results

Retirement's same property revenues for Q4 2023 increased by $2,056 to $51,579, compared to Q4 2022, primarily attributable to annual rental rate increases in line with market conditions, occupancy increases and higher care and ancillary revenue.

Retirement's same property operating expenses, excluding net pandemic and incremental agency expenses, for Q4 2023 increased by $144 to $33,070 compared to Q4 2022, primarily due to higher labour costs. Net pandemic and incremental agency expenses for the three months ended December 31, 2023 were $463 representing an improvement over net pandemic and incremental agency expenses of $13 compared to the three months ended December 31, 2022.

Retirement's same property NOI for Q4 2023 increased by $1,899 to $18,046, compared to Q4 2022. Excluding net pandemic and incremental agency expenses, Retirement's same property NOI for Q4 2023 increased by $1,912 to $18,509, compared to Q4 2022.

Year ended December 31, 2023 Retirement Results

Retirement's same property revenues for the year ended December 31, 2023 increased by $10,714 to $186,513, compared to the year ended December 31, 2022, primarily attributable to annual rental rate increases in line with market conditions and occupancy growth.

Retirement's same property operating expenses, excluding net pandemic and incremental agency expenses, for the year ended December 31, 2023 increased by $6,324 to $117,648 compared to the year ended December 31, 2022, primarily due to higher labour and food costs, increased maintenance and utilities expenses. Net pandemic and incremental agency expenses for the year ended December 31, 2023 were $597 representing an improvement over net pandemic and incremental agency expenses of $1,051 compared to the year ended December 31, 2022.

Retirement's same property NOI for the year ended December 31, 2023 increased by $5,410 to $68,294, compared to the year ended December 31, 2022. Excluding net pandemic and incremental agency expenses, Retirement's same property NOI for the year ended December 31, 2023 increased by $4,390 to $68,865, compared to the year ended December 31, 2022.

Long-term Care

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

	Three months ended December 31,			Year ended December 31,		
Thousands of Canadian dollars	**2023**	2022	Change	**2023**	2022	Change
Long-term Care Revenue						
Same property	**162,810**	141,040	21,770	**598,145**	546,017	52,128
Acquisition, development and other [1]	**3,862**	2,653	1,209	**16,480**	13,319	3,161
Total Long-term Care Revenue	**166,672**	143,693	22,979	**614,625**	559,336	55,289
Long-term Care Expenses, net						
Same property	**141,378**	122,236	19,142	**516,444**	468,896	47,548
Net pandemic and incremental agency expenses[2]	**1,731**	2,329	(598)	**2,931**	6,759	(3,828)
Acquisition, development and other [1]	**3,593**	2,758	835	**16,761**	13,227	3,534
Total Long-term Care Expenses, net	**146,702**	127,323	19,379	**536,136**	488,882	47,254
Long-term Care NOI						
Same property	**19,683**	16,247	3,436	**78,731**	70,067	8,664
Acquisition, development and other [1]	**287**	123	164	**(242)**	387	(629)
Total Long-term Care NOI	**19,970**	16,370	3,600	**78,489**	70,454	8,035

Notes:

1. Includes the results of Wood Park and 1 LTC community that closed in 2023.
2. For Q4 2023, includes government assistance related to the pandemic of $3,745 (2022 - $11,075) and incremental pandemic related and agency expenses of $5,476 (2022 - $13,410), resulting in net pandemic and incremental agency expenses of $1,731 (2022 - $2,329). For the year ended December 31, 2023, includes government assistance related to the pandemic of $22,720 (2022 - $56,313) and incremental pandemic related and agency expenses of $25,651 (2022 - $63,072), resulting in net pandemic and incremental agency expenses of $2,931 (2022 - $6,759). Government assistance related to the pandemic is recognized to the extent that eligible expenses have been incurred and funding allocations are reasonably determinable.

Fourth Quarter 2023 Long-term Care Results

LTC's same property revenues for Q4 2023 increased by $21,770 to $162,810, compared to Q4 2022, primarily due to increased flow-through funding for direct care, annual inflationary funding increases, higher preferred accommodation revenue and higher occupancy which allowed for full government funding.

Excluding net pandemic and incremental agency expenses, LTC's same property operating expenses for Q4 2023 increased by $19,142 to $141,378, compared to Q4 2022, mainly due to higher expenses related to an increase in direct care and other labour.

LTC's net pandemic and incremental agency expenses for Q4 2023 were $1,731, representing a decrease in net pandemic and incremental agency expenses of $598 compared to Q4 2022. During the quarter, the LTC segment received retroactive pandemic funding of $557 related to Q2 and Q3 2023. In Q4 2022, the LTC segment received retroactive pandemic funding of $2,215, of which $270 related to 2020, $376 related to 2021 and $1,569 related to Q2 and Q3 2022. Excluding retroactive pandemic funding, net pandemic and incremental agency costs were $2,288 in Q4 2023 compared to $4,544 in Q4 2022.

LTC's same property NOI for Q4 2023 increased by $3,436 to $19,683, compared to Q4 2022.

Year ended December 31, 2023 Long-term Care Results

LTC's same property revenues for the year ended December 31, 2023 increased by $52,128 to $598,145, compared to the year ended December 31, 2022, primarily due to increased flow-through funding for direct care, annual inflationary funding increases, higher preferred accommodation revenue and higher occupancy which allowed for full government funding.

Excluding net pandemic and incremental agency expenses, LTC's same property operating expenses for the year ended December 31, 2023 increased by $47,548 to $516,444, compared to the year ended December 31, 2022, mainly due to higher expenses related to an increase in direct care and other labour.

LTC's net pandemic and incremental agency expenses for the year ended December 31, 2023 were $2,931, representing a decrease in net pandemic and incremental agency expenses of $3,828 compared to the year ended December 31, 2022. During the year ended December 31, 2023, the LTC segment received retroactive pandemic funding of $4,058, of which $3,414 related to 2022 and $644 related to 2021. During the year ended December 31, 2022, the LTC segment received retroactive pandemic funding of $4,766 related to 2021. Excluding retroactive pandemic funding, net pandemic and incremental agency costs were $6,989 for the year ended December 31, 2023 compared to $11,525 for the year ended December 31, 2022.

LTC's same property NOI for the year ended December 31, 2023 increased by $8,664 to $78,731, compared to the year ended December 31, 2022.

Depreciation and Amortization

Fourth Quarter 2023

Depreciation and amortization for Q4 2023 increased by $559 to $12,314, primarily due to higher depreciation of buildings and building related assets, furniture and fixtures, computer hardware, and rental leases compared to Q4 2022.

Year ended December 31, 2023

Depreciation and amortization for the year ended December 31, 2023 increased by $2,286 to $49,623, compared to year ended December 31, 2022, primarily due to depreciation of recent computer hardware additions, building and building related assets, and rental leases.

Administrative Expenses

	Three months ended December 31,			Year ended December 31,		
Thousands of Canadian dollars	**2023**	2022	Change	**2023**	2022	Change
General and administrative expenses	**7,192**	6,300	892	**27,686**	28,667	(981)
SOAR Program	**—**	465	(465)	**306**	2,125	(1,819)
Restructuring costs [(1)]	**(651)**	6,550	(7,201)	**(1,826)**	6,550	(8,376)
Share-based compensation	**631**	213	418	**2,918**	1,951	967
Pandemic related expenses	**—**	(221)	221	**8**	77	(69)
Total administrative expenses	**7,172**	**13,307**	**(6,135)**	**29,092**	**39,370**	**(10,278)**

Note:

1. In 2022, the Company announced the closure of one of its LTC residences and recognized a restructuring provision as a result. During the three months and twelve months ended December 31, 2023, the Company adjusted down the provision by $651 and $2,418 respectively, based on best estimates. During the first quarter of 2023, the Company also recognized restructuring costs of $592 related to reduction of employees at our corporate office.

Fourth Quarter 2023

Administrative expenses for Q4 2023 decreased by $6,135 to $7,172, compared to Q4 2022, primarily due to the 2022 restructuring accrual.

Year ended December 31, 2023

Administrative expenses for the year ended December 31, 2023 decreased by $10,278 to $29,092, compared to year ended December 31, 2022, primarily due to lower SOAR program costs, and the reversal of restructuring accrual.

Share of Net Loss in Joint Ventures (JV)

Fourth Quarter 2023

The Company's share of net loss in joint ventures of $2,256 (2022 - $3,430), was primarily related to Sienna-Sabra LP. This balance is comprised of NOI of $2,167, less depreciation and amortization of $4,181, less finance costs of $185 and transaction costs of $57.

Year ended December 31, 2023

The Company's share of net loss in joint ventures of $9,309 (2022 - $11,275), was primarily related to Sienna-Sabra LP. This balance is comprised of NOI of $8,475, less depreciation and amortization of $16,686, less finance costs of $750 and transaction costs of $348.

Net Finance Charges

	Three months ended December 31,			Year ended December 31,		
Thousands of Canadian dollars	**2023**	2022	Change	**2023**	2022	Change
Finance costs						
Interest expense on mortgages	**5,889**	4,479	1,410	**21,997**	16,112	5,885
Interest expense on debentures	**3,586**	3,586	—	**14,226**	14,226	—
Interest on unsecured term loan	**—**	984	(984)	**1,176**	2,305	(1,129)
Interest expense on credit facilities	**540**	568	(28)	**3,092**	1,100	1,992
Interest expense on right-of-use assets	**40**	28	12	**151**	99	52
Amortization of financing charges and fair value adjustments on acquired debt	**926**	699	227	**3,320**	2,471	849
Net settlement payment (receipt) on interest rate swap contracts	**(930)**	(556)	(374)	**(3,489)**	408	(3,897)
Loss (gain) on interest rate swap contracts	**2,925**	(87)	3,012	**2,212**	(9,194)	11,406
	12,976	9,701	3,275	**42,685**	27,527	15,158
Finance income						
Interest income on construction funding receivable	**21**	185	(164)	**432**	878	(446)
Other interest income	**523**	352	171	**1,810**	960	850
	544	537	7	**2,242**	1,838	404
Net finance charges	**12,432**	9,164	3,268	**40,443**	25,689	14,754

Fourth Quarter 2023

Net finance charges for Q4 2023 increased by $3,268 to $12,432, compared to Q4 2022, primarily due to higher fair value loss on interest rate swap contracts and higher interest expense on mortgages, offset by changes in the net settlement payment (receipt) on interest rate swap contracts and lower interest on unsecured term loan that was fully repaid in Q2 2023.

Year ended December 31, 2023

Net finance charges for the year ended December 31, 2023 increased by $14,754 to $40,443, compared to year ended December 31, 2022, primarily due to higher fair value loss on interest rate swap contracts and higher interest expense on mortgages and credit facilities, offset by changes in the net settlement payment (receipt) on interest rate swap contracts and lower interest on unsecured term loan that was fully repaid in Q2 2023.

Transaction Costs

Fourth Quarter 2023

Transaction costs for Q4 2023 decreased by $1,234 to $1,320 compared to Q4 2022 primarily attributable to timing of pre-development activities.

Year ended December 31, 2023

Transaction costs for the year ended December 31, 2023 decreased by $1,886 to $4,309 compared to year ended December 31, 2022 primarily attributable to timing of activities related to development projects and transactions.

Income Taxes

Fourth Quarter 2023

Income tax expense for Q4 2023 increased by $2,247 resulting in an income tax expense of $111 (current tax recovery of $444 and deferred tax expense of $555), compared to Q4 2022 income tax recovery of $2,136 (current tax recovery of $73 and deferred tax recovery of $2,063). This is primarily attributable to timing of tax deduction of share-based compensation paid in the period but accrued in prior periods.

Year ended December 31, 2023

Income tax expense for the year ended December 31, 2023 increased by $2,453 resulting in an income tax expense of $2,966 (current tax expense of $1,718 and deferred tax expense of $1,248), compared to year ended December 31, 2022 income tax expense of $513 (current tax expense of $4,299 and deferred tax recovery of $3,786). The increase in taxes is primarily due to an increase in NOI partially offset by impairment loss and restructuring costs accrued in 2022.

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 "NOI". The following table represents the reconciliation of "NOI" to "net income" to FFO and OFFO for the periods ended December 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 December 31, 2023	2022	Change	Year ended December 31, 2023	2022	Change
Adjusted revenue	**218,863**	193,216	25,647	**816,657**	736,841	79,816
Adjusted operating expense, net of government assistance	**(180,659)**	(160,699)	(19,960)	**(665,402)**	(602,948)	(62,454)
NOI	**38,204**	32,517	5,687	**151,255**	133,893	17,362
Depreciation and amortization	**(12,314)**	(11,755)	(559)	**(49,623)**	(47,337)	(2,286)
Administrative expenses	**(7,172)**	(13,307)	6,135	**(29,092)**	(39,370)	10,278
Share of net loss in equity accounted joint ventures	**(2,256)**	(3,430)	1,174	**(9,309)**	(11,275)	1,966
Share of NOI in equity accounted joint ventures	**(2,167)**	(1,122)	(1,045)	**(8,475)**	(3,784)	(4,691)
Impairment loss	**—**	—	—	**—**	(12,788)	12,788
Net finance charges	**(12,432)**	(9,164)	(3,268)	**(40,443)**	(25,689)	(14,754)
Transaction costs	**(1,320)**	(2,554)	1,234	**(4,309)**	(6,195)	1,886
Gain on disposal of properties	**—**	4	(4)	**—**	23,726	(23,726)
Provision (recovery) for income taxes	**(111)**	2,136	(2,247)	**(2,966)**	(513)	(2,453)
Net income (loss)	**432**	(6,675)	7,107	**7,038**	10,668	(3,630)
Deferred income tax expense (recovery)	**555**	(2,063)	2,618	**1,248**	(3,786)	5,034
Depreciation and amortization	**11,335**	10,898	437	**44,748**	43,951	797
Transaction costs, net of tax	**1,186**	2,554	(1,368)	**3,464**	6,195	(2,731)
Net settlement payment on interest rate swap contracts	**(930)**	(556)	(374)	**(3,489)**	408	(3,897)
Fair value gain (loss) on interest rate swap contracts	**2,925**	(87)	3,012	**2,212**	(9,194)	11,406
Gain on disposal of properties, net of tax	**—**	(3)	3	**—**	(20,873)	20,873
Shares granted under SOAR program	**—**	465	(465)	**306**	2,125	(1,819)
Impairment loss	**—**	—	—	**—**	12,788	(12,788)
Equity-Accounted Joint Ventures: Depreciation and amortization	**4,181**	4,146	35	**16,686**	10,781	5,905
Shares granted under SOAR program	**—**	58	(58)	**10**	58	(48)
Transaction cost	**57**	254	(197)	**348**	3,819	(3,471)
Funds from operations (FFO)	**19,741**	8,991	10,750	**72,571**	56,940	15,631
Depreciation and amortization - corporate	**979**	857	122	**4,875**	3,386	1,489
Amortization of financing charges and fair value adjustments on assumed debt (1)	**980**	747	233	**3,526**	2,610	916
Net settlement receipt (payment) on interest rate swap contracts	**930**	556	374	**3,489**	(408)	3,897
Restructuring costs, including tax	**(518)**	6,550	(7,068)	**(2,390)**	6,550	(8,940)
Operating funds from operations (OFFO)	**22,112**	17,701	4,411	**82,071**	69,078	12,993
Construction funding	**870**	2,030	(1,160)	**5,891**	9,102	(3,211)
Maintenance capital expenditure (2)	**(5,226)**	(2,429)	(2,797)	**(12,825)**	(10,705)	(2,120)
Adjusted funds from operations (AFFO)	**17,756**	17,302	454	**75,137**	67,475	7,662

Adjusted funds from operations (AFFO)	**17,756**	17,302	454	**75,137**	67,475	7,662
Dividends declared	**(17,074)**	(17,065)	(9)	**(68,288)**	(67,315)	(973)
AFFO retained	**682**	237	445	**6,849**	160	6,689

Basic and Diluted FFO per share	**0.271**	0.123	0.148	**0.995**	0.795	0.200
Basic and Diluted OFFO per share	**0.303**	0.243	0.060	**1.125**	0.965	0.160
Basic and Diluted AFFO per share	**0.243**	0.237	0.006	**1.030**	0.943	0.087
Weighted average common shares outstanding	**72,967,166**	72,914,451		**72,955,978**	71,589,104	

Notes:

1. For the year ended December 31, 2023, includes the Company's share of amortization of financing charges and fair value adjustments on assumed debt in Equity-Accounted Joint Ventures of $54 and $206 (2022 - $48 and $139).
2. For the year ended December 31, 2023 includes the Company's share of maintenance capital expenditure in Equity-Accounted Joint Ventures of $296 and $793 (2022 - $177 and $289).

Fourth Quarter 2023 Performance

For Q4 2023, FFO increased by $10,750 to $19,741, compared to Q4 2022. The increase was primarily due to higher NOI and lower administrative expenses.

For Q4 2023, OFFO increased by $4,411 to $22,112, compared to Q4 2022. The increase was primarily attributable to higher NOI, partially offset by higher administrative expenses excluding restructuring costs.

For Q4 2023, AFFO increased by $454 to $17,756, compared to Q4 2022. The increase was primarily related to the increase in OFFO, offset by a higher spend on maintenance capital as a result of timing and a decrease in construction funding income.

Year ended December 31, 2023 Performance

FFO for the year ended December 31, 2023 increased by $15,631 to $72,571, over the prior year. The increase was primarily due to higher NOI, lower administrative expenses, lower current income taxes offset by higher interest expenses.

OFFO for the year ended December 31, 2023 increased by $12,993 to $82,071, over the prior year. The increase was primarily attributable to higher NOI, a favourable tax adjustment of approximately $1,500 relating to additional deductions of capital cost allowance higher than originally estimated in 2022, partially offset by higher current taxes after adjustments relating to restructuring costs and transaction costs, as well as higher interest expenses.

AFFO for the year ended December 31, 2023 increased by $7,662 to $75,137, over the prior year. The increase was primarily related to the increase in OFFO, offset by a higher spend on maintenance capital and a decrease in construction funding income.

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 December 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 years ending December 31, 2024 through 2028, and thereafter, the Company estimates that the construction funding amount for completed projects will be as follows:

Thousands of Canadian dollars	Construction funding interest income [1]	Construction funding principal [2]	Total construction funding to be received
2024	275	2,559	2,834
2025	214	1,323	1,537
2026	147	1,193	1,340
2027	109	461	570
2028	94	482	576
Thereafter	481	2,753	3,234
	1,320	**8,771**	**10,091**

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 year ended December 31, 2023, interest income on construction funding of $21 and $432, respectively (2022 - $185 and $878, respectively) was recognized, and an adjustment of $870 and $5,891, respectively (2022 - $2,030 and $9,102) 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 December 31:

	Three months ended December 31,		Year ended December 31,	
Thousands of Canadian dollars	**2023**	2022	**2023**	2022
Building maintenance	**2,600**	690	**4,411**	3,386
Mechanical and electrical	**846**	965	**2,926**	2,770
Suite renovations and common area upgrades	**700**	520	**2,716**	2,595
Communications and information systems	**203**	67	**610**	351
Furniture, fixtures and equipment	**877**	187	**2,162**	1,603
Total maintenance capital expenditures	**5,226**	2,429	**12,825**	10,705
Capital Investments in Equity-Accounted Joint Ventures	296	177	793	289

Building Maintenance

Building maintenance include the costs for structures, roofing, exterior grounds, fire safety, and sprinklers. For the three months, the increase in building maintenance compared to the prior year is due to timing of repairs, as well as the replacement of pipes at one long-term care community and roofing work at certain retirement residences.

