

IN THE BUSINESS OF  
SENIORS  
**LIVING**



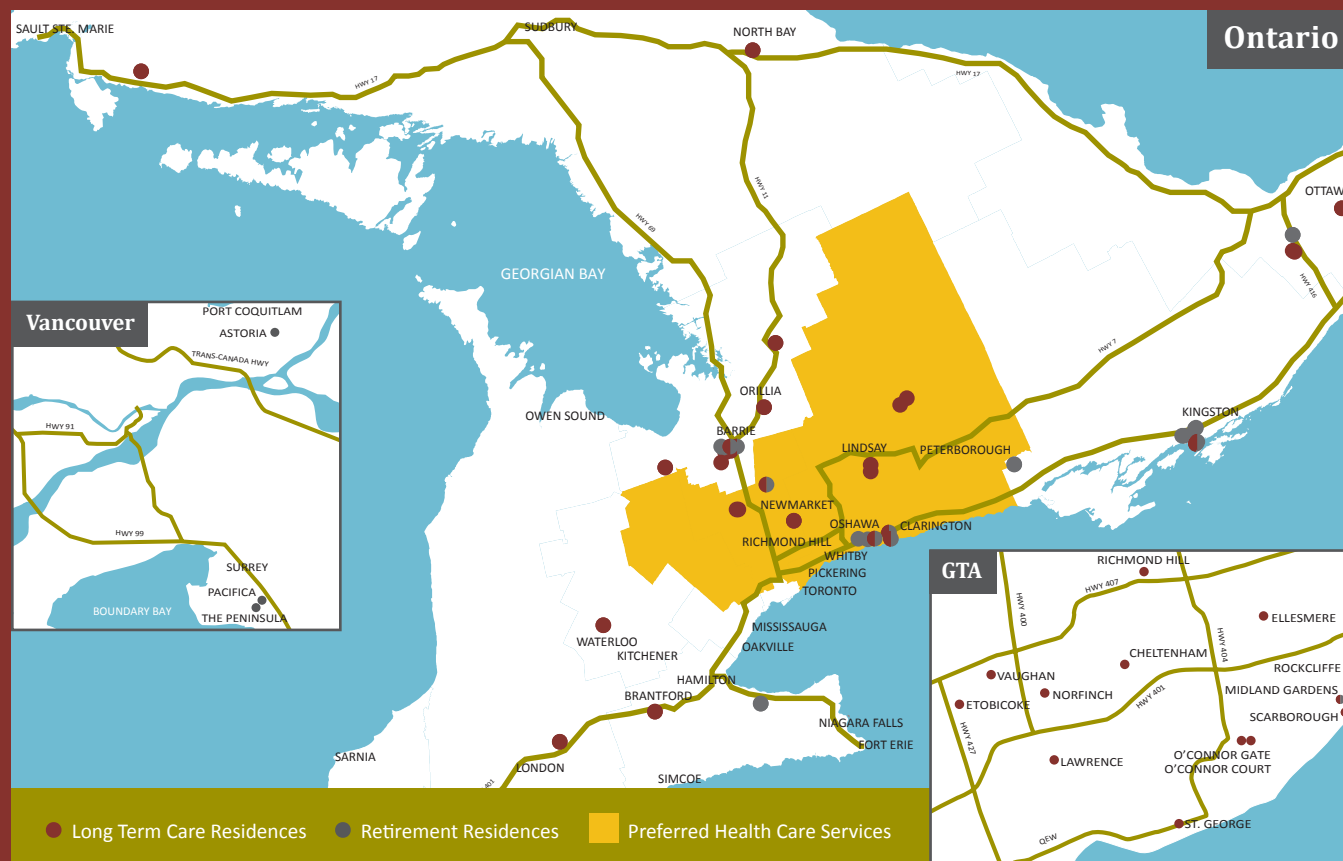
ANNUAL REPORT  
**2013**

# Quality and caring – committed to improving the lives of seniors in home care, retirement living and long term care.

**Leisureworld Senior Care Corporation** is one of Canada’s largest operators of seniors’ housing and is the largest owner and operator of long term care in Ontario. Our team of over 7,500 employees is passionate about seniors’ living and shares the commitment to give back to the communities in which we operate.

