Report to Shareholders

Q1 2024 Sienna Senior Living Inc.

Cultivating happiness in daily life

Sienna Senior Living

LETTER TO SHAREHOLDERS

Dear Fellow Shareholders,

Building on last year's significant achievements across both lines of our business, we are off to a great start in 2024, with our first quarter results highlighting that we have transitioned into a period defined by stability and growth. We are grateful to the Governments of Ontario and British Columbia, who continue to prioritize seniors and the growing need for long-term care. Their investments announced to date in 2024 mark a significant step forward in alleviating the exceptional cost pressures operators experienced over the past several years. In addition, our retirement operations are benefitting from strong demand and limited new supply in many of our key markets. Construction starts of new retirement residences have reached record-low levels, and combined with the demographic shift of an aging population, we anticipate notable occupancy gains across our retirement platform in the coming years.

On a sustained growth path

Year over year, Sienna's same property net operating income ("NOI") increased by $27.6 million to $63.9 million in Q1 2024. The strong results of our long-term care operations reflect notable one-time government funding to compensate the sector for unfunded pandemic expenses and significant cost escalations in prior years and to support our operations. Also adding to the strong results was the underlying stable operating environment with fully occupied homes across Ontario and British Columbia.

With respect to our retirement operations, we continued to make steady progress towards our goal of stabilized occupancy of 95%, a level aligned with industry experts' 2026 forecast for the Canadian retirement sector as a result of tremendous demographic tailwinds and supply constraints. Sienna's same property occupancy increased by 30 basis points year over year to 88.1% in Q1 2024. With lead indicators continuing to improve, monthly same property occupancy increased for the third consecutive month in April 2024, reaching 88.9%. Our intensified focus on homes with lower occupancy, as well as annual rent increases, contributed to the same property NOI growth year over year in Q1 2024.

Crucial government funding updates provide clarity and optimism

In recent weeks, the Governments of Ontario and British Columbia provided a number of important funding updates for long-term care that are expected to have a lasting impact on the sector and the wellbeing of Canadian seniors. Included in Sienna's Q1 2024 results were $13.4 million of one-time funding in Ontario, and $13.6 million of retroactive funding from the Government of British Columbia, essentially reimbursing the Company for any unfunded pandemic costs and cost escalations due to inflation over the past four years.

Improvements to the funding of our day to day operations, combined with an enhanced construction funding subsidy, will also have a positive impact on the redevelopment momentum of Ontario's older long-term care homes. It will support the government's important goal of building 58,000 new and redeveloped long-term care spaces by 2028 and benefit the fast growing seniors' population.

As a result of these improvements, we are pleased to move forward with the redevelopment of our long-term care home in Keswick, Ontario, where we expect to start construction in Q4 2024. Located on a campus comprising both retirement residences and Class B long-term care beds, the current 60-bed long-term care home will be redeveloped into a new, state-of-the-art 160-bed community on the same site. This will be our third long-term care redevelopment project, adding to the two projects currently under construction in North Bay and Brantford, which are expected to be completed in the second half of 2025. These projects will support the government's important goal of rebuilding Ontario's older long-term care homes and benefit the fast growing seniors' populations.

A learning organization that invests in team members’ growth and development

Our success is deeply rooted in our team of 12,000, who is at the core of everything we do. Gaining alignment with our team members and continually looking for ways to increase engagement has been one of the most important factors of our success. It was a key driver for the 11% improvement of team member retention in 2023, and played a significant role in reducing our reliance on agency staff. Agency costs have now returned to pre-pandemic levels and we relentlessly focus on keeping our need for agency staffing at a minimum. These achievements will have a lasting impact on Sienna’s team culture and our residents’ quality of life.

Always looking for new ways to differentiate Sienna in the market, we introduced a program called “Learning Bites” in Q1 2024, which provides one hour of learning per month to all of our team members in addition to their job-specific training. This program highlights Sienna’s goal of being a learning organization that strives to invest in team members’ growth and development.

Our multifaceted approach to attracting and retaining an engaged team also includes the placement of students, temporary foreign workers and internationally educated nurses, programs that are of particular importance at communities with significant staffing challenges.