Mechanical and Electrical

Mechanical and electrical expenditures include the costs for heating, air conditioning and ventilation systems, generators, boilers, pumps and building elevators. The increase in mechanical and electrical compared to the prior year is due to the timing of repairs for air conditioning, pumps and generators at certain properties.

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.

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 December 31:

	Three months ended December 31,			Year ended December 31,		
Thousands of Canadian dollars	**2023**	2022	Change	**2023**	2022	Change
Cash provided by operating activities	**35,943**	14,957	20,986	**126,705**	106,077	20,628
Construction funding principal	**870**	2,030	(1,160)	**5,891**	9,102	(3,211)
Transaction costs	**(885)**	2,809	(3,694)	**1,685**	10,015	(8,330)
Maintenance capital expenditures	**(5,226)**	(2,429)	(2,797)	**(12,825)**	(10,705)	(2,120)
Net change in working capital, interest and taxes	**(14,943)**	(7,835)	(7,108)	**(53,042)**	(58,741)	5,699
Restricted share units recovery	**590**	(19)	609	**1,726**	636	1,090
Tax on disposal of properties	**—**	—	—	**—**	2,852	2,852
Restructuring costs, including tax	**(518)**	6,550	(7,068)	**(2,390)**	6,550	(8,940)
Gain on disposal of properties, net of tax	**—**	465	(465)	**—**	2,125	2,125
FFO of Equity-Accounted Joint Ventures	**1,925**	774	1,151	**7,387**	(436)	7,823
Adjusted funds from operations (AFFO)	**17,756**	17,302	454	**75,137**	67,475	17,616

Refer to the "Cash Flow Analysis" section for details on the change from Q4 2022 to Q4 2023 on cash flow provided by operating activities.

Financial Position Analysis

Balance Sheet Analysis

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

Thousands of Canadian dollars	**2023**	2022	Change
Total assets	**1,695,343**	1,680,428	14,915
Total liabilities	**1,321,572**	1,245,736	75,836
Total equity	**373,771**	434,692	(60,921)

Total assets increased by $14,915 to $1,695,343 primarily due to the acquisition of Woods Park in Q1 2023 and the acquisition of an additional 30% in Nicola Lodge Care Community in Q4 2023, additions to property and equipment, partially offset by decrease in Investment in Sienna-Sabra LP, construction funding receivable and cash balances.

Total liabilities increased by $75,836 to $1,321,572 primarily due to increase in liability for government funding payable, new property level mortgages, increases in accounts payable and other liabilities partially offset by repayment of revolving credit facility, regular pay down of property level mortgages, payment of income taxes liability and net decrease in share-based compensation liability.

Total equity decreased by $60,921 to $373,771 primarily due to dividends declared during the period partially offset by net income during the period.

Cash Flow Analysis

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

	Three months ended December 31,			**Year ended December 31,**		
Thousands of Canadian dollars	**2023**	2022	Change	**2023**	2022	Change
Cash provided by (used in):						
Operating activities	**35,943**	14,957	20,986	**126,705**	106,077	20,628
Investing activities	**(36,199)**	(4,619)	(31,580)	**(74,015)**	(134,726)	60,711
Financing activities	**(16,828)**	(23,201)	6,373	**(66,336)**	37,646	(103,982)
Increase (decrease) in cash and cash equivalents during the period	**(17,084)**	(12,863)	(4,221)	**(13,646)**	8,997	(22,643)
Cash and cash equivalents, end of period	**24,404**	38,050	(13,646)	**24,404**	38,050	(13,646)

Fourth Quarter 2023

Cash inflows provided by operating activities for the three months ended December 31, 2023 increased by $20,986 to $35,943 primarily due to higher accounts payable as a result of timing of payments, higher government funding net payable as a result of timing, offset partially by higher interest payments on long-term debt compared to Q4 2022.

Cash outflows used in investing activities for the three months ended December 31, 2023 increased by $31,580 to $36,199 primarily due to higher spend on property and equipment net of government assistance related to capital expenditure, acquisition of an additional 30% in Nicola Lodge Care Community, lower construction funding receivables, partially offset by distributions received from joint venture and higher interest income receipts.

Cash outflows used in financing activities for the three months ended December 31, 2023 decreased by $6,373 to $16,828 primarily due to net proceeds from long term debt compared to Q4 2022 mainly due to new property level mortgages and refinancing of property level mortgages in Q4 2023 and reduction in the amount of draws on the revolving credit facility.

Year ended December 31, 2023

Cash inflows provided by operating activities for the year ended December 31, 2023 increased by $20,628 to $126,705 primarily due to higher accounts payable due to timing of payments, decrease in accounts and other receivables, offset partially by higher income tax payments, and higher interest paid on long-term debt.

Cash outflows used in investing activities for the year ended December 31, 2023 decreased by $60,711 to $74,015 primarily due to the Company's investment in Sienna-Sabra LP in the prior year, distributions received from joint venture, partially offset by acquisition of Woods Park in Q1 2023 and the acquisition of an additional 30% of Nicola Lodge Care Community in Q4 2023, and proceeds from disposal of properties in the prior year.

Cash outflows used in financing activities for the year ended December 31, 2023 increased by $103,982 to $66,336 primarily due to issuance of equity in Q1 2022, net repayments of long-term debt and an increase in dividends paid compared to the prior year.

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 December 31, 2023, the Company's liquidity was $307,315, as follows:

Thousands of Canadian dollars	**December 31, 2023**	December 31, 2022
Cash and cash equivalents	**24,404**	38,050
Available funds from credit facilities	**282,911**	248,500
Total	**307,315**	286,550

As at December 31, 2023, the Company had drawn $25,000 from its available facilities.

In addition, as at December 31, 2023, the Company's share of cash and cash equivalents held in our Equity-Accounted Joint Ventures was $2,921.

The Company had a working capital deficiency (current liabilities less current assets) of $447,761 as at December 31, 2023, including the current portion of long-term debt of $248,496. 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 $992,900 as at December 31, 2023, representing a decrease of $188,400 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 mortgages placed on four properties that were 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 $100,665 as at December 31, 2023.

The Company's total debt is comprised as follows:

Thousands of Canadian dollars	**December 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
Credit facilities	**25,000**	60,000
Mortgages	**542,806**	422,678
Lease liability	**4,131**	2,844
	1,021,937	985,522
Fair value adjustments on assumed debt	**1,792**	2,343
Less: Deferred financing costs	**(17,080)**	(9,901)
Total debt	**1,006,649**	977,964

The Company's total debt as at December 31, 2023 was $1,006,649 (December 31, 2022 - $977,964). The increase of $28,685 was primarily related to the addition of property-level mortgages partially offset by the repayment of the Unsecured Term Loan (defined in the "Credit Facilities" section of this MD&A) and reduction in draws on the credit facilities.

The following table summarizes the scheduled principal maturities of the Company's long-term debt commitments as at December 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 (4)**	**Credit Facilities**	**Capitalized Lease Principal Payments (5)**	**Regular Principal Repayments**	**Principal Due at Maturity**	**Weighted Average Interest Rate on Maturing Mortgages**	**Total**	**Consolidated Weighted Average Interest Rate on Maturing Debt**
2024	150,000	—	—	—	—	778	20,690	80,172	4.91 %	**251,640**	3.76 %
2025	—	—	—	—	—	795	15,727	41,112	3.79 %	**57,634**	3.79 %
2026	—	175,000	—	—	—	825	16,028	—	— %	**191,853**	3.45 %
2027	—	—	125,000	—	25,000	856	15,481	35,115	3.30 %	**201,452**	3.43 %
2028	—	—	—	—	—	563	10,730	125,154	3.47 %	**136,447**	3.47 %
2029	—	—	—	—	—	314	6,729	—	— %	**7,043**	— %
2030	—	—	—	—	—	—	6,698	9,230	1.65 %	**15,928**	1.65 %
Thereafter	—	—	—	—	—	—	31,246	128,694	4.31 %	**159,940**	4.31 %
	150,000	**175,000**	**125,000**	**—**	**25,000**	**4,131**	**123,329**	**419,477**	**3.97 %**	**1,021,937**	**3.68 %**
Fair value adjustments on assumed debt										**1,792**	
Less: Deferred financing costs										**(17,080)**	
Total debt										**1,006,649**	

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. During the three months ended June 30, 2023, the Company repaid the remaining balance of the Unsecured Term Loan.
5. The weighted average interest rate for capitalized lease principal payments is 3.87% for each year.

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

Thousands of Canadian dollars	**December 31, 2023**	December 31, 2022
Mortgages	**25,262**	26,177
Construction loan	**22,705**	—
Fair value adjustments on assumed debt	**(2,318)**	(2,522)
Less: Deferred financing costs	**(11)**	(12)
Total debt	**45,638**	23,643

Year	Regular Principal Repayments
2024	936
2025	957
2026	23,682
2027	1,000
2028	1,023
2029	1,046
2030	1,069
Thereafter	18,254
	47,967
Fair value adjustments on assumed debt	(2,318)
Less: Deferred financing costs	(11)
Total debt	45,638

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	**December 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	**(1,257)**	(1,924)
	448,743	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. In Q2 2023, the Company repaid the remaining balance of the Unsecured Term Loan.

Credit Facilities

The Company has a combined total borrowing capacity of $308,500 pursuant to its credit facilities as at December 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 option. 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 December 31, 2023, the Company had drawn $25,000 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	**December 31, 2023**	December 31, 2022
Credit facilities drawn	**25,000**	60,000
Less: Deferred financing costs	**(637)**	(891)
	24,363	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 December 31, 2023, 64% of the Company's total property-level mortgages, including the Company's proportionate share of Equity-Accounted Joint Ventures, were insured by CMHC.

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

Thousands of Canadian dollars	**December 31, 2023**	December 31, 2022
Mortgages at fixed rates	**430,655**	291,487
Mortgages at variable rates [1]	**112,151**	131,191
Fair value adjustments on assumed debt	**1,792**	2,343
Less: Deferred financing costs	**(15,122)**	(7,086)
	529,476	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:

	December 31, 2023			December 31, 2022
	Fixed Rate	**Variable Rate**	**Total**	Total
Weighted average interest rate [1]	3.88 %	4.32 %	**3.97 %**	3.64 %
Weighted average term to maturity (years)	6.9	2.3	**5.9**	4.5

Note:
1. Weighted average interest rate includes variable rates that have been fixed through interest rate swaps.

Lease Liability

The lease liability as at December 31, 2023 of $4,131 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	Negative
Series B Unsecured Debentures	DBRS	BBB	Negative
Series C Unsecured Debentures	DBRS	BBB	Negative

Financial Covenants

The Company is in compliance with all financial covenants on its borrowings as at December 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 December 31:

Thousands of Canadian dollars, except ratio	Three months ended December 31, 2023	2022	Year ended December 31, 2023	2022
Net finance charges	**12,432**	9,164	**40,443**	25,689
Add (deduct):				
Amortization of financing charges and fair value adjustments on acquired debt	**(926)**	(699)	**(3,320)**	(2,471)
Interest income on construction funding receivable	**21**	185	**432**	878
Interest expenses from Equity-Accounted Joint Ventures	**141**	147	**572**	367
Other interest income[1]	**530**	352	**1,838**	960
Fair value (loss) gain on interest rate swap contracts	**(2,925)**	87	**(2,212)**	9,194
Net finance charges, adjusted	**9,273**	9,236	**37,753**	34,617
Adjusted EBITDA	**31,272**	28,499	**126,976**	113,236
Interest coverage ratio	**3.4**	3.1	**3.4**	3.3

Notes:
1. Includes the Company's proportionate share of Equity-Accounted Joint Ventures.

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

Thousands of Canadian dollars	Three months ended December 31, 2023	2022	Year ended December 31, 2023	2022
Net income (loss) [1]	**432**	(6,675)	**7,038**	10,668
Depreciation and amortization [2]	**16,495**	15,902	**66,309**	58,118
Net finance charges [2]	**12,617**	9,357	**41,193**	26,189
Provision for income taxes	**111**	(2,136)	**2,966**	513
Transaction costs [2]	**1,377**	2,766	**4,657**	9,973
Impairment loss	**—**	—	**—**	12,788
EBITDA	**31,032**	19,214	**122,163**	118,249
Proceeds from construction funding	**891**	2,216	**6,323**	9,980
Restructuring costs	**(651)**	6,550	**(1,826)**	6,550
SOAR program [2]	**—**	523	**316**	2,183
Gain on disposal of properties and other assets	**—**	(4)	**—**	(23,726)
Adjusted EBITDA	**31,272**	28,499	**126,976**	113,236

Notes:
1. For the year ended December 31, 2023, includes retroactive pandemic funding recovery of $4,058 (2022 - $4,766) for pandemic expenses incurred in prior years.
2. Includes the Company's proportionate share of Equity-Accounted Joint Ventures.

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 December 31:

	Three months ended December 31,		Year ended December 31,	
Thousands of Canadian dollars, except ratio	**2023**	2022	**2023**	2022
Net finance charges, adjusted [1]	**9,273**	9,235	**37,753**	34,617
Principal repayments [1][2]	**4,834**	4,591	**20,283**	19,644
Total debt service [1]	**14,107**	13,826	**58,036**	54,261
Adjusted EBITDA	**31,272**	28,499	**126,976**	113,236
Deduct:				
Maintenance capital expenditures	**(5,226)**	(2,429)	**(12,825)**	(10,705)
Cash income tax paid	**—**	(274)	**(4,733)**	(2,474)
Adjusted EBITDA (for covenant calculations)	**26,046**	25,796	**109,418**	100,057
Debt service coverage ratio	**1.8**	1.9	**1.9**	1.8

Notes:

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

	As at December 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	**25,000**	60,000
Mortgages	**542,806**	422,678
Mortgages related to Equity-Accounted Joint Ventures	**25,262**	26,177
Construction loan related to Equity-Accounted Joint Venture	**22,705**	—
Lease liability [1]	**4,139**	2,844
Total indebtedness	**1,069,912**	1,011,699
Adjusted EBITDA	**126,976**	113,236
Debt to Adjusted EBITDA	**8.4**	8.9

Note:

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

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 at December 31, 2023	2022
Total indebtedness	**1,069,912**	1,011,699
Total assets [(1)]	**1,745,074**	1,706,751
Accumulated depreciation on property and equipment [(1)]	**443,919**	403,024
Accumulated amortization on intangible assets [(1)]	**208,459**	196,624
Gross book value [(1)]	**2,397,452**	2,306,399
Debt to gross book value	**44.6 %**	43.9 %

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

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	—	23
Common shares issued pursuant to SOAR program	27,225	306
Balance, December 31, 2023	72,967,166	964,843

On June 12, 2023, 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 3,648,358 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 64,407 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, 2023. The NCIB will terminate on June 19, 2024.

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 December 31:

	Year ended December 31,		
Thousands of Canadian dollars	**2023**	2022	Change
Cash flows from operating activities	**126,705**	106,077	20,628
AFFO	**75,137**	67,475	7,662
Dividends declared	**(68,288)**	(67,315)	(973)
Cash flows from operating activities in excess of dividends declared	**58,417**	38,762	19,655
AFFO retained	**6,849**	160	6,689

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.

Other Commitments

The Company has committed to purchasing the remaining 30% interest in Nicola Lodge between November 2024 and March 2026, at the Company's discretion. The purchase price will be $26,520, before closing costs and subject to customary closing adjustments.

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, 2023. New or changes in accounting policies are identified in Note 3 of the Company's annual consolidated financial statements for the year ended December 31, 2023. Please refer to those audited consolidated financial statements for further details.

Significant Judgments and Estimates

The preparation of consolidated financial statements under IFRS requires the Company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions, which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities, are discussed below.

Long-term care licences

In Ontario, the Fixing Long-Term Care Act ("**FLTCA**") contains a licence term regime for all LTC residences which will result in licence terms for the Company's residences ranging from 15 years for Class B and C residences to 30 years for Class A residences. Under the FLTCA, ultimate control of LTC licences in Ontario remains with the MLTC, including approval of new licences, transfer, and renewal or revocation of existing licences. Although the licence does not support any guarantee of continued operation beyond the term of the licence, based on the current demographics in Canada and the demand for LTC beds projected to increase, management of the Company is of the view that licences will continue to be renewed.

In British Columbia, the LTC licences have an indefinite term.

Impairment analysis of indefinite-lived intangible assets (significant estimate)

The Company views long-term care licences as indefinite-lived intangible assets. These indefinite-lived intangible assets do not generate largely independent cash inflows and are therefore tested as part of the cash generating units (CGUs) to which they belong. The Company has defined each owned residence to be a CGU. CGUs that contain indefinite-lived intangibles are tested for impairment annually and whenever there is an indication of impairment. The carrying value of each CGU is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. An impairment loss is recognized if the carrying amount of a CGU exceeds its recoverable amount.

Fair value is determined using the direct capitalization method. This method considers capitalization rates derived from transactions involving properties comparable to the subject properties. The capitalization rate is applied to a stabilized single-year estimate of net operating income to determine market value. The significant assumptions used in the valuation include capitalization rates and growth rates.

Risk Factors

There are certain risks inherent in an investment in the Company's securities and in the activities of the Company. The Company is exposed to a number of risks and uncertainties in the normal course of business that have the potential to affect operating performance. The Company has operating and risk management strategies and insurance programs to help minimize these operating risks and uncertainties. In addition, the Company has entity level controls and governance procedures, including a corporate code of business conduct and ethics, whistleblowing procedures, clearly articulated corporate values, and procedures in place to systematically identify matters warranting consideration of disclosure by its Disclosure Committee, and detailed policies outlining the delegation of authority within the Company.

To preserve and enhance shareholder value over the long-term, the Company approaches the management of risk strategically through its disciplined enterprise risk management (**"ERM"**) program. The Company conducts an annual ERM assessment which is overseen by the Company's senior management team and is reported to the Board of Directors. A key element of the ERM program is the periodic review, identification and assessment of risk. The ERM framework sets out principles and tools for identifying, evaluating, prioritizing and managing risk effectively across the Company. Senior management participates in a detailed review of enterprise risk in four major categories: strategic, operational, compliance, financial and reporting. In addition, the Company monitors risks and changing economic conditions on an ongoing basis and adapts its operating strategies as needed.

This section describes the principal risks and uncertainties that could have a material adverse effect on the Company's business and financial results. The risks and uncertainties described below may not be the only risks that may impact the Company's business. Additional risks not currently known to the Company or that management currently believes are immaterial may have a material adverse effect on future business and operations. Investors should carefully consider these risks before investing in the securities of the Company. Any discussion about risks should be read in conjunction with "Forward-Looking Statements".

Risks Relating to the Business

General business risks

The Company is subject to general business risks, including those inherent in the senior living sector. These risks include changes in government regulation and oversight, changes in consumer preferences, fluctuations in occupancy levels and business volumes, changes in government funding and reimbursement programs, competition from other seniors care providers, changes in neighborhood or location conditions and general economic conditions, natural disasters, health related risks (including disease outbreaks such as COVID-19 and influenza) and control risks, negative media reports or publicity, critical third party supply failures, imposition of new or increased taxes, capital expenditure requirements, and increased operating costs. Additional risks include possible future changes in labour relations, reduction of personnel below acceptable levels (including due to events such as pandemic illness or quarantine), increases in labour and other personnel costs (including pursuant to the pay equity litigation discussed below under "Developments related to Pay Equity"). Any one or a combination of these factors may adversely affect the business, operating results or financial condition of the Company.