We own and operate:

- 35 long term care homes across Ontario with 5,733 beds
- 10 retirement residences, with 1,065 suites, in Ontario and British Columbia
- A successful management services division managing 1,100 beds and providing consulting services to many retirement communities and long term care homes in Ontario
- Preferred Health Care Services, an accredited provider of professional nursing and personal support services serving the needs of seniors in their homes.



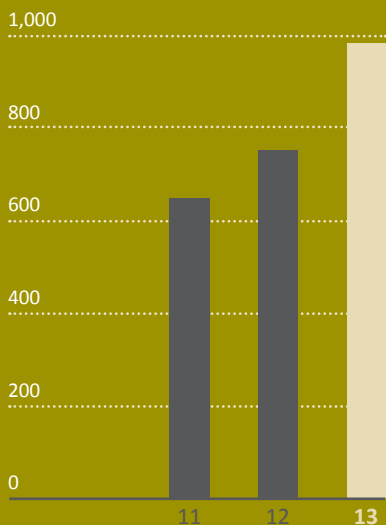
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# PERFORMANCE DASHBOARD

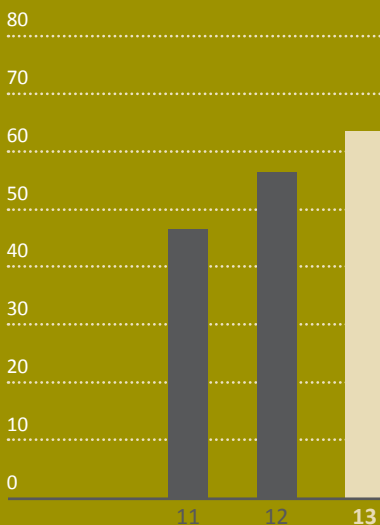
## TOTAL ASSETS

(C\$ millions)



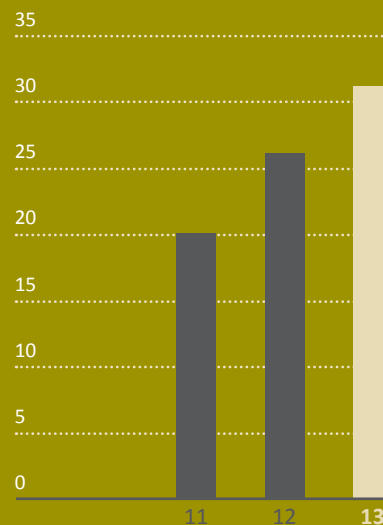
## NOI

(C\$ millions)



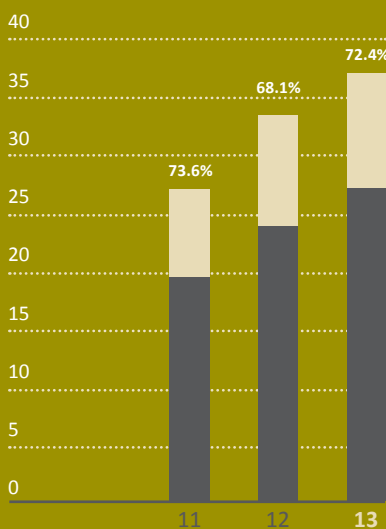
## FFO

(C\$ millions)



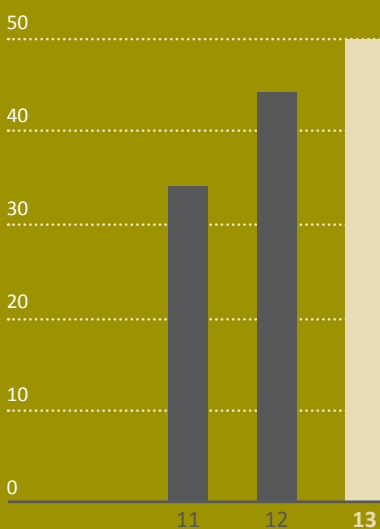
## AFFO

(C\$ millions/payout ratio %)



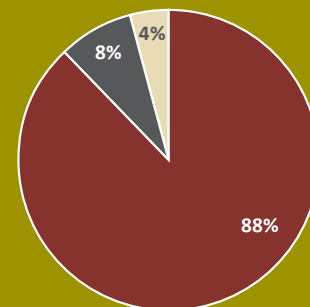
## EBITDA

(C\$ millions)