2024 – The Year of Senior Living

A year ago, we first outlined in detail how our initiatives to grow occupancy, reduce agency staff and address government funding shortfalls were expected to have a positive impact on our financial results and ability to grow and serve more seniors for generations to come. Since then, quarter after quarter, we have seen successes on all fronts.

With five quarters of growth behind us in both business segments, the momentum is on our side as we continue to unlock the growth potential within our long-term care and retirement platforms. Recent government funding announcements for long-term care, coupled with strong industry-wide occupancy forecasts for the retirement sector as a result of an aging population and supply constraints, affirm our commitment to our diversified approach to owning both retirement and long-term care homes.

Combined with the flexibility provided by our strong balance sheet and the continued support of our stakeholders, 2024 is shaping up to become The Year of Senior Living.

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

Sincerely,

Nitin Jain
President and Chief Executive Officer
Sienna Senior Living

Management's Discussion and Analysis

Q1 2024 Sienna Senior Living Inc.

Cultivating happiness in daily life

Sienna
Senior Living

MANAGEMENT'S DISCUSSION AND ANALYSIS

Basis of Presentation

The following Management's Discussion and Analysis ("**MD&A**") for Sienna Senior Living Inc. (the "**Company**" or "**Sienna**") provides a summary of the financial results for the three months ended March 31, 2024. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements ("**interim consolidated financial statements**") for the three months ended March 31, 2024. 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 May 9, 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 March 31, 2024, the Company owns and operates a total of 82 senior living residences: 40 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	27	3,208	40	6,198	67	9,406
Partially Owned - operating [3]	13	1,367	2	374	15	1,741
Total Owned	40	4,575	42	6,572	82	11,147
Managed Residences	9	826	3	526	12	1,352
Total	49	5,401	45	7,098	94	12,499

Notes:

1. 79.9%, 15.5%, 4.1% 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. We have a 50% ownership in 12 retirement residences (1,217 suites), a 70% ownership in one retirement residence (150 beds), 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 March 31, 2024.

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

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

As at May 9, 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 Adjusted 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 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 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 Adjusted Gross Book Value	This ratio is calculated by dividing total debt (including the Company's share of debt in Equity-Accounted Joint Ventures) over Adjusted 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 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

Non-IFRS Measure	Definition	Reconciliation
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
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
Acquisitions, Development and Other	The acquisitions, development and other portfolio includes properties that were acquired less than one year ago, development properties that are in lease-up, 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
Expected Development Yield	This ratio is calculated as the expected stabilized annual NOI of a development property, divided by development cost net of any development grant and present value of construction funding subsidy.	

Key Performance Indicators

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

Thousands of Canadian dollars, except occupancy, share and ratio data	Three months ended March 31, 2024	2023	Change
OCCUPANCY			
Retirement - Average same property (1)	**88.1 %**	87.8 %	0.3 %
Retirement - Acquisition, development and others - Average occupancy (2)	**13.1 %**	n/a	n/a
Retirement - Average total occupancy	**86.6 %**	87.8 %	(1.2)%
LTC - Average private occupancy	**91.6 %**	85.4 %	6.2 %
LTC - Average total occupancy (3)	**97.5 %**	96.8 %	0.7 %
FINANCIAL			
Total Adjusted Revenue (4)	**239,384**	199,611	39,773
Total Adjusted Operating Expenses, net	**175,895**	163,302	12,593
Same property NOI (5)	**63,880**	36,309	27,571
Total NOI(8)	**63,489**	36,309	27,180
Administrative expenses	**9,249**	8,372	877
Adjusted EBITDA (6)	**55,129**	30,627	24,502
Net income (loss)	**19,729**	(340)	20,069
OFFO (7)(9)	**36,729**	18,447	18,282
AFFO (7)(9)	**35,359**	18,187	17,172
Total assets	**1,700,083**	1,681,045	19,038
PER SHARE INFORMATION			
Net income per share, basic and diluted	**0.270**	—	0.270
OFFO per share (7)(9)	**0.503**	0.253	0.250
AFFO per share (7)(9)	**0.485**	0.249	0.236
Dividends per share	**0.234**	0.234	—
AFFO Payout ratio(10)	**48.2 %**	94.0 %	(45.8)%
FINANCIAL RATIOS			
Debt to Adjusted Gross Book Value as at period end	**44.3 %**	44.5 %	(0.2)%
Weighted Average Cost of Debt as at period end	**3.7 %**	3.6 %	0.1 %
Debt to Adjusted EBITDA as at period end (11)	**7.1**	8.8	(1.7)
Interest Coverage Ratio	**5.4**	3.2	2.2
Debt Service Coverage Ratio	**3.4**	1.8	1.6
Weighted Average Term to Maturity as at period end	**5.7**	5.0	0.7
CHANGE IN SAME PROPERTY NOI			
Retirement			**3.0 %**
LTC (12)			**144.7 %**
Total(12)			**75.9 %**