Liability and insurance

The businesses which are carried on, directly or indirectly, by the Company entail an inherent risk of liability, including with respect to injury to or death of its residents. From time to time, the Company is subject to lawsuits as a result of the nature of its businesses, including the proposed class actions described below. The market for insurance for the senior living sector has been challenging and has resulted in increased insurance costs for the Company. The Company maintains business and property insurance policies in amounts and with such coverage and deductibles as deemed appropriate, based on the nature and risks of the businesses, historical experience, industry standards and coverage availability to the sector. There can be no assurance, however, that claims in excess of the insurance coverage or claims not covered by the insurance coverage will not arise or that the liability coverage will continue to be available on acceptable terms. There are certain types of risks, generally of a catastrophic nature, such as floods, earthquakes, power outages, war, terrorism or environmental contamination, which are either uninsurable or are not insurable on an economic basis. A successful claim against the Company not covered by, or in excess of, its insurance may have a material adverse impact on the business, operating results and financial condition of the Company. Claims against the Company, regardless of their merit or eventual outcome, also may have a material adverse impact on the ability to attract residents or expand the Company's business, and requires management of the Company to devote time to matters unrelated to the operation of the business. Sienna and its consolidated subsidiaries are defendants in various actions and proceedings.

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

On January 21, 2022, the Superior Court of Justice (the "**Court**") 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 against the Company is $260 million. The Court ordered that the proposed class actions, other than the consolidated claim, be stayed pending the outcome of the certification motion on the consolidated claim and that no other class proceedings may be commenced in Ontario in relation to the subject matter of the consolidated claim without leave of the Court. The consolidated claim, in effect, replaces all of the other proposed class actions.

None of the above proposed class action claims, including the consolidated claim, have been certified as a class action. The Company is vigorously defending itself against these claims. The certification hearing in respect of the consolidated claim took place in early 2024. As of the date hereof, no decision has been rendered by the Court in respect of certification.

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 Ontario government 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.

Developments related to Pay Equity

The Company along with a number of other industry participants and the Ontario government are currently engaged in various proceedings with several unions regarding pay equity maintenance for employees at long-term care facilities, for which wages and benefits are typically funded by the MLTC. In one such proceeding, 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.

Given the current status of the proceedings and significant number of judgements required in establishing the pay equity framework that will impact the measurement of any potential provision, including ongoing discussions with the unions amongst the parties, 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 consolidated financial statements as at December 31, 2023.

Labour intensive operations

The business of the Company is labour intensive, with labour related costs comprising a substantial portion of the Company's direct operating expenses. The Company's businesses compete with other providers with respect to attracting and retaining qualified personnel. Any shortage of qualified personnel and general inflationary pressures may require the Company to enhance its pay and benefits package to compete effectively for such personnel or hire temporary agency staff. Long term care communities in British Columbia are subject to direct care hour requirements by the respective health authorities for funding eligibility. An increase in labour-related costs or a failure to attract, train and retain qualified and skilled personnel may have a material adverse impact on the business, operating results and financial condition of the Company.

Reliance on key personnel

The Company's success depends upon the retention of senior management. There can be no assurance that the Company would be able to find qualified replacements for the individuals who make up its senior management team if their services were no longer available. The loss of services of one or more members of such senior management team may have a material adverse impact on the business, operating results and financial condition of the Company. The Company does not currently carry any "key man" life insurance in respect of any of its executives.

Long-term care funding

The mandate of certain provincial and regional health regulators includes the authorization to determine the co-payment fees that residents pay to long-term care communities. Provincial and regional health regulators also provide funding for care and support programs in long-term care communities and subsidize accommodation costs for qualifying residents. Risk exists that provincial and regional health regulators may reduce the level of, or eliminate, such fees, payments or subsidies to residences in the future. There can be no assurance that the current level of such fees, payments and subsidies will be continued or that such fees, payments and subsidies will increase commensurate with expenses of operating long-term care communities. A reduction of these fees, payments or subsidies or their failure to increase commensurate with expenses may have a material adverse impact on the business, operating results and financial condition of the Company.

Funding adjustments in the current year

Reconciliations of funding versus actual expenses are performed annually, based on previous calendar years. From time to time, the reconciliations will result in current year adjustments made in respect of prior years. These ‘‘prior period adjustments'' can have either a favourable or unfavourable impact on NOI generally related to differences identified in the reconciliation attributable to occupancy days, special circumstances and differences between projected and actual property tax.

Interest Rate and Inflation Risk

In an attempt to combat recent inflation through cooling demand, the Bank of Canada and the Federal Reserve have tightened monetary policy through 2022 and 2023 by increasing the overnight lending rate. In a rising interest rate environment, the cost of acquisitions and financing rises, which may negatively impact the Company’s business, financial condition and results of operations.

The rate of inflation impacts the general economic and business environment in which the Company operates. Inflationary pressures experienced domestically and globally, external supply constraints, tight labour markets and strong demand for goods and resources, together with the imposition by governments of higher interest rates or wage and price controls as a means of curbing inflationary increases, puts pressure on the Company’s acquisition, financing, operation and labour costs and could negatively impact the Company’s business, financial condition and results of operations. If inflation persists and interest rates continue to climb, an economic contraction is possible. Higher inflation and the prospect of moderated growth also negatively impacts the debt and equity markets in which the Company may seek capital, and in turn might impact its ability to obtain capital in the future on favourable terms, or at all. While the Company’s market position provides it with flexibility to navigate volatile economic conditions, there can be no assurances regarding the impact of a significant economic contraction on its business, operations, and financial performance.

Information technology risk

The Company is a party to agreements with third parties for hardware, software, network, telecommunications and other information technology ("**IT**") services in connection with its operations. The Company's efficient operation of its business depends, in part, on computer hardware and software systems and on how well the Company and its suppliers protect networks, equipment, systems and software against damage from a number of threats (including cable cuts, damage to physical plants, natural disasters, terrorism, fire, power loss, hacking, computer viruses, malware, vandalism, ransomware and theft). The Company's operations also depend on the timely maintenance, upgrade and replacement of systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in IT system failures, delays and/or increase in capital expenses. The failure of IT systems could, depending on the nature of any such failure, adversely impact the Company's reputation and may have a material adverse impact on the business, operating results and financial condition of the Company.

Privacy and cybersecurity risk

Information systems are vulnerable to security threats, including cybersecurity incidents. A cybersecurity incident is considered to be any intentional or unintentional material adverse event that threatens the confidentiality, integrity or availability of the Company’s information resources, including malicious software, attempts to gain unauthorized access to data or information systems, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. Moreover, cybersecurity attacks against large organizations are increasing in sophistication and are often focused on financial fraud, compromising sensitive data for inappropriate use or disrupting business operations. As a custodian of personal information, including health information, relating to residents and employees, the Company is exposed to the potential loss, misuse or theft of any such information, which could result in reputational damage, potential liability to third parties, additional regulatory scrutiny and fines and litigation and other costs and expenses.

The Company takes data privacy and protection seriously and has implemented processes, procedures and controls to help mitigate these risks. Access to personal data is controlled through physical security and IT security measures, and team members are frequently trained in the safeguarding of sensitive information. For information stored with or processed by third parties, the Company undertakes due diligence prior to working with them and uses contractual means to ensure compliance to standards set by the Company. Additionally, the Company monitors and assesses risks surrounding collection, use, storage and protection practices of personal data. However, these measures, as well as its increased awareness of a risk of a cybersecurity incident, do not guarantee that the Company's financial results would not be negatively impacted by such an incident.

Although to date the Company has not experienced any material losses relating to cybersecurity or other information security breaches, there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As cybersecurity threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities. Any of the foregoing events could have a material adverse impact on the business, operating results and financial conditions of the Company.

Government regulation

Both long-term care communities and retirement residences are subject to extensive regulation with the potential for regulatory change. There can be no assurance that future regulatory changes affecting the seniors' housing industry would not have a material adverse impact on the business, operating results and financial condition of the Company.

All long-term care communities and retirement residences are required to adhere to quality control, public health, infection control and other care-related operating standards. Accordingly, all long-term care communities and retirement residences are subject to regulatory inspections to ensure compliance with applicable regulations and to investigate complaints, including complaints related to resident injury or death. It is not unusual for the stringent inspection procedures to identify deficiencies in operations. Every effort is made by the Company to correct legitimate problem areas that have been identified. It is possible that the Company may not be able to remedy deficiencies or address complaints within the time frames allowed or in a manner satisfactory to the applicable regulatory authority, which could lead to periods of enhanced monitoring and the imposition of sanctions (such as limiting admissions in the case of a long-term care community), which, in turn, may have a material adverse impact on the business, operating results and financial condition of the Company. Further, once deficiencies have been corrected, it could nonetheless take a period of time before public records note the compliance.

The retirement sector requires that a residence and operator must be licensed to operate. Retirement residences are regulated by *the Retirement Homes Act*, 2010 (Ontario) (the "**RHA**") in the Province of Ontario, *The Personal Care Homes Act* (Saskatchewan) in the Province of Saskatchewan (the "**PCA**"), the Supportive Living Accommodation Licensing Act (the "**SLALA**") in the Province of Alberta, and the *Community Care and Assisted Living Act* (British Columbia) (the "**CCALA**") in the Province of British Columbia. In Ontario, the Retirement Home Regulatory Authority (the "**RHRA**"), a regulatory body created by the RHA, provides consumer protection and regulation, but not funding, for the provision of care and services in retirement residences in the province. Retirement residences are required to be licensed by the RHRA in order to operate in Ontario and are inspected regularly by RHRA inspectors. In Saskatchewan, the Ministry of Health is responsible for the licensing and monitoring of personal care homes. The PCA governs the care, management and administration of care homes, including approving the services to be provided, and which are subject to regular inspections. In Alberta, the SLALA governs all settings with four or more adults who receive services related to safety and security, and at least one meal a day or housekeeping services. Accordingly, the SLALA governs ISL and AL residences in the province. These residences must also meet the Supportive Living Accommodations Standards, which standards are maintained and enforced through Alberta Health Services. In British Columbia, the CCALA provides consumer protection and regulation of retirement residences in the province, such that all levels of senior living residences providing personal support in British Columbia must be registered with the Assisted Living Registry.

While the Company has obtained all currently required licences and registrations, there can be no assurances that the Company will be able to obtain all necessary licences and registrations in the future or that future regulatory changes affecting retirement residences would not have a material adverse impact on the business, operating results and financial condition of the Company.

Competition

Numerous other senior living residences, predominantly retirement residences, compete with the Company's retirement residences in seeking residents. The existence of competing owners and competition for the Company's residents may have a material adverse impact on the Company's ability to attract residents to its senior living residences and on the rents charged, and may have a material adverse impact on the business, operating results and financial condition of the Company.

Credit ratings

The credit ratings assigned to the Company are an assessment of the Company's ability to pay its obligations. The Company received a "BBB" investment grade credit rating with a "Negative" trend from DBRS. DBRS has also assigned a rating "BBB", with "Negative" trend, to the Company's 3.109% Series A Unsecured Debentures due November 4, 2024, the 3.45% Series B Unsecured Debentures due February 26, 2026 and the 2.82% Series C Unsecured Debentures due March 31, 2027. There is no assurance the Company will continue to receive such credit ratings. Thus, real or anticipated changes in the Company's credit ratings may affect its capital structure and may have a material adverse impact on the business, operating results and financial condition of the Company.

Financing risk

The Company expects its working capital needs and capital expenditure needs to increase in the future as it continues to expand and enhance its portfolio. The Company's ability to raise additional capital will depend on the financial success of its current business and the successful implementation of its key strategic initiatives as well as, financial, economic and market conditions and other factors, some of which are beyond its control. No assurance can be given that it will be successful in raising the required capital at reasonable cost and at the required times, or at all. Further equity financings may have a dilutive effect on the value of the common shares. If the Company is unsuccessful in raising additional capital, it may not be able to continue its business operations and advance its growth initiatives, which may have a material adverse impact on the business, operating results and financial condition of the Company.

The Company was in compliance with its financial covenants as at December 31, 2023. However, there can be no assurance that future covenant requirements will be met. The Company’s bank lines and other debt may be affected by its ability to remain in compliance with their respective terms. If the Company does not remain in compliance with its financial covenants, its ability to amend the covenants or refinance its debt may be affected.

A portion of the Company's cash flow is devoted to servicing its debt and there can be no assurance that the Company will continue to generate sufficient cash flow from operations to meet the required interest and principal payments on its debt. If the Company were unable to meet such interest or principal payments, it may be required to seek renegotiation of such payments or obtain additional equity, debt or other financing. If this were to occur, it may have a material adverse impact on the business, operating results and financial condition of the Company. The Company is subject to the risk that its existing indebtedness may not be able to be refinanced at maturity or that the terms of any refinancing may not be as favourable as the terms of its existing indebtedness. If the Company requires additional debt financing, its lenders may require it to agree to restrictive covenants that could limit its flexibility in conducting future business activities or that contain provisions that, upon an event of default, result in the acceleration of repayment of amounts owed and that restrict the amount of dividends, if any, that may be paid to its shareholders. Some of the Company's current debt instruments include such covenants.

Acquisitions, dispositions and development

The success of the Company's business acquisition, disposition and development activities will be determined by numerous factors, including the ability of the Company to identify suitable acquisition or development targets, competition for transactional opportunities, purchase and sale prices, the Company's ability to obtain adequate financing on reasonable terms, the financial performance of acquired businesses and the ability of the Company to effectively integrate and operate acquired businesses. Acquisitions, dispositions and development agreements entered into with third parties may be subject to unknown, unexpected or undisclosed liabilities which could have a material adverse impact on the Company’s operations and financial results. Representations and warranties given by such third parties to the Company may not adequately protect against these liabilities and any recourse against third parties may be limited by the financial capacity of such third parties. Further, the acquired businesses may not meet financial or operational expectations of performance due to unexpected costs associated with the acquisition or development of an acquired property, as well as the general investment risks inherent in any real estate investment. In addition, the letters of intent and purchase or sale agreements entered into with third parties with respect to such acquisitions or dispositions, as applicable, are generally subject to certain closing conditions, and in some cases, the granting of regulatory approvals. Such acquisitions or dispositions may not be completed due to the failure to satisfy closing conditions or the failure to receive required regulatory approvals and certain funds paid by the Company may not be recoverable. Moreover, new acquisitions may require significant attention from management of the Company or capital expenditures that would otherwise be allocated to existing businesses. Any failure by the Company to identify suitable targets for acquisition or disposition, or to operate acquired businesses effectively, may have a material adverse impact on the business, operating results and financial condition of the Company.

The Company is pursuing development activities with partners. These activities create development-specific risks, including liens, constructions delays, increasing costs, labour disputes, delays in obtaining municipal and regional approvals and disputes with development partners. Any of the foregoing may have a material adverse impact on the business, operating results and financial condition of the Company.

Redevelopment of Class B and C residences

The redevelopment of the Company's Class B and Class C beds in Ontario require regulatory approvals and may include significant capital outlays. To the extent such redevelopment plans proceed on significantly different timing or terms, including with respect to budgets or the levels of expected funding, there may be a material adverse impact on the business, operating results and financial condition of the Company.

Capital intensive industry

The ability of the Company to maintain and enhance its properties in a suitable condition to meet regulatory standards, operate efficiently and remain competitive in its markets requires it to commit a portion of cash to its facilities and equipment. Significant future capital requirements may have a material adverse impact on the business, operating results and financial condition of the Company.

Labour relations

A majority of the employees working at the Company's properties are unionized with approximately 83.6% of team members represented by union locals of any of the Service Employees International Union, the Ontario Nurses Association, the BC Nurses' Association, the BC General Employees' Union, the Hospital Employees' Union, the Christian Labour Association of Canada, the Canadian Union of Public Employees, Healthcare Office and Professional Employees, UNIFOR, Ontario Public Service Employees Union, Workers United Canada Council, Service Employees International Union West, Teamsters and United Food and Commercial Workers. While the Company has traditionally maintained positive labour relations, there can be no assurance the Company will not at any time, whether in connection with a renegotiation process or otherwise, experience strikes, labour stoppages or any other type of conflict with unions or employees, which may have a material adverse impact on the business, operating results and financial condition of the Company. Notwithstanding the foregoing, all long-term care communities in Ontario are governed by the *Hospital Labour Disputes Arbitration Act* (Ontario), which prohibits strikes and lockouts in the senior living industry. As a result, collective bargaining disputes in Ontario are more likely to be resolved through compulsory third party arbitration.

Joint venture interests

The Company has entered into several joint-venture arrangements in respect of certain of the Company’s seniors’ housing operations and continues to seek more such opportunities. Joint-venture arrangements have the benefit of sharing the risks associated with ownership and management of properties, including those risks described elsewhere in this section. However, if joint venture arrangements or partnerships do not perform as expected or default on financial obligations, the Company has an associated risk. The Company aims to reduce this risk by seeking to negotiate contractual rights upon default, by entering into agreements with financially stable partners and by working with partners who have a successful record of operating and completing development projects. Nevertheless, such investments may involve risks not present in investments where a third party is not involved, including, without limitation, (i) the possibility that a co-venturer may have financial difficulties resulting in a negative impact on such investment; (ii) the possibility that a co-venturer may have economic or business interests or goals which are inconsistent with those of the Company (including relating to the sale of properties held in the joint venture or the timing of the termination and liquidation of such joint venture); (iii) the risk that a co-venturer may be in a position to take action contrary to the Company's investment objectives; (iv) the risk that a co-venturer may, through its activities on behalf of or in the name of the joint venture or partnership, expose or subject the Company to liability; or (v) the need to obtain a co-venturer's consent with respect to major decisions or the inability to have any decision making authority. In addition, the sale or transfer of interests in certain of joint ventures may be subject to certain requirements, such as rights of first refusal, rights of first offer or drag-along rights, and certain of the joint venture agreements may provide for buy-sell or similar arrangements. Such rights may limit the Company's ability to sell an interest in a property or a joint venture within the time frame or otherwise on the basis the Company desires. Additionally, drag-along rights may be triggered at a time when the Company may not intend to sell a property and the Company may be forced to do so at a time when it would not otherwise be in the Company's best interest or on disadvantageous terms. Any of the foregoing may have a material adverse impact on the business, operating results and financial condition of the Company.

Real property ownership

All real property investments are subject to a degree of risk. They are affected by various factors, including changes in general economic conditions (such as the availability of long-term mortgage funding) and in local conditions (such as an oversupply of space or a reduction in demand for real estate in the area), the attractiveness of the properties to residents, competition from other available space and various other factors, including increasing property taxes. In addition, fluctuations in interest rates may have a material adverse impact on the business, operating results and financial condition of the Company.

Damage to administrative operations or properties

The Company's ability to sustain or grow its business is heavily dependent on efficient, proper and uninterrupted operations at its properties. Power failures or disruptions, breakdown, failure or substandard performance of equipment, improper installation or operation of equipment and destruction of buildings, equipment and other facilities due to natural disasters or other causes could severely affect its ability to continue operations. While the Company does maintain certain insurance policies covering losses due to fire, lightning and explosions, there can be no assurance its coverage would be adequate to compensate the Company for the actual cost of replacing such buildings, equipment and infrastructure nor can there be any assurance that such events would not have a material adverse impact on the business, operating results and financial condition of the Company.