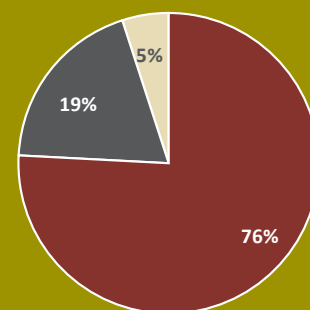


## TOTAL REVENUE AND NOI CONTRIBUTION BY SEGMENT

### Revenue Contribution



### NOI Contribution



■ Cash Distributions ■ AFFO

	2011	2012	2013
Average total occupancy (Long Term Care)	98.5%	98.8%	98.9%
Average private occupancy (Long Term Care)	96.7%	98.5%	99.3%
Average occupancy (Retirement Residences)	64.2%	73.9%	78.2%

Performance as of December 31, 2013. Net operating income ("NOI"), funds from operations ("FFO"), adjusted funds from operations ("AFFO") and earnings before interest, taxes, depreciation and amortization ("EBITDA") are supplemental measures of a company's financial performance used throughout this report. They are not measures recognized under International Financial Reporting Standards and do not have standardized meanings. Further information concerning these supplemental measures can be found in our Management Discussion and Analysis for the year ended December 31, 2013, available under the Company's profile at [www.sedar.com](http://www.sedar.com).

● Long Term Care  
● Retirement  
● Home Care

# INVESTMENT HIGHLIGHTS

We are focused on providing high quality service to seniors and expanding our presence across the spectrum of seniors' living in Canada.

## INVESTMENT HIGHLIGHTS

- Sound industry fundamentals with high barriers to entry
- Leading market position
- Strong financial position
- Experienced management team in all areas of seniors' living
- Well positioned for organic and external growth

*"She loved Leisureworld and she considered it her home. You have made the last ten years of her life most pleasurable. What a relief for me to see her so happy. I know in my heart that a staff of caring people surrounded my mother and for that I thank you sincerely. I will always hold your friendship close to my heart ..."*

*- Claire Mahon*

MARG TONI, VICE PRESIDENT RESIDENT SERVICES,  
WITH EVELYN WALKER AND MOLLY FRANKLIN





## MESSAGE FROM THE CHAIR

**2013 was a year of great accomplishment for Leisureworld. We completed a major acquisition, appointed a new CEO and significantly strengthened our management team.**

During the year, we completed the major \$250 million acquisition of Specialty Care properties, which included 10 properties comprised of retirement communities and long term care homes, as well as a management and consulting services business. The acquisition increased our size by 30% and made us the largest owner and operator of long term care in Ontario.

Subsequent to year end, in early February, we completed a successful debenture refinancing with a DBRS A low rating and a coupon of 3.47%. This refinancing lowers our average interest rate and extends the weighted average term of our debt to 5.7 years. This will have a positive effect on our AFFO.

### LEADERSHIP

The Board of Directors appointed a new CEO in April 2013. Lois Cormack is a respected leader in the Ontario retirement and long term care sectors. In less than one year, under her leadership, the Company closed a significant acquisition, initiated programs to

integrate the people and assets of both companies, and completed a significant debt refinancing.

In early 2014, David Cutler, former President & CEO of Leisureworld, stepped down from the Board of Directors. On behalf of the Board, I would like to thank David for his many years of invaluable service.

We would also like to welcome Paula Jourdain Coleman to the Board, who joined us in February 2014. Paula previously served as Chairman and CEO of Specialty Care and brings more than thirty years' experience in long term care management, facility development, government relations and financial management.

### OUTLOOK

The industry has strong demographics. With Canada's rapidly aging population, increasing life expectancies and increased wealth among seniors, we believe Leisureworld is well positioned to deliver attractive shareholder returns over the long term.

On behalf of the Board, I would like to thank our employees for their exceptional service to Leisureworld residents, home care clients and their family members, by providing a range of services and lifestyle solutions to meet the varying needs of seniors as they age.

We would also like to thank our shareholders for their continued support.