Notes:

1. Effective January 1, 2024, the results of Woods Park were reclassified from "acquisitions" to "same property".
2. Includes recently completed retirement residence in Niagara Falls, effective January 24, 2024, which is currently in the process of being leased.
3. Excludes the 3rd and 4th beds in multi-bed rooms in Ontario that will not be reopened.
4. Effective January 1, 2024, the Company began classifying all active funding that started during the pandemic as revenue ("pandemic funding"), instead of presenting them as net pandemic and incremental agency expenses. The corresponding expenses are presented as part of operating expenses.
5. Same property NOI for the three months ended March 31, 2024 includes, $27,010 of government funding ("**One-Time & Retroactive Funding**") comprising one-time funding in Ontario of $13,419 ($10,064 relates to 2023 and $3,355 relates to 2024) and retroactive funding from British Columbia of $13,591, both recognized by the Company's LTC segment. Excluding One-Time & Retroactive Funding of $23,655 related to prior years, same property NOI would be $40,225. Refer to "Net Operating Income" section of the MD&A.
6. Adjusted EBITDA for the three months ended March 31, 2024 increased by $24,502 to $55,129, compared to same period in 2023, primarily due to higher NOI including One-Time & Retroactive Funding of $27,010. Excluding the One-Time & Retroactive Funding relating to prior years of $23,655, adjusted EBITDA would be $31,474.
7. Includes the Company's share of each of the revenue, operating expenses, and NOI of its Equity-Accounted Joint Ventures.
8. Total NOI for the three months ended March 31, 2024 includes $27,010 of One-Time & Retroactive Funding recognized by the Company's LTC segment. Excluding One-Time & Retroactive Funding of $23,655 related to prior years, total NOI would be $39,834. Refer to "Net Operating Income" section of the MD&A.
9. OFFO and AFFO for the three months ended March 31, 2024 include $17,365 consisting of One-Time & Retroactive Funding of $23,655 less $6,290 of taxes relating to prior years. Excluding the One-Time & Retroactive Funding relating to prior years, OFFO and AFFO would be $19,364 and $17,994, respectively. OFFO and AFFO per share would be $0.265 and $0.247, respectively.
10. AFFO payout ratio for the three months ended March 31, 2024 includes $17,365 consisting of One-Time & Retroactive Funding of $23,655 relating to prior years, net of $6,290 in taxes. Excluding the One-Time & Retroactive Funding relating to prior years, the AFFO payout ratio would be 94.7%.
11. Debt to Adjusted EBITDA as at period end of 7.1 includes One-Time & Retroactive Funding of $27,010. Excluding the One-Time & Retroactive Funding of $23,655 related to prior years, the Debt to Adjusted EBITDA would be 8.4.
12. LTC NOI includes One-Time & Retroactive Funding of $27,010. Excluding the One-Time & Retroactive Funding relating to prior years of $23,655, LTC same property NOI would have increased by 18.1% and total same property NOI would have increased by 10.8% compared to the same period in 2023.