Licence terms

In Ontario, the FLTCA establishes a licence term regime for all long-term care communities. The licence terms for Company's residences range from 15 years for Class B and C residences to 30 years for Class A residences. Under the FLTCA, ultimate control of long-term care licences in Ontario remains with the MLTC, including approval of new licences, transfer, and renewal or revocation of existing licences. Although the licence does not support any guarantee of continued operation beyond the term of the licence, based on the current demographics in Canada and the demand for long-term care beds which is projected to increase, management of the Company is of the view that licences will continue to be renewed. In British Columbia, the CCALA establishes a licence term regime for all long-term care communities. A failure of the Company's long-term care licences to be renewed or conditionally renewed may have a material adverse impact on the business, operating results and financial condition of the Company.

Outbreaks

The occurrence of a pandemic, epidemic, or other outbreak of an infectious illness or other public health crisis in areas in which the Company operates could have a material adverse effect on the business, operating results and financial condition of the Company. Enhanced procedures, protocols and care put in place to assist in reducing the likelihood of exposure or addressing actual illness in the Company's long term care communities and retirement residences (for example, bans, limits or suspensions of admissions, testing of residents and team members, enhanced screening and use of personal protective equipment (PPE)) may result in increased costs. In addition, a pandemic, epidemic or other outbreak may adversely impact the Company's operations by causing staffing and supply shortages. Resident satisfaction and team member engagement may also be adversely impacted during this period.

Although continued or enhanced government funding or assistance may mitigate some of these impacts, there is no certainty of the extent to which that will be the case. In addition, outbreaks, such as COVID-19, cause the Company's residences and its management to spend considerable time planning for and addressing such events, which diverts their attention from other business matters.

Any outbreak may cause an economic slowdown and increased volatility in financial markets, which could have a material adverse effect on the business, results of operations and financial condition of the Company with the potential to impact, among others: (i) the valuation of the Company's properties and assets; (ii) the availability or the terms of financing that the Company has or may anticipate utilizing; (iii) the Company's ability to make principal and interest payments on, or refinance, any outstanding debt when due; (iv) the occupancy rates in the Company's properties; (v) the ability of residents to satisfy their payment obligations to the Company, including the payment of rent; and (vi) the market price for the equity securities of the Company. Further, the Company may be exposed to claims related to COVID-19 and other outbreaks, including class actions and other lawsuits, labour proceedings, union complaints, inquiries, and investigations.

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 Sienna residence which, even if not meritorious and even if covered by the Company’s insurance, could result in increased operating costs to the Company.

The impact of COVID-19 on the overall economy may adversely affect credit markets, which may make it more difficult for the Company to access credit or, if able to do so, it may be at a higher cost or on less favourable terms, potentially impacting, among other things, re-financings and the Company's development plans and timelines. Governments and central banks have attempted to stabilize economic conditions through monetary and fiscal interventions, which has impacted the financial markets, interest rate volatility and the economy in general and may continue to have unknown impacts going forward.

To the extent that interest rates continue to increase as a result of the Bank of Canada's actions or otherwise, the availability of refinancing alternatives for credit facilities and other loans may be reduced.

Ongoing COVID-19 outbreaks, and other infectious disease outbreaks may result in some or all of these negative outcomes and adversely impact the business, operating results and financial condition of the Company. There can be no assurances that a pandemic, epidemic or outbreak of a contagious illness, such as COVID-19, would not have a material adverse effect on the business, operating results and financial condition of the Company.

Climate change

The Company is exposed to climate change risk from natural disasters and severe weather, such as floods, ice storms, windstorms, earthquakes, wildfires or other severe weather that may result in damage or loss to its long-term care communities or retirement residences. These adverse events could cause substantial damage and/or revenue losses as well as cost increases. There can be no assurance that damages or losses caused by these adverse weather and natural events will be fully covered by insurance. Climate change may also have indirect effects on the Company's business by increasing the cost of property insurance on terms the Company finds acceptable or making it unavailable.

Over time, climate change may also affect the Company's operational expenses, including utilities and preventative maintenance expenses, as temperatures fluctuate. In addition, changes in federal, provincial or local legislation and regulation on climate change could result in increased capital expenditures to improve the energy efficiency of existing properties and could also require the Company to spend more on new developments or redevelopments without a corresponding increase in revenue.

Environmental liabilities

The Company is subject to various environmental laws and regulations under which it could become liable for the costs of removing or remediating certain hazardous, toxic or regulated substances released on or in the properties it owns or manages, or which have been disposed of at other locations, in some cases regardless of whether or not the Company knew of or was responsible for their presence. The failure to address such issues may adversely affect the Company's ability to sell properties or to borrow using properties as collateral and/or could potentially result in claims against the Company. Management of the Company is not currently aware of any material non-compliance, liability or other claim in connection with any of the Company's owned properties or those it manages. It is the Company's operating policy to obtain a Phase I environmental site assessment, conducted by an independent and experienced environmental consultant, prior to acquiring or financing any property, or to otherwise obtain applicable reliance letters in respect thereof. Where Phase I environmental site assessments identify sufficient environmental concerns or recommend further assessments, Phase II or Phase III environmental site assessments are conducted. Notwithstanding the foregoing, there can be no assurance that the Company will not be required, at some future date, to incur significant costs to comply with environmental laws, or that our operations, business, assets, cash flow or the market price of our common shares will not be materially adversely affected by current or future environmental liabilities.

Environmental laws and regulations may change and the Company may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations may have a material adverse impact on the business, operating results and financial condition of the Company.

Corporate Responsibility and ESG

There is an increasing focus by investors, institutional investors, market participants, and other stakeholders on sustainability practices and ESG initiatives of companies. Although the Company makes disclosures surrounding ESG and prioritizes diversity and sustainability initiatives, there can be no assurances that it will score highly on ESG matters in the future. Investors may use ESG scores to compare peer companies when evaluating their investment strategies. The criteria by which ESG practices are assessed are constantly evolving, which could result in greater expectations and may require the Company to undertake costly initiatives to satisfy any new criteria. If the Company elects not to or is unable to satisfy new criteria, including not meeting the criteria of a specific third-party evaluator of ESG scores, some investors may conclude that our business practices are inadequate. The Company may face reputational damages in the event that its corporate responsibility standards do not meet the standards that various stakeholders seek. In the event that the Company communicates to undertake certain ESG goals or initiatives, and should it fail or perceive to have failed in achieving the goals or initiatives, it could be criticized for the scope of its goals or initiatives. If the Company fails to meet or satisfy the ESG expectations of stakeholders or investors, or its initiatives are not executed as planned, this could negatively impact its financial condition and performance and cause the value of the common shares to decline. In addition, the Company could incur additional costs and require additional resources to help monitor, reply, and comply with various ESG practices. Investors may decide to refrain from investing in the Company as a result of their assessment of its approach and consideration of various ESG factor.

Tax rules and regulations

The Company is subject to audits from federal and provincial tax jurisdictions and is therefore subject to risk in the interpretation of tax legislation and regulations. Tax rules and regulations are complex and require careful review by the Company’s tax management and its external tax consultants. Differences in interpretation of tax rules and regulations could result in tax assessments and penalties for the untimely payment of the determined tax liability, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Geographic concentration

A majority of the business and operations of the Company is conducted in Ontario, although the Company also has a significant presence in Saskatchewan and British Columbia and manages a property in Alberta. The fair value of the Company's assets and the income generated therefrom may be adversely impacted by changes in local and regional economic conditions in these jurisdictions.

Social Media and Company Publicity

There has been a marked increase in the use of social media platforms and similar channels, including blogs, social media websites and other forms of internet-based communications that provide individuals with access to a broad audience of consumers and other interested persons. The availability and impact of information on social media platforms is virtually immediate and the accuracy of such information is not independently verified. The opportunity for dissemination of information, including inaccurate information, is seemingly limitless and readily available. The Company's reputation is important for attracting new residents and team members as well as providing continued services to existing residents. While the Company believes that it has a good reputation and that it provides residents with a superior service, there can be no assurance that the Company will continue to maintain a good relationship with its residents or team members or avoid negative publicity. Negative posts or comments about the Company or its business on the internet or any social networking website or platform could damage the Company's reputation. In addition, despite the Company's efforts to educate and inform its team members regarding confidential information, they or others may disclose non-public material information relating to the Company's business through these or other channels. Any such breach of confidentiality or negative publicity could have a material adverse effect on the Company's reputation, business, financial condition, operating results and cash flows.

Artificial Intelligence

The Company may incorporate artificial intelligence ("AI") solutions into its IT infrastructure, and these applications may become important in its operations over time. The Company's competitors or other third parties may incorporate AI into their products and services more quickly or more successfully than that Company, which could impair its ability to compete effectively and adversely affect its results of operations. Additionally, if the content, analyses, search results or recommendations that AI applications assist in producing are, or are alleged to be, deficient, inaccurate, or biased, the Company's business, reputation, financial condition, and results of operations could be adversely affected.

The use of AI applications may result in cybersecurity incidents which could adversely affect the Company's reputation and results of operations. AI also presents emerging ethical issues, such as the proper use of copyrighted material with AI applications, and if the Company's use of AI becomes controversial, it may experience brand or reputational harm, competitive harm, or legal liability. The rapid evolution of AI, including potential government regulation of AI, may require significant resources to develop, test and maintain the Company's IT infrastructure and systems to ensure the Company implements AI ethically and minimizes any unintended and harmful impacts.

Risks Relating to a Public Company and Common Shares

Volatile market price for securities of the Company

The market price for securities of the Company, including the common shares, may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following:

- actual or anticipated fluctuations in the Company's quarterly results of operations;
- changes in estimates of future results of operations of the Company or securities research analysts;
- changes in the economic performance or market valuations of other companies that investors deem comparable to the Company;

- additions to, or departures of, the Company's senior management and other key personnel;
- imposition or removal of re-sale restrictions on common shares issued pursuant to exemptions under applicable securities laws;
- sales or anticipated sales of additional securities, including common shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; and
- news reports relating to trends, concerns or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets may experience price and volume fluctuations that affect the market prices of equity securities of companies and that are unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the securities of the Company may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that fluctuations in price and volume will not occur due to these and other factors.

*Sienna Senior Living Inc. ("**SSLI**") is a holding company*

SSLI is a holding company and a substantial portion of its assets consist of the partnership units of its subsidiaries. As a result, investors in SSLI are subject to the risks attributable to its subsidiaries. As a holding company, SSLI conducts substantially all of its business through its subsidiaries, which generate substantially all of its revenues. Consequently, the Company's cash flows and ability to complete existing or future opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to SSLI. The ability of these entities to pay distributions to SSLI depends on their operating results and may be subject to applicable laws and regulations and to contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of the Company's subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to SSLI.

Dividend policy

Commencing with the December 2012 dividend, the Board established a dividend policy authorizing the declaration and payment of an annual dividend of $0.90 per common share, to be paid to holders of common shares on a monthly basis. The annual dividend increased by 2% to $0.918 per common share starting with the September 2018 dividend for shareholders of record on August 31, 2018. The annual dividend was further increased by 2% to $0.936 per common share starting with the September 2019 dividend for shareholders of record on August 30, 2019. Any determination to pay cash dividends is at the discretion of the Board after taking into account such factors as the Company's financial condition, results of operations, current and anticipated cash needs, regulatory capital requirements, the requirements of any future financing agreements and other factors that the Board may deem relevant. Cash dividends are not guaranteed and may fluctuate or cease based on the performance of the Company.

Compliance with financial reporting and other requirements as a public company

The Company is subject to reporting and other obligations under applicable Canadian securities laws and Toronto Stock Exchange rules, including Canadian Securities Administrators National Instrument 52-109. These reporting and other obligations place significant demands on the Company's management, administrative, operational and accounting resources. Moreover, any failure to maintain effective internal controls could cause the Company to fail to meet its reporting obligations or result in material misstatements in its consolidated financial statements. If the Company cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially harmed, which could also cause investors to lose confidence in the Company's reported financial information, which could result in a lower trading price of its securities.

Management of the Company does not expect the Company's disclosure controls and procedures and internal controls over financial reporting will prevent all error and all fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that its objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within a company are detected. The inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of some persons, by collusion of two or more people or by management of the Company's override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Future sales of the Company's securities by directors and executive officers

Subject to compliance with applicable securities laws, officers and directors and their associates may sell some or all of their securities in the Company in the future. No prediction can be made as to the effect, if any, such future sales will have on the market price of the Company's securities prevailing from time to time. However, the future sale of a substantial number of securities by the Company's officers and directors and their associates, or the perception that such sales could occur, may have a material adverse impact on prevailing market prices for the Company's securities.

Conflicts of interest

Certain of the directors and officers of the Company may also serve as directors and/or officers of other companies and consequently there exists the possibility for such directors and officers to be in a position of conflict. Pursuant to applicable law, any decision made by any of such directors and officers involving the Company must be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company.

Dilution and future sales of the Company's securities

The Company's articles permit the issuance of an unlimited number of common shares and an unlimited number of preferred shares, and shareholders have no pre-emptive rights in connection with such further issuances. The directors of the Company have the discretion, subject to compliance with applicable laws, to determine the price and the terms of issue of further issuances of common shares and preferred shares.

Controls and Procedures

Disclosure controls and procedures

Management of the Company is responsible for establishing and maintaining a system of controls and procedures over the public disclosure of financial and non-financial information regarding the Company. Such disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported, on a timely basis, to senior management of the Company, including the President and Chief Executive Officer and the Chief Financial Officer, so that they can make appropriate decisions regarding public disclosure. The Company’s system of disclosure controls and procedures include, but are not limited to, its Code of Business Conduct and Ethics, Disclosure & Insider Trading Policy, Whistleblower Policy, clearly articulated corporate values, procedures in place to systematically identify matters warranting consideration of disclosure by its Disclosure Committee, verification processes for financial and non-financial metrics and information contained in annual and interim filings (including the consolidated financial statements, MD&A, AIF and other documents and external communications), and detailed policies outlining the delegation of authority within the Company.

As required by NI 52-109 Certification of Disclosure in Issuers’ Annual and Interim Filings, a quarterly evaluation of the adequacy of the design and effective operation of the Company’s disclosure controls and procedures was conducted, under the supervision of and with the participation of management of the Company (including the President and Chief Executive Officer, and the Chief Financial Officer) as at December 31. The evaluation included documentation review, enquiries and other procedures considered by management to be appropriate in the circumstances. Based on that evaluation, the President and Chief Executive Officer, and the Chief Financial Officer concluded that the design and operation of the Company's disclosure controls and procedures were effective as at December 31, 2023.

Internal control over financial reporting

Management of the Company is also responsible for establishing and maintaining appropriate internal control over financial reporting. The Company’s internal control over financial reporting include, but are not limited to, detailed policies and procedures related to financial accounting, reporting and controls and systems that process and summarize transactions. The Company’s procedures for financial reporting also include the active involvement of qualified financial professionals, senior management and the Company’s Audit Committee.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can only provide reasonable, and not absolute, assurance with respect to the reliability of financial reporting and the preparation and presentation of financial statements for external purposes in accordance with IFRS. Furthermore, no evaluation of controls can provide absolute assurance that all control issues, including any instances of fraud, have been detected. Controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people or by management’s override. The design of any system of controls is also based, in part, upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential (future) conditions.

As also required by NI 52-109, management, including the President and Chief Executive Officer and the Chief Financial Officer, evaluated the adequacy of the design (quarterly) and operating effectiveness (annually) of the Company's internal control over financial reporting as defined in NI 52-109, as at December 31. In making this assessment, management, including the President and Chief Executive Officer and the Chief Financial Officer, used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control - Integrated Framework (2013). This evaluation included review of the documentation of controls, evaluation of the design and testing the operating effectiveness of controls, and a conclusion about this evaluation. Based on that evaluation, the President and Chief Executive Officer and the Chief Financial Officer have concluded that the design and operation of the internal control over financial reporting were effective as at December 31, in providing reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS.

Changes in internal control over financial reporting

During the year ended December 31, 2023 there have been no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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 senior 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, 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

2023 Sienna Senior Living Inc.

Cultivating happiness in daily life

Sienna
Senior Living

Consolidated Financial Statements

Management's Responsibility for Financial Reporting

The consolidated financial statements are the responsibility of the management of Sienna Senior Living Inc. (the **"Company"**), and have been approved by the Board of Directors of the Company. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and include amounts that are based on estimates and judgments. Financial information contained elsewhere in this report is consistent with the consolidated financial statements.

The Company maintains a system of internal controls that are designed to provide reasonable assurance that the financial records are reliable and accurate and form a proper basis for the preparation of the consolidated financial statements.

The consolidated financial statements have been examined by the Board of Directors and by its Audit Committee. The Audit Committee meets with management to review the activities of each, and reports to the Board of Directors. The auditor has direct and full access to the Audit Committee and meets with the Audit Committee both with and without management present on a quarterly basis. The Board of Directors, directly and through its Audit Committee, oversees management's responsibilities and is responsible for reviewing and approving the consolidated financial statements.

The external auditor, Deloitte LLP, has audited the consolidated financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to shareholders and the Board of Directors their opinion on the consolidated financial statements. The following report of Deloitte LLP outlines the scope of their examination and their opinion on the consolidated financial statements.

"Nitin Jain"	*"David Hung"*
Nitin Jain	David Hung
President and Chief Executive Officer	Chief Financial Officer and Executive Vice President

Markham, Canada
February 20, 2024

Deloitte LLP
Bay Adelaide East
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Independent Auditor's Report

To the Shareholders and the Board of Directors of
Sienna Senior Living Inc.

Opinion

We have audited the consolidated financial statements of Sienna Senior Living Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of changes in equity, net income and comprehensive income, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Goodwill and indefinite-lived intangible assets - Refer to Notes 3, 11 and 13 to the Financial Statements

Key Audit Matter Description

The Company's annual evaluation of goodwill and indefinite-lived intangible assets (specifically "licenses") for impairment involves the comparison of the recoverable amounts to the respective carrying values. The recoverable amount is the higher of its fair value less costs of disposal and its value in use. Goodwill is monitored at the operating segment level and licenses are monitored for each individual long-term care property's cash generating unit ("identified CGUs"). To evaluate goodwill of the Retirement operating segment, the Company used the discounted cashflow model to estimate value in use, which requires management to make significant assumptions related to the discount rate and terminal growth rate. To evaluate goodwill of the Long-term Care operating segment and the licenses of the identified CGUs the Company used the direct capitalization method to estimate value in use, which requires management to make significant assumptions related to the capitalization rates. The identified CGUs and the operating segments' recoverable amounts exceeded their carrying values and no impairment was recognized.

Auditing the significant assumptions used to determine the value in use of the (1) Retirement operating segment, specifically the discount rate and terminal growth rate, and (2) the Long-term Care operating segment and the identified CGUs, specifically the capitalization rates, required specialized knowledge and a high degree of auditor judgment, including the involvement of fair value specialists.

How the Key Audit Matter Was Addressed in the Audit

With the assistance of fair value specialists, our audit procedures related to the significant assumptions used to determine the value in use included the following audit procedures, among others:

- Evaluated the discount rate and terminal growth rate by:
    - Testing the source information underlying the determination of the discount rate and the terminal growth rate;
    - Developing a range of independent discount rates and terminal growth rates and comparing the discount rate and terminal growth rate selected by management.