**Dino Chiesa**  
Chair of the Board



## MESSAGE FROM THE CEO

**It is with pleasure that I address you, my fellow shareholders and stakeholders, in my first year as CEO.**

### PERFORMANCE

We are very pleased with our 2013 results. Net Operating Income (NOI) increased 12% from 2012 and same property NOI was up 4.4% over the prior year. Funds from Operations (FFO) grew almost 18% over the 12 months and Adjusted Funds from Operations (AFFO) was up over 8%.

It was also a year of organizational transformation in which we:

- Strengthened our retirement platform with an experienced management team and expanded our retirement division
- Developed expertise in third-party management business
- Consolidated our position as a leader in long term care, with high-quality homes in great locations

### FULL SPECTRUM OF SENIORS' LIVING: STABILITY + GROWTH

We are more than just a long term care provider. Leisureworld operates across the continuum of seniors' living through its four business lines:

- Retirement communities
- Home care
- Management services
- Long term care

Long term care provides us with stability. This is balanced by excellent opportunities for growth, both organic and external, across all of our other business lines.

Leisureworld made solid progress implementing its retirement home platform in all homes and has improved resident choice by enhancing lifestyle, assisted living and food and beverage offerings. The average occupancy in our retirement homes increased to 78.2% in 2013 from 73.9% in 2012.

### OUR TEAM

We are very proud of our homes, however it is our team that transforms them into warm and vibrant communities. We have a strong team of managers and front line employees committed to excellent service delivery. Their genuine desire to help and the relationships they form give residents, clients and families confidence they have made the right choice.

In 2013 we welcomed an additional 1,500 employees, who have expanded our consistency of service delivery, while sharing our passion for seniors' living.

Our senior leadership team has significant expertise in the sector and this year we welcomed three experienced executives: Michael Annable, Executive Vice President, Human Resources and Chief Administrative Officer, Debbie Doherty, Executive Vice President, Operations Retirement and Management Services, and David Veneziano, Vice President, General Counsel and Corporate Secretary.

### LOOKING AHEAD

For 2014 our growth strategy includes the following:

- Organic growth as we continue to lease up our retirement communities
- Growth in management services and home care
- Planning for future redevelopment of older long term care homes
- Tuck-in acquisitions and expanding our geographic reach
- Optimizing our back office functions to support our four business lines and accommodate future growth

I would like to thank our team for their hard work over this past year. Our growth has involved a great deal of change, and we have continued to deliver the same high quality of care and service that residents and clients have come to expect. A special thank you to Dino Chiesa and the entire Board of Directors for their vision and leadership during this year of transition, and for the continued support of our shareholders and stakeholders.

**Lois Cormack**  
**President and**  
**Chief Executive Officer**

# RETIREMENT HOMES

**Independent living with numerous lifestyle choices,  
all with the comforts of home.**



SHIRLEY AND TONY PARSONS  
MET AND WED AT THE ROYALE KANATA



## **SOLIDIFYING OUR PRESENCE IN A GROWTH BUSINESS**

When seniors choose retirement living, they want the option to stay in one place without having to move when their health needs change. This is the kind of model that our retirement communities support. It provides the peace of mind and security of knowing that there are dedicated, experienced and caring staff available around the clock, should they need assistance.

For 2013, our retirement home portfolio generated 8% of our net revenues and 19% of our NOI.

STEPHANIE SANBORN, VICE PRESIDENT RETIREMENT,  
WITH SAM ROZENCWAJG



THE ROYALE KANATA  
KANATA, ONTARIO

*“In our retirement communities we have a philosophy of service that promotes choice and opportunity for every resident. This approach provides seniors the opportunity to continue to learn and feel a sense of purpose, along with the option to access personalized care services as their needs change. This philosophy of service delivery, in combination with a desire to truly become a part of the communities we operate in, has positioned us to be a leader in this sector.”*

*– Debbie Doherty*

*EVP Operations Retirement and Management Services*

## PROMOTING HEALTHY AGING AND INNOVATION IN RETIREMENT LIVING

### BonesBeStrong

One of our most innovative and successful programs is a community bone health and falls prevention program, called BonesBeStrong. This five-part wellness series is offered free to seniors in the community and empowers them to take control of their bone health. Sessions include nutritional information, discussions about medication, the importance of exercise and risk factors for falls.

and emotional well-being of participants. Post tests during the pilot session showed improved balance, decreased fear of falling and improved mood in some residents.