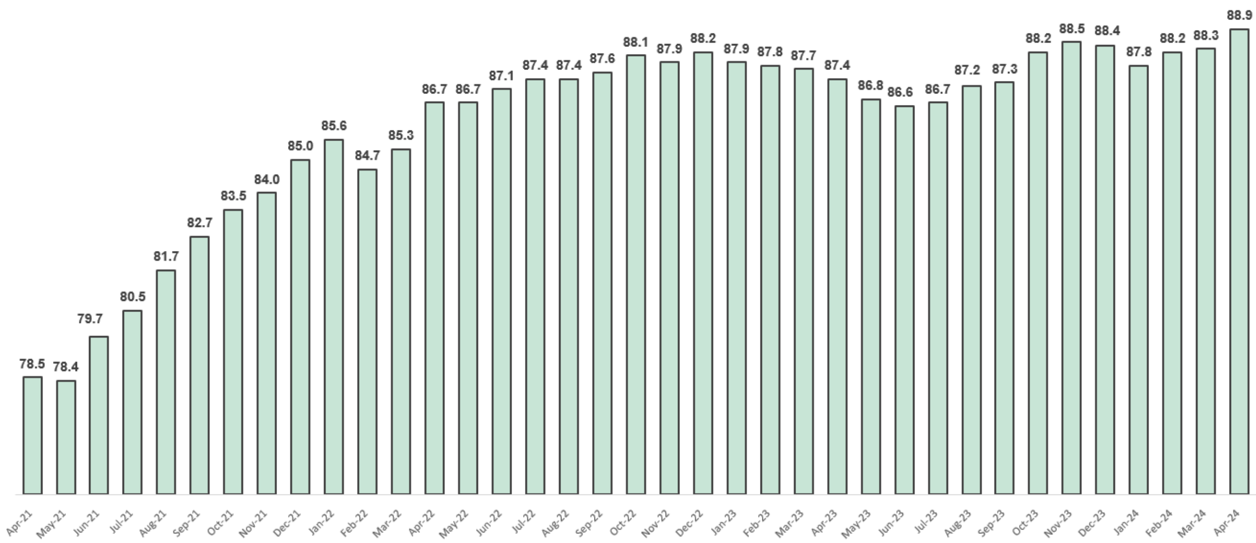
First Quarter 2024 Summary

Sienna's strong Q1 2024 results highlight the return to stability and growth, and reflect significant one-time funding from the Governments of Ontario and British Columbia to support key priorities and to compensate us for pandemic expenses and cost pressures the sector has faced in prior years. The significant One-Time & Retroactive Funding comprises one-time funding in Ontario of approximately $13.4 million (incl. $10.1 million relating to 2023, with the remaining $3.3 million relating to 2024), and retroactive funding in British Columbia of approximately $13.6 million, essentially reimbursing the Company for any unfunded pandemic expenses and cost escalations due to inflation over the past four years. Supported by this significant funding, Sienna's LTC same property NOI increased by $27.0 million year over year, in addition to a $0.5 million increase in our retirement segment. Excluding one-time and retroactive funding amounts of $23.7 million related to prior years, Sienna's same-property NOI would have increased by approximately $6.4 million year over year in Q1 2024.

We also continue to 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 88.1% in Q1 2024 compared to 87.8% Q1 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 30 bps increase in same property occupancy year over year.

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 97.5% in Q1 2024, excluding the unavailable 3rd and 4th beds that will not be reopened, a 70 bps improvement compared to 96.8% in Q1 2023.

Total Adjusted Revenue increased by 19.9% in Q1 2024, or $39,773, to $239,384, compared to Q1 2023. In the Retirement segment, revenues increased by $3,830, or 7.7%, compared to Q1 2023, driven by annual rental rate increases, occupancy increases and care and ancillary revenue. In the LTC segment, revenues increased by $35,943, or 23.9%, compared to Q1 2023, primarily due to one-time funding from the Government of Ontario of $13,419 of which $10,064 relates to 2023 and $3,355 relates to Q1 2024, retroactive funding from the Government of British Columbia of $13,591, increased flow-through funding for direct care, annual inflationary funding increases, and higher preferred accommodation revenue.

Total Adjusted Operating Expenses, net of government assistance increased by $12,593 in Q1 2024, or 7.7%, to $175,895, compared to Q1 2023. 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, annual inflationary increases in wages and change in classification of pandemic funding.