- Evaluated the capitalization rates by:
    - Testing the source information underlying the determination of the capitalization rates;
    - Considering the implicit capitalization rates of comparable recent market transactions in the industry and comparing the capitalization rates selected by management.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor’s report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Antonio Ciciretto.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

February 20, 2024

Consolidated Statements of Financial Position
As at December 31, 2023 and December 31, 2022

Thousands of Canadian dollars

	Notes	**December 31, 2023**	December 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents		**24,404**	38,050
Accounts receivable and other receivables		**16,111**	17,498
Prepaid expenses and deposits		**10,677**	14,200
Government funding receivable	5	**5,076**	5,942
Construction funding receivable	5, 9	**2,559**	5,773
Derivative assets	5	**1,588**	2,292
Income taxes recoverable		**283**	—
		60,698	83,755
Non-current assets			
Derivative assets	5	**1,676**	3,186
Restricted cash	8	**2,541**	3,457
Construction funding receivable	5, 9	**6,212**	8,889
Investment in joint ventures	29	**145,664**	159,073
Property and equipment	10	**1,116,449**	1,064,880
Intangible assets	11	**197,200**	192,285
Goodwill	13	**164,903**	164,903
Total assets		**1,695,343**	1,680,428
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	14	**136,627**	125,622
Government funding payable	5	**121,539**	82,256
Current portion of long-term debt	5, 15	**248,496**	126,099
Income taxes payable		**—**	2,729
Derivative liabilities	5	**1,797**	—
		508,459	336,706
Non-current liabilities			
Long-term debt	5, 15	**758,153**	851,865
Deferred income taxes	17	**49,315**	48,067
Share-based compensation liability	20	**5,645**	6,933
Derivative liabilities	5	**—**	2,165
Total liabilities		**1,321,572**	1,245,736
EQUITY			
Shareholders' equity		**373,771**	434,692
Total equity		**373,771**	434,692
Total liabilities and equity		**1,695,343**	1,680,428

Commitments and contingencies (Note 30)

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

Consolidated Statements of Changes in Equity
As at December 31, 2023 and December 31, 2022

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**
Issuance of shares, net of share issuance costs	18	**306**	**—**	**—**	**306**
Net income		**—**	**—**	**7,038**	**7,038**
Long-term incentive plan	18	**23**	**—**	**—**	**23**
Dividends	19	**—**	**—**	**(68,288)**	**(68,288)**
Balance, December 31, 2023		**964,843**	**203**	**(591,275)**	**373,771**

	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	18	85,070	—	—	85,070
Net income		—	—	10,668	10,668
Long-term incentive plan	18	416	—	—	416
Dividends	19	—	—	(67,315)	(67,315)
Balance, December 31, 2022		964,514	203	(530,025)	434,692

See accompanying notes.

Consolidated Statements of Net Income and Comprehensive Income
Years ended December 31, 2023 and 2022

Thousands of Canadian dollars, except share and per share data

	Notes	Year ended December 31, 2023	2022
Revenue	24, 28	**785,368**	718,590
Expenses and other items			
Operating expenses, net of government assistance		**642,588**	588,481
Depreciation and amortization	10, 11	**49,623**	47,337
Administrative	25	**29,092**	39,370
Share of net loss in joint ventures	29	**9,309**	11,275
Impairment loss		**—**	12,788
Net finance charges	16	**40,443**	25,689
Transaction costs		**4,309**	6,195
Gain on disposal of properties		**—**	(23,726)
	26	**775,364**	707,409
Income before provision for (recovery of) income taxes		**10,004**	11,181
Provision for (recovery of) income taxes			
Current		**1,718**	4,299
Deferred		**1,248**	(3,786)
	17	**2,966**	513
Net income and comprehensive income		**7,038**	10,668
Net income per share (basic and diluted)	18	**$0.10**	$0.15
Weighted average number of common shares outstanding	18	**72,955,978**	71,589,104

See accompanying notes.

Consolidated Statements of Cash Flows
Years ended December 31, 2023 and 2022

Thousands of Canadian dollars

	Notes	Year ended December 31, 2023	2022
OPERATING ACTIVITIES			
Net income		**7,038**	10,668
Add (deduct) items not affecting cash			
Depreciation of property and equipment	10	**47,923**	45,504
Amortization of intangible assets	11	**1,700**	1,833
Current income tax expense		**1,718**	4,299
Deferred income tax expense (recovery)		**1,248**	(3,786)
Share of net loss in joint ventures	29	**9,309**	11,275
Share-based compensation expense	20	**2,918**	1,951
Share issued pursuant to Sienna Ownership and Reward program	18	**306**	2,125
Net finance charges	16	**40,443**	25,689
Restructuring costs (recovery) expense	25	**(1,826)**	6,550
Transaction costs	10	**2,127**	—
Impairment loss		**—**	12,788
Gain on disposal of properties		**—**	(23,726)
		112,904	95,170
Non-cash changes in working capital			
Accounts receivable and other receivables		**2,887**	4,612
Prepaid expenses and deposits		**3,669**	(3,717)
Accounts payable and other liabilities		**7,190**	1,938
Government funding, net, and excluding government assistance related to pandemic expenses		**6,049**	(53,981)
		19,795	(51,148)
Interest paid on long-term debt		**(40,357)**	(33,861)
Net settlement recovery (payment) on interest rate swap contracts		**3,489**	(408)
Income taxes paid		**(4,733)**	(2,474)
Government assistance related to pandemic expenses		**35,607**	98,798
Cash provided by operating activities		**126,705**	106,077
INVESTING ACTIVITIES			
Purchase of property and equipment		**(61,782)**	(55,642)
Government assistance related to capital expenditures		**6,305**	25,652
Acquisition of Woods Park	4	**(14,711)**	—
Acquisition of Nicola Lodge	4	**(14,649)**	—
Proceeds from disposal of properties		**—**	49,789
Purchase of intangible assets	11	**(2,327)**	(2,005)
Amounts received from construction funding	9	**6,323**	9,980
Interest received	16	**1,810**	960
Investment in joint ventures	29	**—**	(164,050)
Distributions received from joint ventures	29	**4,100**	—
Change in restricted cash	8	**916**	590
Cash used in investing activities		**(74,015)**	(134,726)
FINANCING ACTIVITIES			
Net proceeds from issuance of common shares	18	**—**	81,748
Repayment of long-term debt	15	**(189,308)**	(146,489)
Proceeds from long-term debt	15	**201,782**	171,000
Deferred financing costs		**(10,522)**	(1,759)
Dividends paid	18	**(68,288)**	(66,854)
Cash (used in) provided by financing activities		**(66,336)**	37,646
(Decrease) increase in cash and cash equivalents during the year		**(13,646)**	8,997
Cash and cash equivalents, beginning of year		**38,050**	29,053
Cash and cash equivalents, end of year		**24,404**	38,050

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 December 31, 2023, the Company owns and operates a total of 81 seniors' living residences: 39 retirement residences ("**RRs**" or "**Retirement Residences**") (including the Company's joint venture interest in 12 residences in Ontario and Saskatchewan); 34 LTC residences; and eight seniors' living residences providing both private-pay IL and AL and funded LTC (including the Company's joint ownership in two residences in British Columbia). The Company also provides management services to 12 seniors' living residences in British Columbia, Alberta 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 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3.

As at December 31, 2023, the Company had outstanding 72,967,166 common shares.

2 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (**"IFRS"**).

The consolidated financial statements were approved by the Board of Directors for issuance on February 20, 2024.

3 Material accounting policy information and significant judgments and estimates

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for derivatives, which are measured at fair value.

Basis of preparation

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed below under the heading "Significant judgments and estimates."

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period in which the estimate is revised and in future periods, if affected.

The following accounting policies have been applied consistently to all periods presented in the consolidated financial statements.

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

Basis of consolidation and business combinations

The consolidated financial statements comprise the financial statements of the Company and its direct and indirect subsidiaries, as well as its proportionate share of interest in joint arrangements. The financial statements of the subsidiaries and joint arrangements are prepared for the same reporting periods as the Company, using consistent accounting policies.

The acquisition method of accounting is used to account for the acquisition of subsidiaries and joint arrangements. Total consideration for the acquisition is measured at the fair value of the assets transferred and equity instruments issued on the date of acquisition. Transaction costs related to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities assumed are measured at their fair value at the date of acquisition. The excess of fair value of consideration transferred above the fair value of the identifiable net assets acquired is recorded as goodwill, with any negative goodwill recognized in net income on the acquisition date.

Subsidiaries are 100% owned and controlled by the Company. Subsidiaries are consolidated in these consolidated financial statements from the date of acquisition where control is transferred to the Company and continue to be consolidated until the date when the Company no longer controls the subsidiary.

All intercompany balances, transactions and unrealized gains and losses arising from intercompany transactions are eliminated on consolidation.

Joint arrangements

Joint arrangements are jointly controlled by the Company and a third party in terms of decision making. Joint arrangements can be classified as either joint operations or joint ventures depending on the Company’s rights and obligations in the arrangement based on factors such as the structure, legal form and contractual terms of the arrangement. A joint operation is where the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is where the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Joint operations are proportionately consolidated in these consolidated financial statements from the date when joint control is transferred to the Company and continues to be proportionately consolidated until the date when the Company no longer has joint control over the joint operation.

Joint ventures are included in the Company's consolidated financial statements as investments using the equity method, whereby the investment is initially recognized at cost, and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income or loss of the joint venture from the date of acquisition, increased by the Company's contributions and reduced by distributions received. The Company's share of joint venture profit or loss is included in the consolidated statements of net income and comprehensive income. A joint venture is considered to be impaired if there is objective evidence of impairment, as a result of one or more events that occurred after initial recognition of the joint venture, and that event has a negative impact on future cash flows of the joint venture that can be reliably estimated.

Revenue recognition

Revenue includes amounts earned from the operation of LTC, RRs and management fees associated with the operation of managed LTC and retirement residences. A significant portion of the LTC revenue is earned from health authorities. In accordance with IFRS 15*, Revenue from Contracts with Customers* ("IFRS 15"), revenue is recognized to depict the transfer of goods or services to customers at an amount the Company expects to be entitled to in exchange for those goods or services.

Long-term care revenue
LTC revenue is recognized in the period in which the services are rendered. The performance obligation of providing accommodation and care to LTC residents is met through passage of time and when the bundled services are rendered. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur, such that funding from the applicable health authorities is recognized to the extent that the funding requirements are met.

Ontario's LTC sector is regulated by the Ministry of Long-Term Care (**"MLTC"**), which provides funding to LTC residences for care. Operational funding is received monthly and is recognized to the extent that an eligible expense has been incurred. Funding that is not spent in accordance with the MLTC guidelines in the current year is recorded as government funding payable. The exception to this is the Other Accommodation funding, which is recognized as the services are rendered. The Company also receives funding for LTC minor capital expenditures, capital cost, accreditation and pay equity obligations, and reimbursement for up to 85% of property tax costs.

Co-payment revenue from residents for accommodation is recognized based on the number of resident days in the period multiplied by the per diem amounts legislated by the MLTC to the extent that the amounts are deemed to be collectible. Revenue for each Ontario LTC residence is recognized based on full occupancy if the Ontario LTC residence is expected to have an occupancy rate of 97% or above. For occupancy levels above 90% and below 97%, the adjustment range is up to 2% over actual occupancy. There is no adjustment to occupancy below the 90% threshold.

The funding contracts between LTC operators and the applicable health authorities in British Columbia are on a per diem basis, adjusted annually, for resident services provided and capital cost of the residences, and outline the hours of direct care required by a resident per day, minimum occupancy thresholds and minimum levels of professional staffing. If the requirements in the funding contracts are not met, the funding per diem may be clawed back. In addition, there is resident co-payment revenue which is based on the number of resident days in the period multiplied by the per diem amounts legislated by the applicable health authorities which is recognized to the extent that the amounts are deemed to be collectible. Each resident's co-payment is determined by the applicable health authority and is based on individual resident income levels. Resident co-payments in excess of certain thresholds are clawed back by the applicable health authorities to the base funding per diem.

In British Columbia, operators may designate a number of beds for private-pay LTC whereby the operator provides the same level of care and services to the resident as in the funded beds. Revenue is recognized as the services are rendered.

Retirement residence revenue

Residents pay for accommodations on a monthly basis and the revenue is recognized when the service is rendered. Residents pay for other services on a monthly basis and the performance obligation of providing the other services is met over time as the services are rendered.

Management services revenue

The Company earns a management fee based on a percentage of gross revenues of the operations for managing LTC and retirement residences for third parties. Revenue is recognized when the services are rendered.

Government assistance

Government assistance is recognized only to the extent that eligible expenses have been incurred, when the Company has reasonable assurance that the assistance will be received and the Company will comply with all relevant conditions attached to the assistance. Funding may be clawed back if the eligibility criteria are not met or funding is not spent. Government assistance is recognized as a reduction of related expenses and recognized over the period necessary to match the related expenses in these consolidated statements of net income and comprehensive income.

Construction funding receivable

In Ontario, the MLTC provides funding to LTC residences constructed after April 1, 1998 on a per bed per diem basis to support the costs of developing or redeveloping an eligible LTC home over 20 to 25 years. The construction funding receivable is initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. The fair value will differ from the carrying value due to changes in interest rates.

Property and equipment

Property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are capitalized to the asset's carrying amount or are recognized as a separate asset, as appropriate, when it is probable that future economic benefits associated with the cost will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repair and maintenance costs are charged to net income during the period in which they are incurred.

The Company records depreciation at rates designed to depreciate the cost of the property and equipment less the estimated residual value over the estimated useful lives. The annual depreciation rates and methods are as follows:

Land	Not depreciated
Buildings	10 to 55 years straight-line
Furniture and fixtures	3 to 10 years straight-line
Automobiles	5 years straight-line
Computer hardware	3 to 5 years straight-line
Circulating equipment	3 years straight-line
Construction in progress	Not depreciated

Land includes land currently in use or held for future development, which is valued at cost.

The Company allocates the initial cost of an item of property and equipment to its significant components and depreciates separately each such component. Residual values, method of depreciation and useful lives of the assets are reviewed at least annually and are adjusted as appropriate. Gains and losses on disposals of property and equipment are included in net income.

Circulating equipment is comprised of china, linen, glassware and silverware in circulation, which is valued at cost. The cost of acquiring a basic stock and any substantial replacement incurred thereafter is capitalized, with the original cost written off to the consolidated statements of net income and comprehensive income.

Construction in progress includes costs incurred for properties under construction but not yet completed, including cost of funds used to finance the construction, and is valued at cost. No depreciation is recorded on the assets until the construction is completed and the related assets are available for use. Once construction is completed, construction in progress, including cost of funds used to finance the construction, is transferred to the respective property and equipment categories, and depreciation on such assets begins.

Intangible assets

Intangible assets include LTC licences, resident relationships, service contracts and computer software that is not integral to the computer hardware included in property and equipment. Intangible assets with finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets with indefinite lives are measured at cost less accumulated impairment losses and are not amortized. The annual amortization rates and methods are as follows:

Licences	Not amortized
Resident relationships	2 to 3 years straight-line
Service contracts	2 to 8 years straight-line
Computer software	5 years straight-line

Goodwill

Goodwill arises on the acquisition of subsidiaries or net assets of businesses acquired, and is the excess of the purchase consideration over the fair value attributable to the net identifiable assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (**"CGUs"**), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount. The recoverable amount of the CGU is determined as the higher of its value in use or the fair value less costs of disposal. Fair value is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset. These cash flows are discounted to arrive at the recoverable amount. In assessing fair value, the estimated future cash flows covering a five-year period are derived from the most recent financial budget, adjusted where appropriate to reflect market participant assumptions. Cash flows beyond the five-year period are extrapolated using the estimated growth rate. Any impairment is recognized immediately as an expense and is not subsequently reversed. The significant assumptions used in the valuation include discount rates and terminal growth rates.

Impairment of property and equipment and finite-lived intangible assets

The Company reviews the carrying amounts of its property and equipment and finite lived intangible assets at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. Non-financial assets, other than goodwill, that have been impaired are reviewed for possible reversal of the impairment at each reporting date.

Impairment of indefinite-lived intangible assets

The Company accounts for long-term care licences as indefinite-lived intangible assets. These indefinite-lived intangible assets do not generate largely independent cash inflows and are therefore tested as part of the CGUs to which they belong. The Company has defined each owned residence to be a CGU. CGUs that contain indefinite-lived intangibles are tested for impairment annually and whenever there is an indication of impairment. The carrying value of each CGU is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. An impairment loss is recognized if the carrying amount of a CGU exceeds its recoverable amount.

Fair value is determined using the direct capitalization method. This method considers capitalization rates derived from transactions involving properties comparable to the subject properties. The capitalization rate is applied to a stabilized single-year estimate of net operating income to determine fair value. The significant assumptions used in the valuation include capitalization rates and growth rates.

Cash and cash equivalents

Cash and cash equivalents include deposits held with Canadian chartered banks and short-term investments with original maturities of 3 months or less, are accounted for at amortized cost, which approximates fair value. Interest earned is recorded in the consolidated statements of net income and comprehensive income.

Accounts receivable and other receivables

Accounts receivable and other receivables are initially recorded at fair value and subsequently are measured at amortized cost. The carrying value of accounts receivable and other receivables, after consideration of the provision for doubtful accounts, approximates their fair value due to the short-term maturity of these instruments.

Restricted cash

Restricted cash consists of deposits held with Canadian chartered banks and capital maintenance reserves required for certain mortgages. Restricted cash is measured at amortized cost, which approximates fair value.

Government funding receivable/payable

The government funding balances are measured at amortized cost. Government funding receivable/ payable represents the difference between the amounts earned and those received from the health authorities, which are non-interest bearing. The carrying value of the government funding closely approximates its fair value due to the relatively short term nature and low discount rates for these balances.

Long-term debt

The Company's long-term debt and corresponding deferred financing cost is initially recorded at fair value and is subsequently measured at amortized cost using the effective interest method. The fair value of the Company's long-term debt is subject to changes in interest rates and the Company's credit rating.

Derivatives for which hedge accounting has not been applied

The Company has interest rate swap contracts and total return swap contracts for which hedge accounting has not been applied. These interest rate swap contracts and total return swap contracts are carried at fair value and are reported as assets where they have a positive fair value and as liabilities where they have a negative fair value. The changes in fair value are recorded in net finance charges of the consolidated statements of net income and comprehensive income.

Impairment of financial assets

Financial assets are reviewed at each consolidated statement of financial position date to assess whether there is objective evidence that indicates an impairment of a financial asset. If such evidence exists, the Company recognizes an impairment loss measured as the excess of the carrying amount over the fair value of the asset, which is reflected in net income.

Transaction costs

Transaction costs are incremental costs directly related to the acquisition of an asset, costs incurred for pre-acquisition research, the issuance of a financial liability or equity, or development related activities. Transaction costs associated with the acquisition of an asset are capitalized as part of the asset. The Company incurs transaction costs primarily through business acquisitions, development of assets and the issuance of debt or shares, and classifies these costs with the related debt, or as a reduction of the value of the proceeds received for the share issuance. Transaction costs associated with business acquisitions are expensed as incurred. Transaction costs associated with the issuance of debt are netted against long-term debt as deferred financing costs and are amortized through interest expense using the effective interest method over the life of the related debt instrument. Transaction costs directly attributable to the issuance of shares are recognized as a reduction of share capital.

Restructuring costs

A provision for restructuring costs is recognized when there is a present obligation resulting from a past event, it is probable that there will be an outflow of resources to settle the obligation, and a reliable estimate of the obligation can be made. The restructuring costs are included in administrative expenses in these consolidated statements of net income and comprehensive income.

Leases

The company applies IFRS 16*, Leases* ("IFRS 16"), to account for its leases using a simplified approach.