Response from the local colleges and universities is extremely positive, with eight colleges and two universities in Ontario and British Columbia already agreeing to provide students for the upcoming semester. It will run as a 12-week program in most Leisureworld retirement communities this spring.

### Bodies in Motion

Bodies in Motion is a Signature Service developed in partnership with Sheridan’s Centre for Elder Research, that promotes increased physical activity in residents using a research-based framework. The program is facilitated by students from local colleges as a part of their practicum placements and is a valuable opportunity for skills development.

The program includes pre and post testing to measure the improvements in the physical



THE ROYALE PENINSULA  
SURREY, BRITISH COLUMBIA



# HOME CARE

**Preferred Health Care Services (PHCS) delivers support to seniors in their homes through Personal Support Workers (PSWs) who provide assistance with personal care like bathing and grooming, meal preparation and companionship. We currently provide 10,000 hours of service in the community weekly.**

## **AN IMPORTANT AND EVOLVING SERVICE**

The Ontario government is now actively engaged in the process of preparing the health system to respond to changing demographics by delivering more home-based care in new and different ways. Home care is the only sector in the Ontario health care system that received a 4% budget increase in 2013. Favourable demographics and high occupancy levels in

long term care have positioned home care as a viable and desired solution.

The majority of the revenue source for PHCS comes from government funded PSW services and contracts with Community Care Access Centres (CCAC).

We continue to invest in education for PSWs, quality management programs and to foster development

to remain competitive. Currently, we have three CCAC contracts and our performance meets or exceeds provincial standards.

Our Home Care segment provided approximately 4% of revenue and 5% of NOI in 2013.



From left to right: FRANCA BALSAMO, MARIA BUFFONE, MERCEDITA WILSON, LUCY DIDOMIZIO AND EMILLIA BELVEDERE

# MANAGEMENT SERVICES

**Leisureworld now has a successful third-party management division providing management services to not-for-profit, municipal homes and small operators in both long term care and retirement.**

*“Kawartha Lakes is proud of the partnership we have entered into with Leisureworld. The expertise, experience and vast resources that the people at Leisureworld bring to our home enhance and strengthen our existing care providers, resulting in better service, care and outcomes for our residents and their families. We are happy that we have partnered with Leisureworld and embrace the future benefits of our relationship to serve our residents’ needs.”*

**– Ric McGee**

**Mayor, City of Kawartha Lakes**  
*(Leisureworld manages Victoria Manor)*

We offer a full suite of services including financial management, staff education, programs for care and service delivery, and policy and procedure manuals. Our goal is to present solutions to assist homes to operate efficiently and improve the quality of care. Our support is tailored to the needs of each client and ranges from general operational advice and consultation to full management of all services.

Clients see us as a trusted partner focused on their success and report high levels of satisfaction using our processes as a foundation for their operation. They also appreciate our sensitive approach, which is responsive to the unique culture and identity of each managed home.

Given the increasing complexity of long term care and the retirement home operations regulatory environment, we see a ready market for our unique approach to the delivery of management services.



DAILE MOFFAT, VICE PRESIDENT CONSULTING SERVICES (centre), WITH (from left to right) BHUPTIE JAGRUP, PSW; AMELIA PERSAUD, RESIDENT RELATIONS COORDINATOR; HILINDA ROBIN, PSW; AND RUTH PERIDO, RPN

## LONG TERM CARE

**Long term care is a highly regulated sector, with high barriers to entry, a long wait list and greater than 98% occupancy in our homes. Leisureworld is the largest owner and operator of long term care in Ontario with 5,733 beds.**



LORA MONACO, EXECUTIVE DIRECTOR, DANCING WITH FRED BENTLEY  
AT LEISUREWORLD ETOBICOKE



### **PROVIDING EXCELLENCE IN RESIDENT CARE AND SERVICES**

Long term care homes are designed to serve seniors living with cognitive and physical impairments requiring regular support from experienced registered and practical nurses, and personal support workers. Our long term care homes accommodate seniors who need this level of service 24 hours a day, 7 days a week.

GAYLE STUART, VICE PRESIDENT LONG TERM CARE OPERATIONS,  
WITH EMERSON JINKS

## LONG TERM CARE IS CHANGING

Long term care is becoming increasingly challenging – the average age of residents is 83 years old and they typically have complex care needs. We are committed to ensuring that our employees are prepared to provide the care that today's resident requires. This includes management of diabetes, stroke, dialysis, dementia, wound management and palliative care.