Total NOI increased by $27,180 in Q1 2024, or 74.9%, to $63,489, compared to Q1 2023. NOI in the Retirement segment increased by $135 driven by an increase in same property NOI. NOI in the LTC segment increased by $27,045 due to the One-Time & Retroactive Funding of $23,655 relating to prior years and annual inflationary funding increases, offset by inflationary increases in expenses.

Net income (loss) was $19,729 for Q1 2024 as compared to a net loss of $(340) in Q1 2023. The increase was primarily due to higher NOI offset by increase in provision for income taxes.

OFFO increased by 99.1% in Q1 2024, or $18,282, to $36,729 compared to Q1 2023. The increase was primarily attributable to higher NOI including $17,365 of One-Time & Retroactive Funding of $23,655 less $6,290 of taxes, relating to prior years. OFFO per share increased by 98.8% in Q1 2024, or $0.250, to $0.503.

AFFO increased by 94.4% in Q1 2024, or $17,172, to $35,359 compared to Q1 2023. The increase was primarily related to the increase in OFFO, offset by a decrease in construction funding income. AFFO per share increased by 94.8% in Q1 2024 to $0.485.

Debt - The Company's Debt to Adjusted Gross Book Value decreased by 20 bps to 44.3% at the end of Q1 2024, from 44.5% at the end of Q1 2023, primarily due to an increase in gross book value as a result of the joint ventures. Debt to Adjusted EBITDA decreased to 7.1 times in Q1 2024 from 8.8 times in Q1 2023, and the Debt Service Coverage Ratio increased to 3.4 times in Q1 2024 from 1.8 times in Q1 2023. The Interest Coverage Ratio increased to 5.4 times in Q1 2024 compared to 3.2 times in Q1 2023. The Weighted Average Term to Maturity increased to 5.7 years from 5.0 years in Q1 2023. 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 Q1 2024 results highlight the return to stability and growth, following four consecutive quarters of year over year same property NOI growth in 2023. The strong results include the significant One-time & Retroactive Funding from the Governments of Ontario and British Columbia to support key priorities and to compensate us for pandemic expenses in prior years, essentially reimbursing the Company for any remaining unfunded pandemic expenses incurred in prior years and cost escalations due to inflation. We further expect that this funding will support our redevelopment initiatives in Ontario, and provide capital to continually make improvements to our homes to elevate our residents' experience, comfort and safety.

In addition to One-Time & Retroactive Funding, our long-term care operations benefited from annual funding increases and higher preferred accommodation revenues. In total, the Company's LTC same property NOI increased by $27.0 million. Excluding one-time & retroactive funding amounts of $23.7 million related to prior years, Sienna's LTC same-property NOI would have increased by approximately $6.4 million year over year in Q1 2024.

At our retirement operations, average same property occupancy increased by 30 bps year over year to 88.1% in Q1 2024. We continued our intensified focus on homes with below average occupancy levels. After some seasonal occupancy softness over the winter months, average monthly occupancy has been improving in recent months and reached 88.9% in April 2024, an increase of 110 bps since the beginning of the year. The 3.0% increase year over year in same property NOI in our retirement segment reflects occupancy and rate increases, which helped offset rising costs as a result of inflation.

In addition, the Company's successful cost management strategy, and sustained reductions in temporary agency staffing costs further supported our strong year over year growth in Q1 2024. We also continue to benefit from a strong balance sheet and a significant unencumbered asset pool.

Growth and Diversification Initiatives

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 a 30% increase of our ownership interest in a LTC home in British Columbia at the end of 2023, highlight 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 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, Elgin Falls opened for residents to move in and is currently in lease-up. To date, 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 make significant investments with respect to developing new long-term care beds and upgrading existing beds. The investments are tailored to account for regional differences in land and construction costs.

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 an Expected Development Yield of approximately 8.5%.

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 has an Expected Development Yield of 8.0%, is close to $80 million. Further details with respect to the development yields 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.