The Company leases its office space and equipment. Rental contracts are typically made for fixed periods of five years for equipment and 10 years for office space. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Right-of-use assets and lease liabilities arising from a lease are initially measured on a present value basis. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The right-of-use asset is depreciated over the remaining term of the lease and recognized as depreciation expense. The lease liability was initially recognized at the present value of the remaining lease payments at the commencement date and discounted at the Company's incremental borrowing rate. After initial recognition, the lease liability is subsequently measured at its amortized cost using the effective interest method.

In accordance with the practical expedients of IFRS 16, the Company has elected to not recognize right-of-use assets or lease liabilities for any leases with a term shorter than twelve months and leases with low values.

Earnings per share

Basic earnings per share (**"EPS"**) is calculated by dividing the net income for the year by the weighted average number of common shares outstanding during the year.

Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed using the treasury stock method.

Share-based compensation

The Company applies the fair value method of accounting for share-based compensation. The loans offered to senior executives related to the long-term incentive plan were recorded as a reduction to shareholders' equity. The fair value of restricted share units, deferred share units and executive deferred share units are measured based on the closing price of the Company's shares and performance multiplier, as applicable, at each reporting date. The expense related to share-based compensation is recognized in administrative expenses.

The Company has entered into cash-settle share swap contracts ("**Total Return Swap**") to manage its cash flow exposure under the share-based compensation plans. The change in fair values, interest expense and dividends earned on the total return swap contracts are recognized in administrative expenses.

Employee benefits

Short-term benefits
Short-term employee benefit obligations, including vacation and bonus payments, are measured on an undiscounted basis and are expensed as the related service is provided. Assuming the obligation can be reasonably estimated, liabilities are recognized for the amounts expected to be paid within the next 12 months as the Company has an obligation to pay the amount as a result of past service provided by the employee. These benefits are recorded in accounts payable and other liabilities.

Long-term benefits
Payments to group retirement savings plans are based on a percentage of gross wages and charged to expense as incurred.

Income taxes

The Company follows the asset and liability method of accounting for income taxes. Income taxes are comprised of current and deferred taxes. Income taxes are recognized in the consolidated statements of net income and comprehensive income except to the extent they relate to items recognized directly in other comprehensive income or shareholders' equity. Income tax balances are also recorded on initial recognition of a deferred tax asset or liability arising from business combinations.

Current taxes are the expected taxes payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to taxes payable in respect of previous years.

In general, deferred taxes are recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred taxes are also recognized on business acquisitions. Deferred taxes are determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the consolidated statements of financial position dates and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent it is probable that the assets can be recovered.

Deferred income tax assets and liabilities are presented as non-current.

The carrying amount of deferred tax assets is reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset. This applies when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Segmented reporting

IFRS 8, *Operating Segments*, requires reportable segments to be determined based on internal reports that are regularly reviewed by the chief operating decision maker ("CODM") for the purpose of allocating resources to the segment and assessing its performance. The Company has determined that its CODM is the President and Chief Executive Officer. The CODM measures and evaluates the performance of the Company's operating segments based on net income, which is consistent with segmented information reported for the year ended December 31.

The Company operates solely within Canada, hence, no geographical segment disclosures are presented. Segmented information is presented in respect of business segments, based on management's internal reporting structure.

Impact of pandemic and outbreaks

As the global landscape of the COVID-19 pandemic has shifted towards stabilization, the direct impact on our business operations has moderated. The health and safety landscape remains dynamic, with periodic outbreaks of other diseases, including COVID-19, influenza, respiratory syncytial virus (RSV), gastrointestinal infections, and others.

These measures include, but are not limited to, ongoing vaccination efforts, testing requirements, limited access protocols, and specific directives for long-term care facilities as directed by provincial regulatory bodies and local public health units.

In light of these factors, we maintain a cautious approach in our financial planning and reporting processes. For the year ending December 31, 2023, we have carefully considered the potential ongoing impacts of the pandemic and other infectious diseases on our financial position and operational results, incorporating the best available information into our estimates and assumptions. We emphasize that actual outcomes may vary from our current estimates, underscoring the continued uncertainty in pandemics and outbreaks evolving impact on our operations and financial performance.

Significant judgments and estimates

The preparation of these consolidated financial statements under IFRS requires the Company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances. Actual results may differ from those estimates. The estimates and assumptions, which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities, are discussed below.

Long-term care licences

In Ontario, the Long-Term Care Homes Act, 2007 ("**LTCHA**") contains a licence term regime for all LTC residences which will result in licence terms for the Company's residences ranging from 15 years for Class B and C residences to 30 years for Class A residences. Under the LTCHA, ultimate control of LTC licences in Ontario remains with the MLTC, including approval of new licences, transfer and renewal or revocation of existing licences. Although the licence does not support any guarantee of continued operation beyond the term of the licence, based on the current demographics in Canada and the demand for LTC beds projected to increase, management of the Company is of the view that licences will continue to be renewed.

In British Columbia, the LTC licences have an indefinite term.

Impairment analysis of indefinite-lived intangible assets (significant estimate)

The determination of the recoverable amount of CGUs for purposes of the impairment analysis is considered a significant estimate. Significant assumptions used in the discounted cash flow model include discount rates and growth rates, and the significant assumptions used in the direct capitalization method include capitalization rates and growth rates.

Adoption of new and amended accounting pronouncements

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 consolidated financial statements.

Amendments to IAS 1, Presentation of Financial Statements

Amendments to IAS 1 Presentation of Financial Statements change the requirements with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

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 these amendments did not have a material impact on the Company's consolidated financial statements.

Accounting standards issued but not yet applied

There are no accounting standards issued but not yet applied that would be expected to have a material impact on the Company.

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

4 Acquisitions

Acquisition of Woods Park Community & Retirement Living

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 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
Long-term debt assumed	10,807
Hold-back amount (1)	800
Total consideration	26,318

(1) Included in Accounts payable and other liabilities

Transaction costs expensed related to the acquisition for the year ended December 31, 2023 were $629.

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 $14,886 revenue and net income of $551 to the Company for the period between the date of acquisition and December 31, 2023.

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

Acquisition of an additional 30% interest in Nicola Care Community Lodge

On December 31, 2023, the Company acquired an additional 30% interest in Nicola Care Community Lodge ("Nicola Lodge"), increasing the Company's interest in Nicola Lodge from 40% to 70% **("Step up acquisition of Nicola").**

The Company has applied business combination accounting for the acquisition of the additional interest in Nicola Lodge, which is considered to be a joint operation and the activities of Nicola Lodge constitute a business.

The total net purchase price of acquisition during the year ended December 31, 2023 was allocated to the assets and liabilities on a preliminary basis as follows:

Acquisition date	**December 31, 2023**
	Nicola Lodge
Assets	
Cash	1,389
Accounts receivable and other assets	115
Prepaid expenses	135
Property and equipment	22,040
Intangible assets	4,288
Total assets	27,967
Liabilities	
Accounts payable and accrued liabilities	973
Government funding payable	691
Long-term debt	11,654
Total liabilities	13,318
Net assets acquired	14,649
Cash consideration	14,649
Long-term debt assumed	11,847
Total consideration	26,496

Transaction costs expensed related to the Step Up Acquisition of Nicola for the year ended December 31, 2023 were $50.

As part of the Step Up Acquisition of Nicola, the Company assumed an additional 30% of the existing property-level mortgage in the amount of $11,847 with a fair value of $11,654, bearing interest at a rate of 5.01% and maturing on August 1, 2041.

5 Financial instruments

Fair value of financial instruments

Financial assets and liabilities are initially recognized on the date they originated at fair value, and their subsequent measurement is dependent on their classification as described below. The classification depends on the Company's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. In cases where the fair value option is chosen for financial liabilities, the portion of fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than net income, unless this creates an accounting mismatch.

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the rights to receive the contractual cash flows are transferred in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Impairment of a financial asset is assessed using an expected credit loss model. The Company applies the simplified approach permitted by IFRS 9, *Financial Instruments* ("IFRS 9"), which uses a lifetime expected loss allowance for all applicable financial assets. To measure the expected credit losses, financial assets are grouped based on the shared credit risk characteristics and the days past due. Accounts receivable, government funding receivable and construction funding receivable are subject to the impairment requirements of IFRS 9.

Financial liabilities classified as amortized cost are measured using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the financial liabilities are recognized in net income in the consolidated statements of operations over the expected life of the debt.

A financial liability is derecognized when the Company's contractual obligations are discharged, cancelled or expired.

With respect to debt modifications, the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate are recognized in the consolidated statements of net income and comprehensive income during the year. When there is a substantial modification of the terms of an existing financial liability, this will be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the 10% test is passed, the Company performs a qualitative assessment to consider if the changes in the terms of the liability significantly affect the economic risks of the liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and is amortized over the remaining term of the modified liability.

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

Financial instruments are comprised of cash and cash equivalents, accounts receivable and other receivables, construction funding receivable, government funding receivable/payable, restricted cash, accounts payable and accrued liabilities, long-term debt and interest rate swap contracts.

The following is a summary of the accounting model the Company elected to apply to each of its significant categories of financial instruments:

	Classification under IFRS 9
Cash and cash equivalents	Amortized cost
Accounts receivable and other receivables	Amortized cost
Government funding receivable	Amortized cost
Construction funding receivable	Amortized cost
Restricted cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Government funding payable	Amortized cost
Long-term debt	Amortized cost
Interest rate swap contracts	Fair value through profit or loss
Total return swap contracts	Fair value through profit or loss

The Company uses a fair value hierarchy to categorize the type of valuation techniques from which fair values are derived. Financial instruments are valued using unadjusted quoted prices in active markets for identical assets or liabilities (Level 1), inputs that are observable for the assets or liabilities either directly or indirectly (Level 2) and inputs for assets or liabilities that are not based on observable market data (Level 3). Both the total return swap contracts and the interest rate swap contracts are carried at fair value through profit or loss and are considered to be Level 2 instruments. The carrying values of cash and cash equivalents, accounts receivable and other receivables, government funding receivable, and accounts payable and other liabilities and government funding payable approximate fair value.

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

	As at December 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	**8,771**	**8,364**	14,662	14,122
Financial liabilities				
Current and long-term portion of debt	**1,006,649**	**971,609**	977,964	940,077

The fair value of construction funding receivable is estimated by discounting the expected future cash flows using current applicable rates for Government of Ontario bonds of comparable maturity plus a risk premium. The fair value as at December 31, 2023 for the construction funding receivable was discounted using rates between 4.00% (2022 - 4.25%) and 5.42% (2022 - 5.21%).

The fair values of mortgages and credit facilities at variable rates approximate their carrying values (Note 15). The fair values of mortgages and debentures at fixed rates are estimated by discounting the expected future cash flows using the rates currently prevailing for similar instruments of similar maturities. The fair value as at December 31, 2023 for the fixed-rate debt was discounted using rates between 3.68% (2022 - 3.47%) and 6.23% (2022 - 6.43%).

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

Impairment charges on accounts receivable are discussed below. All finance income and costs from financial instruments have been disclosed in Note 16.

In December 2020, the Company entered into a Total Return Swap for 400,000 shares with a Canadian financial institution to manage its cash flow exposure under the share-based compensation plans. The Company hedged an additional 120,000 shares in August 2021 and 100,000 shares in December 2021. As at December 31, 2023, a total of 620,000 shares have been hedged. Under the Total Return Swap contracts, the Company makes periodic interest payments based on the total value of the notional amount of shares hedged, and receives monthly dividends based on the shares hedged. Upon settlement at maturity, the Company receives or remits the net difference between the total value of the notional equity amount of the number of shares hedged and the total proceeds from the sale of the underlying shares. The equity notional value of the Total Return Swap is $8,920 and the fair value is $7,123 as at December 31, 2023, with the change in fair value recognized in administrative expenses.

Maturities of financial instruments

For the years ending December 31, 2024 through 2028 and thereafter, the Company has estimated that the following undiscounted cash flows including interest, if applicable, will arise from its government funding receivable/payable, interest rate swap contracts, total return swaps, construction funding receivable and long-term debt at the consolidated statements of financial position dates:

	As at December 31, 2023					
	2024	**2025**	**2026**	**2027**	**2028**	**Thereafter**
Government funding receivable/payable						
Cash inflows	4,937	—	—	—	—	—
Cash outflows	(120,335)	—	—	—	—	—
	(115,398)	—	—	—	—	—
Interest rate swap contracts						
Cash inflows	4,827	2,810	2,004	1,240	317	—
Cash outflows	(3,239)	(2,006)	(1,474)	(961)	(254)	—
	1,588	804	530	279	63	—
Total return swaps						
Cash outflows	(1,797)	—	—	—	—	—
	(1,797)	—	—	—	—	—
Construction funding receivable						
Cash inflows	2,834	1,537	1,340	570	572	3,238
Long-term debt						
Cash outflows	(262,361)	(82,107)	(212,343)	(215,408)	(146,259)	(219,057)
Net cash outflows	**(375,134)**	**(79,766)**	**(210,473)**	**(214,559)**	**(145,624)**	**(215,819)**

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Nature and extent of risks arising from financial instruments

The following discussion is limited to the nature and extent of risks arising from financial instruments. The Company's normal operating, investing and financing activities expose it to a variety of financial risks including interest rate risk, credit risk and liquidity risk. Although the Company has purchases in both Canadian and United States dollars, it does not have significant exposure to foreign currency risk as all operations are located in Canada. The Company does not have significant exposure to price risk as most of its revenues are regulated by the health authorities. The Company's overall risk management process is designed to identify, manage and mitigate business risk, which includes financial risk.

Interest rate risk

Interest rate risk arises as the fair value of future cash flows from a financial instrument can fluctuate because of changes in market interest rates. The Company is subject to interest rate risk on mortgages at variable rates associated with certain residences, which is offset by interest rate swap contracts. The Company has not applied hedge accounting for these interest rate swap contracts. Interest rates, maturities and security affecting the interest rate and credit risk of the Company's financial liabilities have been disclosed in Note 15. The notional value of the interest rate swap contracts is $90,471 and is currently subjected to a weighted average interest rate of 3.65% as at December 31, 2023.

The Company's credit facilities are, and future borrowings may be, at variable rates of interest, which expose the Company to the risk of interest rate volatility.

Credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents, accounts receivable and other receivables, restricted cash, construction funding receivable, government funding receivable and interest rate swap contracts. The Company is exposed to credit risk from its residents and customers. However, the Company has a significant number of residents and customers, which minimizes concentration of credit risk. The credit risk related to amounts owed by LTC residents is further mitigated by the Company's ability to recover certain amounts written off from the health authorities. Management's estimate of expected credit losses is established using a provision methodology based on historical experience, and the receivable is written off when it is uncollectible. Subsequent recoveries of amounts previously written off are credited against operating expenses in the consolidated statements of net income and comprehensive income.

The continuity of the expected credit losses for trade receivables is as follows:

Balance, January 1, 2022	1,006
Provision for receivables during the year	93
Receivables written off during the year	—
Balance, December 31, 2022	1,099
Provision for receivables during the year	3,880
Receivables written off during the year	(817)
Balance, December 31, 2023	**4,162**

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

The aging analysis of these receivables, net of expected credit losses, is as follows:

	2023	2022
0 - 30 days	**1,455**	1,768
31 - 60 days	**586**	669
61 - 90 days	**157**	441
Over 90 days	**288**	2,374
	2,486	5,252

Rent collections from resident payments since the beginning of the COVID-19 pandemic in March 2020 up to the month of January 2024 have remained similar to pre-pandemic levels.

The Company is also exposed to credit risk through the amounts receivable from the health authorities. The Company has assessed the credit risk associated with the amounts owed by the health authorities as low, as they are receivable from governments. Management has also assessed the credit risk associated with the interest rate swap contracts, restricted cash, cash and cash equivalent balances as low given the counterparties are major Canadian financial institutions that have been accorded investment grade ratings by a primary rating agency.

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 December 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 December 31, 2023, the Company had negative working capital (current liabilities less current assets) of $447,761 (December 31, 2022 - $252,951), which is primarily related to the principal amount of maturing debt of $230,172 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 including available credit facilities.

Sensitivity analysis

IFRS requires disclosure of a sensitivity analysis that is intended to illustrate the sensitivity of the Company's financial position, performance and fair value of cash flows associated with the Company's financial instruments to changes in market variables. The sensitivity analysis provided discloses the effect on the consolidated statements of net income and comprehensive income as at December 31, 2023 assuming that a reasonably possible change in the relevant risk variable has occurred as at December 31, 2023. The reasonably possible changes in market variables used in the sensitivity analysis were determined based on implied volatilities where available or historical data.

The sensitivity analysis has been prepared based on December 31, 2023 balances and on the basis that the balances, the ratio of fixed to variable rates of debt and the derivatives as at December 31, 2023 are all constant. Excluded from this analysis are all non-financial assets and liabilities that are not classified as financial instruments.

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

The sensitivity analysis provided is hypothetical and should be used with caution as the impacts provided are not necessarily indicative of the actual impacts that would be experienced as the Company's actual exposure to market rates may change. Changes in fair values or cash flows based on a variation in a market variable cannot be extrapolated because the relationship between the change in the market variable and the change in fair values or cash flows may not be linear. In addition, the effect of a change in a particular market variable on fair values or cash flows is calculated without considering interrelationships between the various market rates or mitigating actions that would be taken by the Company.

		Year Ended December 31, 2023	
		Market risk	
		-1%	+1%
	Fair value	Comprehensive income	Comprehensive income
Financial assets:			
Restricted cash[1]	2,291	(28)	28
Interest rate swap contracts[1]	3,264	(2,203)	2,203
Financial liabilities:			
Debt at variable rates subject to interest rate risk[1]	25,000	(330)	330
Total return swap contracts[2]	1,797	—	—

		Year Ended December 31, 2022	
		Market risk	
		-1%	+1%
	Fair value	Comprehensive income	Comprehensive income
Financial assets:			
Restricted cash[1]	3,457	(21)	21
Interest rate swap contracts[1]	5,478	(3,284)	3,397
Financial liabilities:			
Debt at variable rates subject to interest rate risk[1]	110,000	(138)	138
Total return swap contracts[2]	2,162	—	—
Interest rate swap contracts[1]	3	(501)	496

[1] Market risk represents interest rate sensitivity

[2] Market risk represents share price sensitivity

Any changes in the interest payable under the mortgages at variable rates would be offset by a change in the cash flows from the related swap contracts.

6 Capital management

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

The Company's objectives when managing capital are to: (i) maintain a capital structure that provides financing options to the Company for accessing capital, on commercially reasonable terms, without exceeding its debt capacity, pursuant to limitations in its credit facilities, or taking on undue risks; (ii) maintain financial flexibility in order to preserve its ability to meet financial obligations, including debt servicing payments and dividend payments; and (iii) deploy capital to provide an appropriate investment return to its shareholders.

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

The Board of Directors reviews the level of monthly dividends paid on a quarterly basis.

The Company has property-level mortgages that are secured by each of the underlying properties' assets, guaranteed by the Company and are subject to certain customary financial and non-financial covenants. The Company is in compliance with all financial covenants on its borrowings. However, there can be no assurance that covenant requirements will be met at all times in the future. If the Company does not remain in compliance, its ability to amend the covenants or refinance its debt could be affected.

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

7 Assets held for sale

The Company completed the sale of Rideau Retirement Residence with 138 suites in British Columbia on January 31, 2022. For the year ended December 31, 2022, the Company recognized a pre-tax gain on disposal of $12,690.