*"I cannot get over the absolute hard work and dedication that I see each time I visit my aunt. Most of my life I have believed that a life well spent is one 'that matters most to the human condition.' Most of the good hearted souls here will leave their footprint... that is pretty special."*

*– Normand Gervais*

During 2013, Leisureworld homes continued to make significant improvements, positioning the organization to improve quality of resident care and services into the future. Twenty-seven of our homes now have point of care technology to document care and an electronic medication administration system.

Our resident satisfaction score increased in 2013 from 82% in January to 84% by December.

Leisureworld Vaughan received the OLTC Award of Innovation for its Point of Care blood testing project. This project has subsequently been rolled out to almost all Leisureworld homes.

*"We wanted to write this letter of commendation to you, your staff and your Leisureworld organization on the outstanding care and consideration that you gave our mother, Gladys, during her brief stay with you."*

*Our expectations were far exceeded by an outstanding circle of care, and the kindness and loving care shown to her and her family by your staff."*

*Words cannot express our thoughts. Please share our appreciation with your staff and your Board. You have been a great part of making our Christmas a wonderful celebration of my mother's life."*

*– The Ostrander Family*



LEISUREWORLD MADONNA  
ORLEANS, ONTARIO

# SERVING OUR COMMUNITIES

## Engaging residents and employees to give back to the communities in which we operate.

Leisureworld operates in 45 communities and is committed to being a leader in seniors' living in each one. We work closely with other health service providers, community agencies and Local Health Integration Networks. We are constantly evolving our service to meet the unique needs of each community. Providing the best possible services and quality living for residents and their families remains our priority.

### WALK FOR MEMORIES

An integral part of Alzheimer Awareness Month in January is to participate in a fundraising walk hosted by the Alzheimer Society. The walks are the largest fundraisers in Ontario for those living with Alzheimer's disease and related dementias. We have been sponsoring the walk since 2004, providing financial donations and gifts in kind for the walkers.

Participating in the walk allows Leisureworld to honour those touched by Alzheimer's disease and to demonstrate our commitment to enriching residents' and families' quality of life.

### AWARD OF EXCELLENCE

Leisureworld's annual Award of Excellence initiative recognizes employees who demonstrate our core values of Respect, Commitment, Teamwork, Communication and Learning. Award winners in each of the five categories receive \$1,000 and a



\$500 donation to the charity of their choice, in addition to their individual acknowledgements.

### PREVENTING FALLS AND FIRES

Preferred Health Care Services and the Richmond Hill Fire and Emergency Services implemented a "Remembering When" program, based upon guidelines from the National Fire Protection Association and the Centers for Disease Control and Prevention.

The goal of this initiative is to prevent both falls and fire, and to reduce the risk of injury due to falls. Caregivers are being