While high inflation and significant cost escalations with respect to material and labour altered the economic feasibility of long-term care redevelopment projects in the recent past, funding revisions announced in the 2024 Ontario budget have resulted in renewed optimism about our future development plans. As a result of the funding improvements, we are moving forward with the redevelopment of our long-term care home in Keswick, Ontario and expect to start construction in Q4 2024. Located on a campus comprising a 130-suite retirement residence and an older 60-bed Class B long-term care home, Sienna will redevelop the current 60-bed long-term care home into a state-of-the-art 160-bed community, adding 100 new beds. The Expected Development Yield for this project is approximately 8.0%.

This project, combined with Sienna's redevelopments in North Bay and Brantford, will support the government's important goal of rebuilding Ontario's older long-term care homes and benefit the fast growing seniors population.

Retirement Operations Update

As at March 31, 2024, the retirement portfolio comprised 4,575 suites across Ontario, Saskatchewan and British Columbia and contributed approximately 28% to the Company's NOI in Q1 2024. Same-property NOI increased by 3.0% year over year compared to Q4 2022. Excluding one-time and retroactive funding amounts included in our LTC NOI of $23.7 million related to prior years, the retirement portfolio would have contributed approximately 45% to the Company's total NOI.

Average occupancy in the Company's same property portfolio was 88.1% in Q1 2024, up 30 bps year over year compared to Q1 2023. Although we experienced some occupancy softness over the winter months, our intensified focus on high opportunity homes with lower occupancy levels as well as the strong performance of the remainder of our portfolio supported occupancy growth in recent months with average same property occupancy reaching 88.3% in March 2024, and increasing to 88.9% in April 2024.

Our results in the retirement segment were further supported by 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 466 resident move-ins in our same property retirement portfolio in Q1 2024, offsetting 404 resident move-outs. Rent collection levels remained high at approximately 99% throughout Q1 2024.

Strong lead generation supported occupancy during the winter months, mitigating softness typically experienced during the winter. 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 Q1 2024, same property NOI increased by $27.0 million to $45.7 million year over year in the Company's long-term care portfolio, which comprises 6,572 beds in Ontario and British Columbia. Excluding one-time and retroactive funding amounts of $23.7 million related to prior years, Sienna's LTC same-property NOI would have increased by approximately $6.4 million year over year in Q1 2024.

A number of significant funding commitments from the Governments of Ontario and British Columbia played a major role in this increase. Further contributing to our strong year over year results were high occupancy levels of over 97%, which are required to obtain full government funding, annual funding increases and higher preferred accommodation revenues. In addition, our reduced usage of agency staff as a result of increased hiring and increased team member retention further contributed to our improved results.

Sienna's LTC same property NOI contributed approximately 72% to the Company's total NOI in Q1 2024. Excluding one-time and retroactive funding amounts of $23.7 million related to prior years, the LTC portfolio would have contributed approximately 55% to the Company's total NOI.

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.

Update on Government Funding and Policy

Ontario funding announcements - the Government of Ontario confirmed substantial new funding in the long-term care sector in 2024, including

- up to $1.8 billion to help connect residents to more hours of direct care per day, as set out in the *Fixing Long-Term Care Act, 2021*. This is a $571 million increase over last year;
- a $353million, or approximately 6.6%, increase to the level of care funding to help homes continue to connect residents to specialized care, programs and meals, including

    - an approximate 4.5% increase in its flow-through funding, which covers the cost of care, food and programs provided to residents, effective April 1, 2024; and
    - an 11.5% increase in Other Accommodations funding to support the increased costs of resident accommodation, comfort and safety in recent years;

  At Sienna, we expect that the significant improvement to the level of care funding could lead to the addition of up to 400 care staff positions.

- $155.5 million to fast-track the construction of new or redeveloped long-term care homes in 2024, including
    - an extension of the Construction Funding Subsidy (CFS) top-up until November 30, 2024 of up to $35 per bed, per day, for 25 years; and
- a one-time payment of $2,543 per eligible long-term care bed as of March 1, 2024 to be applied against eligible expenditures to address key priorities such as building compliance, deferred maintenance and proceeding with development and redevelopment projects. With respect to Sienna's share of approximately $13.4 million, approximately $10.1 million relates to 2023, with the balance of approximately $3.3 million relating to Q1 2024.

Combined, these funding updates are expected to have a lasting impact on the well-being of Ontario's seniors and the stability and growth of Sienna's long-term care segment.