The Company completed the sale of Camilla Care Community with 236 Class C beds in Ontario on March 31, 2022. For the year ended December 31, 2022, the Company recognized a pre-tax gain on disposal of $11,032.

8 Restricted cash

Restricted cash comprises the capital maintenance reserve funds required for certain property-level mortgages. As at December 31, 2023, the Company has $2,541 in restricted cash (December 31, 2022 - $3,457).

9 Construction funding receivable

As at December 31, 2023, the Company is eligible to receive funding from the Government of Ontario of approximately $8,771 (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 December 31, 2023, the condition for the funding has been met.

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

As at December 31, 2023, the weighted average remaining term of the construction funding is approximately 9.0 years. The fair value of the construction funding receivable is determined by discounting the expected future cash flows of the receivable using the applicable Government of Ontario bond rates.

The following table summarizes the construction funding activity:

As at January 1, 2022	26,218
Additions	—
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
Additions	—
Add: Interest income earned	432
Less: Construction funding payments received	(6,323)
As at December 31, 2023	**8,771**
Less: Current portion	(2,559)
Long-term receivable	6,212

[1] During the year ended December 31, 2022, the Company announced the closure of one of its LTC residences and recorded a charge to reduce the receivable by the amount it was no longer eligible to receive upon closure. Subsequently in 2023, the Company permanently closed the LTC residence.

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

10 Property and equipment

	Land	Buildings [3]	Furniture and fixtures	Automobiles	Computer hardware	Circulating equipment	Construction -in-progress	Right-of-use building and equipment [2]	Total
Cost									
At January 1, 2022	132,353	1,213,371	76,841	2,178	14,235	1,271	5,498	3,072	1,448,819
Disposals	(1,339)	(3,785)	(5)	—	—	—	—	—	(5,129)
Remediation asset reversal [1]	—	(11,000)	—	—	—	—	—	—	(11,000)
Additions	—	14,617	5,549	341	2,595	19	6,869	1,977	31,967
At December 31, 2022	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
Acquisition of Nicola Lodge	3,540	18,090	410	—	—	—	—	—	22,040
Additions	—	6,066	6,214	179	2,405	60	36,439	1,916	53,279
Derecognition [5]	—	—	—	—	—	—	(2,127)	(791)	(2,918)
At December 31, 2023	**136,615**	**1,261,559**	**89,048**	**2,698**	**19,235**	**1,350**	**46,679**	**6,174**	**1,563,358**
Accumulated depreciation									
At January 1, 2022	—	293,485	41,162	1,226	7,318	977	—	1,860	346,028
Disposals		(3,071)	(45)	—	(1)	—	—	—	(3,117)
Impairment loss [4]	—	11,197	64	—	1	—	100	—	11,362
Charges for the year	—	34,265	8,095	243	2,165	206	—	530	45,504
At December 31, 2022	—	335,876	49,276	1,469	9,483	1,183	100	2,390	399,777
Charges for the year	—	34,391	9,034	326	3,434	39	—	699	47,923
Derecognition	—	—	—	—	—	—	—	(791)	(791)
At December 31, 2023	**—**	**370,267**	**58,310**	**1,795**	**12,917**	**1,222**	**100**	**2,298**	**446,909**
Net book value									
At December 31, 2022	131,014	877,327	33,109	1,050	7,347	107	12,267	2,659	1,064,880
At December 31, 2023	**136,615**	**891,292**	**30,738**	**903**	**6,318**	**128**	**46,579**	**3,876**	**1,116,449**

[1] During the year ended December 31, 2022, the Company announced the closure of one of its LTC residences that previously planned to undertake remediation. As a result, the Company reversed the related remediation provision of $11,000 and the corresponding asset in property and equipment, both of which were recognized in 2021.

[2] Includes right-of-use building and related depreciation of $4,227 and $1,939, respectively (December 31, 2022 - $4,227 and $1,547, respectively), and the right-of-use equipment and related depreciation of $1,947 and $359, respectively (December 31, 2022 - $822 and $843, respectively).

[3] Includes pandemic capital expenditures for the year ended December 31, 2023 of $8,503 (2022 - $25,652), reduced by related government assistance for the year ended December 31, 2023 of $8,503 (2022 - $25,652). Included in the $8,503 is $2,198 of eligible capital expenditures incurred in 2022 for which government assistance was applied in the year ended December 31, 2023.

[4] Relates to an impairment at one of our LTC properties totaling $11,362. Refer to Note 11 for more details.

[5] The derecognition of Construction-in-progress costs is included in Transaction Costs.

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

11 Intangible assets

	Indefinite life	Finite life			
	Licences	Resident relationships	Service contracts	Computer software	Total
Cost					
At January 1, 2022	190,945	167,572	10,968	15,446	384,931
Additions	—	—	—	2,005	2,005
Disposals	(2,376)	(3,179)	—	(6)	(5,561)
At December 31, 2022	188,569	164,393	10,968	17,445	381,375
Acquisition of Nicola	3,851	437	—	—	4,288
Additions	—	—	—	2,327	2,327
At December 31, 2023	**192,420**	**164,830**	**10,968**	**19,772**	**387,990**
Accumulated amortization					
At January 1, 2022	—	167,572	10,945	10,499	189,016
Charges for the year	—	—	23	1,810	1,833
Impairment loss [(1)]	1,426	—	—	—	1,426
Disposals	—	(3,179)	—	(6)	(3,185)
At December 31, 2022	1,426	164,393	10,968	12,303	189,090
Charges for the year	—	—	—	1,700	1,700
At December 31, 2023	**1,426**	**164,393**	**10,968**	**14,003**	**190,790**
Net book value					
At December 31, 2022	187,143	—	—	5,142	192,285
At December 31, 2023	**190,994**	**437**	**—**	**5,769**	**197,200**

[(1)] Relates to an impairment at one of our LTC properties. Refer to Note 11 for more details.

12 Impairment of assets

In 2022, the Company carried out a review of the recoverable amount of one of its properties and associated intangible assets within the long-term care segment which required significant building remediation in light of increasing cost estimates and revisions to the scope of the prevention work. The cash-generating unit is one long-term care home location as this is the lowest level that generates independent cash inflows. The review led to the recognition of an impairment loss of $12,788 which had been recognized in net income in 2022 and is comprised of impairment of property and equipment, and indefinite lived intangibles, licence, of $11,362 (Note 10) and $1,426 (Note 11), respectively. The Company estimated the fair value of the property less costs of disposal to be greater than the value in use and hence the recoverable amount of the relevant assets had been determined on the basis of their fair value less costs of disposal. The estimated fair value of the property was based on recent market prices of comparable land in the vicinity, adjusting the prices to account for differences in size, shape and location. The fair value measurement of the CGU was categorized as level 3 of the fair value hierarchy. The CGU was impaired to its recoverable amount of $5,000 in 2022.

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

13 Goodwill

	December 31, 2023	December 31, 2022
Cost and carrying value	**164,903**	**167,666**
Derecognition of goodwill related to disposal of properties in 2022	—	(2,763)
Cost and carrying value	**164,903**	**164,903**

14 Accounts payable and other liabilities

	December 31, 2023	December 31, 2022
Accounts payable and other liabilities	**53,325**	44,401
Accrued wages and benefits	**72,207**	66,543
Accrued interest payable	**5,224**	4,892
Dividends payable (Note 19)	**5,690**	5,690
Restructuring provision [1]	**181**	4,096
Total	**136,627**	125,622

[1] In 2022, the Company announced the closure of one of its LTC residences and recognized a corresponding restructuring provision. During the year ended December 31, 2023, the Company utilized $1,497 from the provision, and adjusted down the provision by $2,418, based on best estimates (see Note 26).

15 Long-term debt

	Interest rate	**Maturity date**	**December 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
Credit facilities	Floating	March 19, 2027	**25,000**	60,000
Mortgages at fixed rates	1.65% - 5.80%	2023-2041	**430,655**	291,487
Mortgages at variable rates	Floating	2023-2029	**112,151**	131,191
Lease liability	2.58% - 3.83%	2023-2029	**4,131**	2,844
			1,021,937	985,522
Fair value adjustments on acquired debt			**1,792**	2,343
Less: Deferred financing costs			**(17,080)**	(9,901)
Total debt			**1,006,649**	977,964
Less: Current portion			**(248,496)**	(126,099)
			758,153	**851,865**

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

Principal repayments on long-term debt are as follows:

2024	251,640
2025	57,634
2026	191,853
2027	201,452
2028	136,447
2029	7,043
2030	15,928
Thereafter	159,940
	1,021,937

Continuity of debt

The following table is the long-term debt continuity:

	Debentures	Acquisition Loan	Mortgages payables	Credit Facilities	Lease Liabilities	Total
As at January 1, 2022	449,200	—	490,023	9,749	1,312	950,284
Proceeds from financing	—	90,000	—	81,000	—	171,000
Repayments	—	(40,000)	(73,489)	(33,000)	—	(146,489)
Deferred financing costs	(23)	(584)	393	(620)	—	(834)
Amortization of financing charges and fair value adjustments on acquired debt	656	390	1,201	224	—	2,471
Amortization of lease liability	—	—	—	—	1,532	1,532
As at December 31, 2022	449,833	49,806	418,128	57,353	2,844	977,964
Proceeds from financing	—	—	184,436	40,000	—	224,436
Repayments	—	(50,000)	(64,308)	(75,000)	—	(189,308)
Deferred financing costs	—	—	(10,250)	(272)	—	(10,522)
Amortization of financing charges	669	194	2,140	317	—	3,320
Fair value adjustments on acquired debt	—	—	(528)	—	—	(528)
Amortization of lease liability, net additions	—	—	—	—	1,287	1,287
As at December 31, 2023	450,502	—	529,618	22,398	4,131	1,006,649

Series A Unsecured Debentures

On November 4, 2019, the Company issued $150,000 aggregate principal amount of series A senior unsecured debentures ("**Series A Debentures**"). The Series A Debentures 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 Debentures may be redeemed in whole or in part at the option of the Company at any time, as long as the Company provides not less than 10 days' and not more than 60 days' notice to the holders of the Series A Debentures. Prior to October 4, 2024 (the "**Series A Par Call Date**"), the redemption price is the greater of: (i) the Canada Yield Price including accrued and unpaid interest to the redemption date; and (ii) the face amount of the Series A Debentures to be redeemed including accrued and unpaid interest to the redemption date. On or after the Series A Par Call Date, the redemption is 100% of the principal amount outstanding of the Series A Debentures with accrued and unpaid interest. The Canada Yield Price is defined as a price equal to the price of the debenture calculated to provide a yield to the Par Call Date equal to the Government of Canada Yield calculated on the date the Company gives notice of redemption plus 0.37%.

Series B Senior Unsecured Debentures

On October 2, 2020, the Company issued $175,000 aggregate principal amount of series B senior unsecured debentures ("**Series B Unsecured Debentures**"). The Series B Unsecured Debentures bear interest at a rate of 3.450% per annum, payable semi-annually in February and August of each year and mature on February 27, 2026.

The Series B Unsecured Debentures may be redeemed in whole or in part at the option of the Company at any time, as long as the Company provides not less than 10 days' and not more than 60 days' notice to the holders of the Series B Unsecured Debentures. Prior to January 27, 2026 (the "**Series B Par Call Date**"), the redemption price is the greater of: (i) the Canada Yield Price including accrued and unpaid interest to the redemption date; and (ii) 100% of the principal amount outstanding of the Debentures being redeemed. On or after the Series B Par Call Date, the redemption price is 100% of the principal amount outstanding of the Series B Unsecured Debentures with accrued and unpaid interest to, but excluding the date fixed for redemption. The Canada Yield Price is defined as a price equal to the price of the debenture, exclusive of accrued and unpaid interest, calculated to provide a yield to the Series B Par Call Date equal to the Government of Canada Yield calculated on the date the Company gives notice of redemption plus 0.775%.

Series C Senior Unsecured Debentures

On June 3, 2021, the Company issued $125,000 aggregate principal amount of series C senior unsecured debentures ("**Series C Unsecured Debentures**"). The Series C Unsecured Debentures bear interest at a rate of 2.82% per annum, payable semi-annually in March and September of each year and mature on March 31, 2027.

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

Unsecured Term Loan

The Company acquired a portfolio of assets through its joint venture on May 16, 2022. To finance its 50% share of the joint venture's acquisition, the Company entered into a credit agreement with a Canadian lender for an unsecured acquisition term loan facility of $90,000 maturing May 15, 2023 ("**Unsecured Term Loan**"). Borrowings under the Unsecured Term Loan are at an interest rate of Canadian Dollar Offered Rate ("**CDOR**") plus 145 basis points ("**bps**") per annum. The Unsecured Term

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

Loan is subject to certain customary financial and non-financial covenants. In Q2 2023, the Company repaid the remaining balance of the Unsecured Term Loan.

Credit facilities

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 million to $300 million 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 million during the term of the facility, subject to certain conditions. Borrowings under the Unsecured Revolving Credit Facility can take place by way of banker's acceptances ("**BA**s") at 145 bps per annum over the floating BA rate, or at the Canadian prime rate plus 45 bps per annum. The Unsecured Revolving Credit Facility is subject to certain customary financial and non-financial covenants. As at December 31, 2023, the Company had drawn $25,000 (2022 - $60,000), under the Unsecured Revolving Credit Facility.

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 by way of loans at the Canadian prime rate plus 50 bps per annum.

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

	December 31, 2023	December 31, 2022
Credit facilities available	**308,500**	308,500
Amounts drawn under credit facilities	**(25,000)**	(60,000)
Utilized for letters of credit (note 23)	**(589)**	—
Remaining available balance under credit facilities	**282,911**	248,500

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

Mortgages

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

	Mortgages			
Year	**Regular principal payments**	**Principal due at maturity**	**Total**	**% of Total**
2024	20,690	80,172	**100,862**	18.6 %
2025	15,727	41,112	**56,839**	10.5 %
2026	16,028	—	**16,028**	3.0 %
2027	15,481	35,115	**50,596**	9.3 %
2028	10,730	125,154	**135,884**	25.0 %
2029	6,729	—	**6,729**	1.2 %
2030	6,698	9,230	**15,928**	2.9 %
Thereafter	31,246	128,694	**159,940**	29.5 %
	123,329	419,477	**542,806**	100.0 %

16 Net finance charges

	Year ended December 31	
	2023	2022
Finance costs		
Interest expense on mortgages	**21,997**	16,112
Interest expense on debentures	**14,226**	14,226
Interest on unsecured term loan	**1,176**	2,305
Interest expense on credit facilities	**3,092**	1,100
Interest expense on right-of-use assets	**151**	99
Amortization of financing charges and fair value adjustments on acquired debt	**3,320**	2,471
Net settlement (receipt) payment on interest rate swap contracts	**(3,489)**	408
Fair value (gain) loss on interest rate swap contracts	**2,212**	(9,194)
	42,685	27,527
Finance income		
Interest income on construction funding receivable	**432**	878
Other interest income	**1,810**	960
	2,242	1,838
Net finance charges	**40,443**	25,689

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17 Income taxes

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

	Year ended December 31, 2023	Year ended December 31, 2022
Income before provision for income taxes	**10,004**	11,181
Canadian combined income tax rate	**26.59 %**	26.57 %
Income tax expense	**2,660**	2,971
Adjustments to income tax provision:		
Non-deductible items	**269**	(2,066)
Book to filing adjustment	**31**	(327)
Other items	**6**	(65)
Provision for income taxes	**2,966**	513

The following are the deferred tax assets (liabilities) recognized by the Company and movements thereon during the year ended December 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	(1,773)	(239)	(114)	2,453	327
Book to filing adjustment	(25)	—	(12)	(1,538)	(1,575)
As at December 31, 2023	**(52,111)**	**719**	**540**	**1,537**	**(49,315)**

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

18 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	—	23
Common shares issued pursuant to SOAR program	27,225	306
Balance, December 31, 2023	**72,967,166**	**964,843**

For the year ended December 31, 2023, the weighted average of total shares outstanding was 72,955,978, respectively (2022 - 71,589,104).

Normal course issuer bid

On June 12, 2023, 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 3,648,358 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 64,407 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, 2023. The NCIB will terminate on June 19, 2024.

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

Net income per share

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

19 Dividends

For the year ended December 31, 2023, the Company paid monthly dividends of $0.078 per common share totaling $68,288 (2022 - $66,854). Dividends payable of $5,690 are included in accounts payable and other liabilities as at December 31, 2023 (December 31, 2022 - $5,690). Subsequent to December 31, 2023, the Board of Directors declared dividends of $0.078 per common share for January and February 2024 totaling $11,383.

20 Share-based compensation

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

*Restricted Share Unit plan ("**RSU**")*

Certain employees (**"Employees"**) may be awarded restricted share units ("**RSUs**"). Starting with the awards in connection with the year ended December 31, 2018, a portion of the RSUs granted have performance based vesting criteria. For this particular portion of the RSUs, the number of RSUs to ultimately vest will be determined based on a performance multiplier having a possible range of 50% (whereby half of the subject RSUs vest) to 150% (whereby one and a half times the number of the subject RSUs vest). All other terms of the RSUP apply to these RSU awards having a performance based vesting criteria.

Employees are awarded the number of notional shares equal to a portion of their compensation amount divided by the volume weighted average closing price of common shares for the five trading days preceding the date of grant or redemption ("**Average Closing Price**") on the grant date. Employees participating in the RSUP are entitled to receive notional distributions per RSU equal to the amount of dividends paid per common share. Such distributions will be granted to the Employee in the form of additional RSUs equal to the dividend amount divided by the Average Closing Price as of the day such dividend was declared.

RSU awards granted vest on the third anniversary of the grant date and the related compensation expense is recognized over the three-year vesting period. On vesting of the RSUs, the Company has the option to settle all or a portion of vested RSUs in cash or with one common share of the Company for each RSU redeemed. Any lump sum payment in cash will be calculated by multiplying the number of RSUs to be redeemed for cash by the Average Closing Price as of the applicable vesting date. The value of each RSU is measured at each reporting date and is equivalent to the market value of a common share of the Company at the reporting date.

Total expenses related to the RSUP for the year ended December 31, 2023 were $1,726, respectively (2022 - $636), including mark-to-market adjustments and net of forfeitures, which were recognized in administrative expenses. During the year ended December 31, 2023, 25,121 RSUs vested (2022 - 15,477) and were settled in cash, resulting in a decrease of $312 to the share-based compensation liability (2022 - $1,055). The total liability recorded as part of the share-based compensation liability as at December 31, 2023 was $2,435 (December 31, 2022 - $1,021).

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

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

	Number of RSUs
Balance, January 1, 2022	130,967
Granted	153,604
Forfeited	(15,651)
Dividends reinvested & forfeiture	16,214
Settled in cash	(15,477)
Balance, December 31, 2022	269,657
Granted	235,265
Forfeited	(54,855)
Dividends reinvested & forfeiture	28,192
Settled in cash	(25,121)
Balance, December 31, 2023	**453,138**

*Deferred Share Unit plan ("**DSU**")*

Each member of the Board of Directors (the "**Board**") who is not also an employee of the Company (the **"Member**") is eligible to participate in the DSUP and is entitled to elect to contribute his or her base retainer fees to the DSUP. Fees for each Member vary depending on his or her role on the Board. The Member's meeting fees are excluded from eligible DSUP contributions. In satisfaction of such fees, the Member was credited that number of deferred share units ("**DSUs**") equal to the quotient obtained by dividing the fees payable by the Average Closing Price.