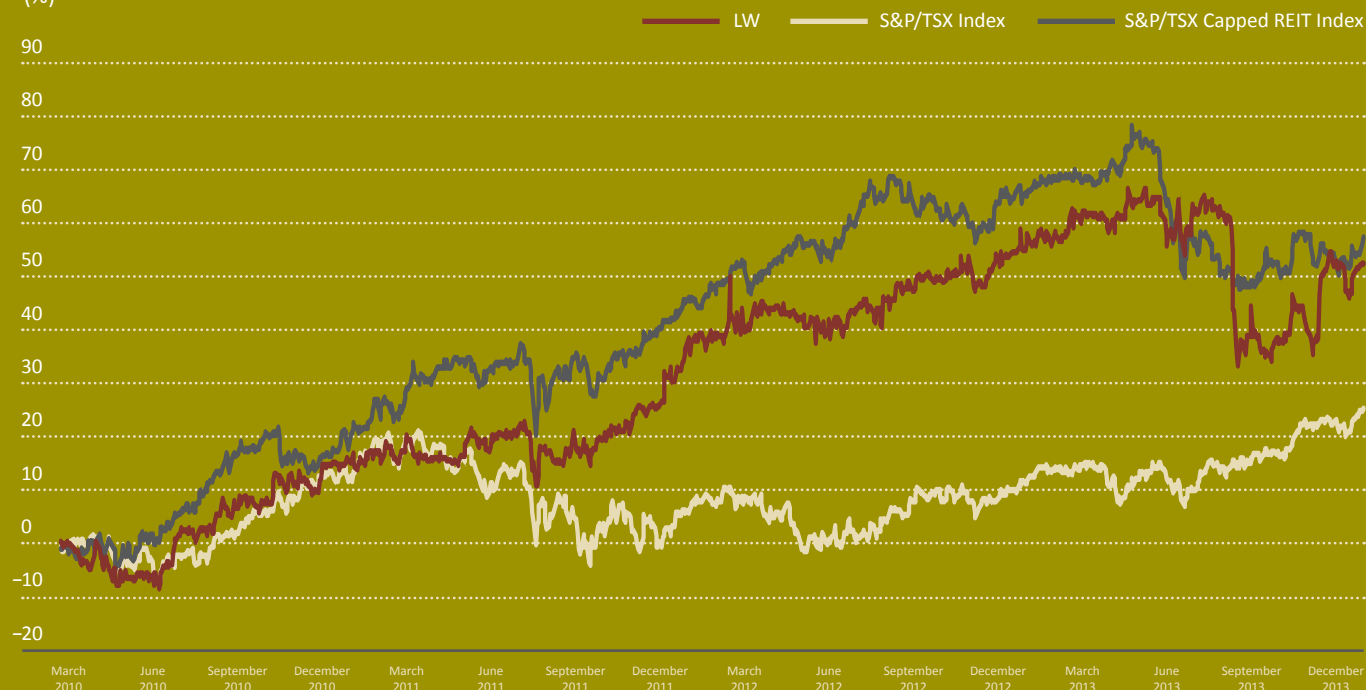
educated to identify risk factors and empower residents and their families with this information. The program involves an Occupational Therapist and Public Educator, delivery of customized education for a targeted group of personal support workers and measurement of outcomes.

As part of the program, DVDs titled "Fire Safety Starts With You!" and "Falls Prevention Starts With You!" were developed for distribution to clients in the community. These DVDs have been tremendously well received.

# SHAREHOLDER INFORMATION

## TOTAL SHAREHOLDER RETURNS

(%)



### BOARD OF DIRECTORS

**Dino Chiesa**, Chairman  
**Lois Cormack**  
**Janet Graham**  
**Paula Jourdain Coleman**  
**Jack MacDonald**  
**John McLaughlin**

### LEISUREWORLD

#### SENIOR CARE CORPORATION

Head Office  
 TEL: (905) 477-4006  
 302 Town Centre Blvd., Suite 200  
 Markham, ON L3R 0E8  
[www.leisureworld.ca](http://www.leisureworld.ca)

### REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada  
 100 University Avenue  
 9th Floor, North Tower  
 Toronto, ON M5J 2Y1  
 TEL: 1 (800) 564-6253  
 (toll free in Canada and the U.S.)  
 Or (514) 982-7555  
 (international or direct call)

### STOCK EXCHANGE LISTING

Leisureworld Senior Care Corporation is listed on the Toronto Stock Exchange (TSX) under the symbol "LW". As at December 31, 2013 there were 36,239,653 common shares outstanding.

### ANNUAL AND SPECIAL MEETING

Wednesday, May 21, 2014  
 Toronto Region Board of Trade  
 First Canadian Place  
 77 Adelaide Street West,  
 4th Floor  
 Rooms A-C  
 Toronto, ON M5X 1C1  
 Time: 10:00 am ET

### INVESTOR CONTACT

905-477-4006 ext 2089  
[investors@leisureworld.ca](mailto:investors@leisureworld.ca)

2013 Leisureworld Annual Report  
 produced by Barnes Strategic IR.



**FROM LEFT TO RIGHT:**

**David Veneziano**, Vice President, General Counsel and Corporate Secretary

**Lois Cormack**, President and Chief Executive Officer

**Tim McSorley**, Executive Vice President Chief Financial Officer (Interim)

**Michael Annable**, Executive Vice President Human Resources and Chief Administrative Officer

**Debbie Doherty**, Executive Vice President Operations Retirement and Management Services

**Paul Rushforth**, Executive Vice President Operations Long Term Care