Ontario 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 its dialogue with the Ontario government to protect the full OA funding for the 350 beds, which is currently $66.56 per bed/per day.

British Columbia retroactive government funding announcements - The British Columbia Ministry of Health has been providing funding for incremental costs associated with COVID-19 prevention and containment and PPE to long-term care homes in the province. In Q1 2024, the ministry confirmed substantial retroactive funding to cover eligible expenses incurred during two funding periods: April 2021 to March 2022 and April 2022 to March 2023.

Throughout these two periods, Sienna experienced significant financial pressures as a result of out of pocket expenses to ensure the health and safety of its residents. This retroactive funding effectively addresses all previously uncovered expenses the Company incurred for COVID-19 prevention and containment measures between April 2021 and March 2023.

In total, Sienna recognized approximately $13.6 million of retroactive funding relating to pandemic expenses and cost pressures experienced during this two-year period.

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. In 2023, 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 have resulted in the reduction of agency costs 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, 21 internationally trained nurses have arrived and successfully settled into their new positions, with nine additional internationally educated nurses expected to arrive in Q2 2024. We have now commenced the next phase of placing an additional 57 internationally educated nurses and expect placements to be completed by the end of 2024. In addition, we are continuing to look at opportunities to leverage AI technology to simplify and bring efficiencies to the recruitment process, while increasing our 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 approximately 650 student placements in Q1 2024, 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. We are currently in the process of implementing pilot programs in connection with the submissions from our eight finalists.

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. To date, shares have been awarded to thousands of team members, with an additional 1,600 team members eligible to receive shares during the next round of awards in May 2024.

Sienna "Learning Bites"

In Q1 2024, Sienna introduced one hour of learning per month to all team members over and above any required job-specific training. The objective of the "Learning Bites" program is to differentiate the Company in the market as a learning organization who invests in team members' growth and development by providing accessible training on topics that are timely and relevant to their work.

Resident, Family and Team Member Satisfaction

Resident & Family Satisfaction Surveys

At both our retirement residences and long-term care communities, we 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 were 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 experienced 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. At the same time, resident co-payment fees in long-term care, which cover a portion of a resident's accommodation and meals, only increased by approximately 5% over the past four years, significantly less than inflation over the same period.

With respect to staffing costs, 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 in 2023. The Company incurred $26.9 million in agency staffing costs in 2023, compared to $52.2 million in 2022. This trend of declining agency costs continued in Q1 2024, with agency cost reductions of approximately $4.2 million year over year to $6.1 million, and agency usage returning to pre-pandemic levels. Agency staffing costs were predominately covered by the government's flow-through funding for resident care.

We continued the dialogue with the government, alongside the provincial associations, to ensure funding is aligned with the inflationary conditions to offset the significant cost increases. This was addressed in the most recent Ontario budget. Please refer to *Update on Government Funding and Policy i*n this MD&A for further details.

Outlook

Long-term fundamentals in Canadian senior living are stronger than ever, driven by the rising needs of seniors, who make up the fastest-growing demographic in Canada, and limited new supply of senior living accommodations. The return to a stable operating environment across our long-term care operations, coupled with a number of significant funding announcements by the Governments of Ontario and British Columbia, resulted in strong year over year NOI growth. Looking ahead, we expect the recent funding updates to support our long-term care redevelopment initiatives in Ontario, and provide capital to continually make improvements to our homes in order to elevate our residents' experience, comfort and safety.

These positive factors, in particular with respect the governments' significant funding announcements, coupled with our continued initiatives to support occupancy growth in our retirement segment, give us reason for an optimistic outlook for 2024 and beyond.

At the same time, the current higher interest environment may increase our interest expenses in the coming years. However, with 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 88.1% in Q1 2024. 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 30 bps year over year in Q1 2024, from 87.8% in Q1 2023. Subsequent to the end of Q1, average same property occupancy reached 88.9% in April 2024 and lead indicators, including qualified leads and tours, continue to strengthen.

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, and expect year over year same property NOI growth in the high single-digit percentage range as a result of occupancy growth and rate increases.