Members are notionally entitled to receive distributions per DSU equal to the amount of dividends paid per Common Share. Such distributions are credited as additional DSUs. The number of DSUs credited for each dividend is equal to the aggregate amount of such dividend divided by the Average Closing Price.

DSUs vest immediately upon grant and may be redeemed only when a Member no longer serves on the Board for any reason (and is not otherwise employed by the Company). Redemptions are paid out in cash.

Total expenses (recoveries) related to the DSUP for the year ended December 31, 2023 were $1,021, respectively (2022 - $(1,007)), including mark-to-market adjustments, which were recognized in administrative expenses. During the year ended December 31, 2023, 368,943 DSUs vested (2022 - 71,988) and were settled in cash, resulting in a decrease of $4,001 to the share-based compensation liability (2022 - $825). The total liability recorded related to the DSUP as a part of the share-based compensation liability as at December 31, 2023 was $2,052 (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 RSUs
Balance, January 1, 2022	454,379
Granted	45,106
Forfeited	(515)
Dividends reinvested & forfeiture	34,653
Settled in cash	(71,988)
Balance, December 31, 2022	461,635
Granted	46,639
Forfeited	(505)
Dividends reinvested & forfeiture	39,765
Settled in cash	(368,943)
Balance, December 31, 2023	**178,591**

*Executive Deferred Share Unit plan ("**EDSU**")*

Each executive officer and such other officers or employees ("**EDSUP Member**") as the Board of Directors may determine from time to time, at his or her discretion, is entitled to elect to have up to 100% of his or her annual base incentive awards contributed to the EDSUP.

In satisfaction of such contribution to the EDSUP, the EDSUP Member is credited that number of executive deferred share units ("EDSUs") equal to the quotient obtained by dividing the amount of the contribution by the Average Closing Price immediately preceding the date of payment. Dividends earned on such EDSUs will be credited to the EDSUP Member's account in the form of additional EDSUs, which are calculated using the same methodology as the original grant.

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

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

Total expenses related to the EDSUP for the year ended December 31, 2023 were $503, respectively (2022 - $(16)), including mark-to-market adjustments, which were recognized in administrative expenses. During the year ended December 31, 2023, 19,813 EDSUs vested (2022 - 137,198) and settled in cash, resulting in a decrease of $225 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 December 31, 2023 was $1,158 (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
Balance, January 1, 2022	230,255
Granted	27,243
Forfeited	(2,502)
Dividends reinvested & forfeiture	6,895
Settled in cash	(137,198)
Balance, December 31, 2022	124,693
Granted	20,369
Forfeited	(2,092)
Dividends reinvested & forfeiture	10,229
Settled in cash	(19,813)
Balance, December 31, 2023	**133,386**

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

Share-based compensation expense (recovery), under Notes 22 and 25, includes a fair value (gain) loss on Total Return Swap contracts for the year ended December 31, 2023 of $(332) (2022 - $2,338, respectively) and mark-to-market (recovery) expense on share-based compensation liability for the year ended December 31, 2023 of $567 (2022 - $(2,626)).

21 Employee salaries and benefits

Payroll costs for all employees, including key management, for continuing operations consist of:

	Year ended December 31,	
	2023	2022
Salaries and short-term employee benefits	**469,329**	460,672
Group retirement savings plan	**9,439**	8,164
Termination benefits	**2,883**	1,258
Share-based compensation expense (Note 20)	**2,918**	1,951
	484,569	472,045

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

22 Key management compensation

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

	Year ended December 31,	
	2023	2022
Salaries and short-term employee benefits	**5,432**	5,786
Share-based compensation expense (Note 20)	**2,540**	1,600
	7,972	7,386

23 Trust funds

The Company maintains separate trust accounts on behalf of its LTC residents, which are not included in these consolidated financial statements. The total balance in the trust bank accounts as at December 31, 2023 was $1,300 (December 31, 2022 - $1,335).

24 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 year ended December 31, 2023, the Company received approximately $520,016 (2022- $536,119) in respect of these licences and pandemic related funding.

Approximately 81% and 68% (2022 - 80% and 66%) 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.

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

25 Administrative expenses

	Year ended December 31,	
	2023	2022
General and administrative expenses	**27,686**	28,667
SOAR program	**306**	2,125
Restructuring (recovery) costs [1]	**(1,826)**	6,550
Share-based compensation expense	**2,918**	1,951
Pandemic related expenses	**8**	77
Total administrative expenses	**29,092**	39,370

[1] In 2022, the Company announced the closure of one of its LTC residences and recognized corresponding restructuring charges of $6,550, consisting of a write-down of $2,454 related to the LTC residence's construction funding receivable (see Note 9) and restructuring provision of $4,096 (see Note 14). During the year ended December 31, 2023, the Company adjusted down the provision by $2,418, based on best estimates. During the first quarter of 2023, the Company also recognized restructuring costs of $592 related to reduction of employees at our corporate office.

26 Expenses and other items by category

	Year ended December 31,	
	2023	2022
Salaries, benefits and people costs	**456,169**	414,480
Depreciation and amortization	**49,623**	47,337
Food	**35,509**	32,973
Purchased services and non-medical supplies	**28,407**	26,792
Property taxes	**14,710**	14,027
Utilities	**21,091**	19,890
Share of net loss in joint ventures	**9,309**	11,275
Net finance charges	**40,443**	25,689
Share-based compensation expense	**2,918**	1,951
Transaction costs	**4,309**	6,195
Restructuring costs	**(1,826)**	6,550
Impairment loss	**—**	12,788
SOAR program	**306**	2,125
Other [1]	**110,863**	100,763
Total expenses before net pandemic expenses	**771,831**	**722,835**
Pandemic labour	**25,482**	55,614
Personal protective equipment	**—**	5,081
Other pandemic related expenses [2]	**2,916**	6,428
Government assistance [3]	**(24,865)**	(58,823)
Net pandemic expenses	**3,533**	8,300
Gain on disposal of properties	**—**	(23,726)
Total expenses and other items	**775,364**	**707,409**

[1] Other expenses primarily relates to maintenance and equipment expenses, supplies, professional fees and insurance.

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

[3] There are various programs and financial assistance provided by the government to support COVID-19 related expenses. Included in the government assistance figure for the year ended December 31, 2023 is retroactive pandemic funding of $4,058 for pandemic expenses during 2022 and 2021. Included in the government assistance figure for the year ended December 31, 2022 is retroactive pandemic funding of $4,766 for pandemic expenses during 2021 and 2020.

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

27 Subsidiaries

The following are the significant subsidiaries of the Company, all of which are included in these consolidated financial statements:

		Percentage of ownership interest	
Name	**Country of incorporation**	**December 31, 2023**	December 31, 2022
Leisureworld Senior Care LP (Ontario)	Canada	100 %	100 %
2063412 Investment LP (Ontario)	Canada	100 %	100 %
2063414 Investment LP (Ontario)	Canada	100 %	100 %
2063415 Investment LP (Ontario)	Canada	100 %	100 %
2067475 Investment LP (Ontario)	Canada	100 %	100 %
Vigour Limited Partnership (Ontario)	Canada	100 %	100 %
The Royale LP (Ontario)	Canada	100 %	100 %
The Royale Development LP (Ontario)	Canada	100 %	100 %
The Royale West Coast LP (Ontario)	Canada	100 %	100 %
Sienna Baltic Development LP (Ontario)	Canada	100 %	100 %
2371281 Investment LP (Ontario)	Canada	100 %	100 %
Sienna Management LP (Ontario)	Canada	100 %	100 %
Sienna Ontario RH 2017 LP (Ontario)	Canada	100 %	100 %
SSLI1 Development LP (Ontario)	Canada	100 %	100 %

28 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 34 LTC residences located in Ontario, eight seniors' living residences located in British Columbia and the LTC management services business; and
- Corporate, Eliminations and Other - this segment represents the results of head office, intercompany eliminations and other items that are not allocated to the segments.

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

	Year ended December 31, 2023				
	Retirement [1]	LTC	Corporate, eliminations and other	Adjustments for Joint Venture [4]	Total
Gross revenue	202,032	630,498	69,857	(31,289)	871,098
Less: Internal revenue	—	(15,873)	(69,857)	—	(85,730)
Net revenue	202,032	614,625	—	(31,289)	785,368
Operating expense, net of government assistance [2]	129,266	536,136	—	(22,814)	642,588
Depreciation and amortization	38,944	22,490	4,875	(16,686)	49,623
Administrative expense [2]	—	(2,418)	31,510	—	29,092
Share of net loss in joint ventures	—	—	332	8,977	9,309
Finance costs	17,033	6,548	19,882	(778)	42,685
Finance income	(29)	(611)	(1,630)	28	(2,242)
Transaction costs	8	3,042	1,275	(16)	4,309
Provision for income taxes	—	—	2,966	—	2,966
Net income (loss)	16,810	49,438	(59,210)	—	7,038
Purchase of property and equipment [3]	18,999	80,512	2,108	—	101,619
Purchase of intangible assets	—	4,288	2,327	—	6,615

[1] For the year ended December 31, 2023, the Retirement segment recognized accommodation revenues of $96,975 and service revenues of $105,057.

[2] Includes net pandemic expense of $594 for Retirement, $2,931 for LTC and $8 for Corporate, eliminations and other.

[3] Includes pandemic capital expenditures for the year ended December 31, 2023 of $8,503, which were fully funded by related government assistance. Also includes purchase price allocation of $26,300 from the acquisition of Woods Park and $22,040 from the Step-up acquisition of Nicola (see Note 10).

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

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

	Year ended December 31, 2022				
	Retirement [1]	LTC	Corporate, eliminations and other	Adjustments for Joint Venture [4]	Total
Gross revenue	177,505	575,144	69,146	(18,251)	803,544
Less: Internal revenue	—	15,808	69,146		84,954
Net revenue	177,505	559,336	—	(18,251)	718,590
Operating expense, net of government assistance [2]	114,066	488,882	—	(14,467)	588,481
Depreciation and amortization	32,528	22,204	3,386	(10,781)	47,337
Administrative expense [2]	—	6,550	32,820	—	39,370
Share of net loss in joint ventures	—	—	78	11,197	11,275
Finance costs	3,390	5,646	18,998	(507)	27,527
Finance income	(15)	(959)	(871)	7	(1,838)
Transaction costs	3,843	2,920	3,132	(3,700)	6,195
Impairment loss	—	12,788	—	—	12,788
Gain on disposal of properties	(12,690)	(11,036)	—	—	(23,726)
Provision for income taxes	—	—	513	—	513
Net income (loss)	36,383	32,341	(58,056)	—	10,668
Purchase of property and equipment, net of disposals [3]	8,103	1,497	6,238	—	15,838
(Disposal) purchase of intangible assets	—	(5,561)	2,005	—	(3,556)

(1) For the year ended December 31, 2022, the Retirement segment recognized accommodation revenues of $85,202 and service revenues of $92,303.

(2) Includes net pandemic expense of $1,464 for Retirement, $6,759 for LTC and $77 for corporate, eliminations and other.

(3) Includes pandemic capital expenditures for the year ended December 31, 2022 of $25,652, which were fully funded by government related assistance. Also includes reversal of remediation provision of $11,000 (see Note 10).

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

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

	As at December 31, 2023				
	Retirement	**LTC**	**Corporate, eliminations and other**	**Adjustments for Joint Venture [1]**	**Total**
Total assets	**873,753**	**821,832**	**25,667**	**(25,909)**	**1,695,343**

	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 consolidated financial statements.

	As at December 31, 2023				
	Retirement	**LTC**	**Corporate, eliminations and other**	**Adjustments for Joint Venture [1]**	**Total**
Total liabilities	**414,528**	**374,523**	**558,430**	**(25,909)**	**1,321,572**

	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 consolidated financial statements.

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

29 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 December 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
					December 31, 2023	Year ended December 31, 2023
Sienna-RSH Niagara Falls LP [1]	0	70%	Joint venture	Equity	5,887	(332)
Sienna-Sabra LP	12	50%	Joint venture	Equity	139,777	(8,977)
Sienna Baltic Development LP [2]	2	70%/77%	Joint operation	Proportionate	N/A	N/A
					145,664	(9,309)

[1] The property of Sienna-RSH Niagara Falls LP is currently in development stage as of December 31, 2023.
[2] Sienna Baltic Development LP owns 70% 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
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	(332)
Investment in joint venture as at December 31, 2023	**5,887**

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	**December 31, 2023**	December 31, 2022
Current assets	**609**	213
Long-term assets	**41,832**	26,824
Total assets	**42,441**	27,037
Current liabilities	**1,595**	1,156
Long-term liabilities	**32,436**	16,997
Total liabilities	**34,031**	18,153
Net assets	**8,410**	8,884
Sienna's share of net investment in joint venture (70%)	**5,887**	6,219

	Year ended	
Statements of Net Income of Joint Venture	**December 31, 2023**	December 31, 2022
Expenses	**474**	111
Net loss	**(474)**	(111)
Sienna's share of net loss in joint venture (70%)	**(332)**	(78)

*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	(4,100)
Share of net loss in joint venture	(8,977)
Investment in joint venture as at December 31, 2023	**139,777**

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	**December 31, 2023**	December 31, 2022
Current assets	**8,403**	4,899
Long-term assets	**322,969**	353,455
Total assets	**331,372**	358,354
Current liabilities	**7,416**	6,779
Long-term liabilities	**44,403**	45,867
Total liabilities	**51,819**	52,646
Net assets	**279,553**	305,708
Sienna's share of net investment in joint venture (50%)	**139,777**	152,854

	Year ended	
Statements of Net Income of Joint Venture	**December 31, 2023**	December 31, 2022
Revenue	**62,579**	36,502
Expenses and other items		
Operating expenses	**45,629**	28,934
Depreciation and amortization	**33,372**	21,562
Net finance charges	**1,500**	999
Transaction costs	**32**	7,400
	80,533	58,895
Net loss	**(17,954)**	(22,393)
Sienna's share of net loss in joint venture (50%)	**(8,977)**	(11,197)

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 properties.

On June 1, 2022, SSLP acquired Aspira Hunter Village Retirement Living (formerly known as 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 year ended December 31, 2023 were $32 (2022 - $7,400).

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 December 31, 2023, $919 (December 31, 2022 - $376) of the Company's accounts receivable related to its investments in joint ventures. For the year ended December 31, 2023, $1,326 (2022 - $981 respectively) 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 70% of Nicola Lodge and 77% of Glenmore Lodge that has been recognized in the consolidated financial statements.

Statements of Financial Position of Joint Operation	**December 31, 2023**	December 31, 2022
Current assets	**10,650**	4,836
Long-term assets	**103,018**	94,838
Total assets	**113,668**	99,674
Current liabilities	**13,557**	10,006
Long-term liabilities	**58,603**	60,873
Total liabilities	**72,160**	70,879
Net assets	**41,508**	28,795
Sienna's share of net assets	**29,664**	14,685

As at December 31, 2023, the Company's share of net assets in Nicola Lodge and Glenmore Lodge was $23,175 and $6,489, respectively (December 31, 2022 - $8,118 and $6,567, respectively).

	Year ended	
Statements of Net Income of Joint Operation	**December 31, 2023**	December 31, 2022
Revenue	**40,597**	37,307
Expenses and other items		
Operating, net [1]	**32,864**	31,705
Depreciation and amortization	**2,841**	2,582
Net finance charges	**1,125**	2,781
Net income	**3,767**	239
Sienna's share of net income	**1,827**	216

[1] Includes net pandemic expenses (recovery) for the year ended December 31, 2023 of $874 (2022 - $490, respectively).

For the year ended December 31, 2023, the Company's share of net income (loss) in Nicola Lodge and Glenmore Lodge was $1,165 and $662, respectively (2022 - $(35) and $251, respectively).

On September 14, 2023, the Company entered into an agreement to acquire the remaining 60% interest in Nicola Lodge, over two closings. The first closing took place on December 31, 2023 (see Note 4). The second closing will be between November 2024 and March 2026, at the Company's discretion.

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

30 Commitments and contingencies

In February 2022, the Company amended its ten-year lease with respect to its corporate office located in Markham, which was set to expire on October 31, 2024. The amendment extended the lease for a further period of five years, commencing on November 1, 2024 and expiring on October 31, 2029. The Company also has various leases for office and other equipment. Lease payments in respect of the remaining years for leases are as follows:

	Total[1]
2024	1,518
2025	1,493
2026	1,472
2027	1,457
2028	1,089
Thereafter	807
	7,836

[1] Includes payments that are not eligible for capitalization under IFRS 16. Such payments are primarily for servicing and maintenance of office equipment, variable common area costs for the office lease, leases with terms shorter than twelve months and leases with low values.

The Company has committed to purchasing the remaining 30% interest in Nicola Lodge, between November 2024 an March 2026, at the Company's discretion. The purchase price will be $26,520, before closing costs and subject to customary closing adjustments. The purchase price will be financed through the assumption of existing mortgage (estimated to be $11,600 in November 2024) and the Company's available cash.

The Company is subject to various legal proceedings and claims that arise in the ordinary course of business. These matters are generally covered by insurance other than the deductible amounts of the claims. Management believes the final outcome of such matters will not have a material adverse impact on the business, operating results and financial condition of the Company. However, actual outcomes may differ from management's expectations.

In May 2020, the Company received a statement of claim in respect of a proposed class action alleging, among other things, negligence, breach of contract and breach of fiduciary duties in respect of the care and treatment of residents at the Company's residences during the COVID-19 pandemic. The claim is brought against the Company and certain of its subsidiaries on behalf of residents residing at all of the Company's owned and managed long-term care residences in Ontario during the pandemic, as well as the families of those residents, and seeks damages in the aggregate amount of $120,000. The claim is a joint claim against the Company and another senior living operator.

Between June and September 2020, the Company received statements of claim in four proposed class actions alleging, among other things, negligence, breach of contract and breach of fiduciary duties in respect of the care and treatment of residents at Altamont Care Community, Woodbridge Vista Care Community, Weston Terrace Care Community and Camilla Care Community, during the COVID-19 pandemic. These claims are brought against the Company and certain of its subsidiaries on behalf of all residents residing at each of these respective residences during the pandemic, as well as the families of those residents, and seeks damages in the aggregate amount of $20,000, $16,000, $16,000 and $25,000 respectively.

In September 2020, the Company received a statement of claim in respect of a proposed class action alleging, among other things, negligence and breach of fiduciary duties in respect of the care and treatment of residents residing at various long-term care residences in Ontario, including nine Sienna owned and managed residences, during the COVID-19 pandemic. This claim is a joint claim against Sienna, certain of its subsidiaries as well as other defendants, including the Province of Ontario, the City of Toronto and other senior living operators, on behalf of residents and their families and seeks damages in the aggregate amount of $600,000.

On January 21, 2022, the Superior Court of Justice ("the Court") 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 $260,000. 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 order is presently being reviewed and is subject to appeal. If the order stands, the consolidated claim will, in effect, replace 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. The certification hearing in respect of the consolidated claim took place in early 2024. As of the date hereof, no decision has been rendered by the Court in respect of certification.

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

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

Pay Equity Claim Proceedings

The Company along with a number of other industry participants and the Ontario Government are currently engaged in various proceedings with several unions regarding pay equity maintenance for employees at long-term care facilities, for which wages and benefits are typically funded by the MLTC. In one such proceeding, 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.

Given the current status of the proceedings and significant number of judgements required in establishing the pay equity framework that will impact the measurement of any potential provision, including ongoing discussions with the unions amongst the parties, 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 consolidated financial statements as at December 31, 2023.

Sienna

Senior Living