As indicated in Q4 2023, we are focusing 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 number of significant funding announcements from the Governments of Ontario and British Columbia played a major role in the significant increase in Sienna's Q1 2024 NOI. Further contributing to our strong year over year results were annual funding increases and higher preferred accommodation revenues.

For the balance of 2024, we expect to benefit from the significant funding improvements, in particular with respect to OA funding, which covers the costs of resident accommodation, comfort and safety. This catch-up funding from the Ontario government is of particular importance, as it addresses the funding shortfalls as a result of inflationary pressures over the past four years. We also expect to benefit from a stable operating environment, as well as continued improvements with respect to staffing and cost management.

As a result, we expect our 2024 LTC NOI for the full year, excluding one-time and retroactive funding amounts of $23.7 million related to prior years, to grow in the high single-digit percentage range compared to 2023.

Developments

The following table summarizes development projects that were in progress in Q1 2024:

Projects	Property Type	Expected Completion	Number of Beds / Suites	Estimated Development Costs	Development Grant	Annual Construction Subsidy [(1)]	Expected Development Yield
Brantford	LTC / Retirement	Q4 2025	160 / 147	$140M	$4.0M	$3.3M	8.5 %
North Bay	LTC	Q4 2025	160	$80M	$4.0M	$3.3M	8.0 %
Total			**320 / 147**	**$220M**	**$8.0M**	**$6.6M**	

Notes:
1. Total amount receivable each year over a period of 25 years

With respect to our long-term care redevelopment plans, we have dialogues with sector 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.

The Government of Ontario's recent commitment to significant new investments in the Ontario long-term care sector affirms our strategy to enhance and expand our long-term care platform and maintain a diversified portfolio of long-term care communities and retirement residences.

As a result of recent funding improvements, Sienna is moving forward with the redevelopment of its long-term care home in Keswick, Ontario and expects to start construction in Q4 2024. Located on a campus comprising a 130-suite retirement residence and an older 60-bed Class B long-term care home, Sienna will redevelop the current long-term care home into a state-of-the-art 160-bed home, redeveloping the current beds and adding 100 new beds. The Expected Development Yield for this project is approximately 8.0%.

As for Elgin Falls, construction costs for the 150 suite retirement residence in Niagara Falls, which was completed in Q4 2023 and is currently in lease-up, were in line with our estimates. To date, leasing progress is aligned with expectations, with 23% of the suites occupied and deposits for another 18% of the suites received from residents who will be moving in over the coming months.

Once fully stabilized, the projects in Niagara Falls, Brantford, North Bay and Keswick are expected to lead to a 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 in our retirement segment, 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 690 bps increase from our average occupancy of 88.1% in Q1 2024;

- **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 recently completed development of Elgin Falls Retirement Residence for $38.5 million with respect to the Company's 70% joint venture interest, which has an Expected Development Yield of approximately 7.5%; in addition, the Company has the ability to acquire the remaining 30% ownership interest, once the property is fully stabilized;

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

    4. The Company's development projects in North Bay, Brantford, and Keswick, once completed and operational.

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 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 and maintain initiatives, such as team member recognition programs and education with respect to the Company's 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 for the fourth consecutive year in the Globe and Mail's 2024 "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. To date, shares have been awarded to approximately 5,700 team members, with an additional 1,600 team members eligible to receive shares during the next round of awards in May 2024.

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 83% unionization rate among our team members as at December 31, 2023.

Excluding management positions, this number would be even higher with approximately 88% 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. To date, the first grant has been given to Concerts in Care, an organization that brings world-class musicians into senior living settings to let seniors experience the joy of live music.

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, thousands of 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.

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, thousands of meals have been donated to date.

Industry Update

Please refer to the Company's MD&A and AIF for the year ended December 31, 2023 for a discussion of the Industry Update.

Business of the Company

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

Quarterly Financial Information

Thousands of Canadian dollars, except occupancy, per share and ratio data	2024	2023				2022		
	Q1 (1)	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Total Adjusted Revenue	239,384	218,863	199,840	198,343	199,611	193,216	189,192	180,151
Total Adjusted Operating expenses, net of government assistance	175,895	180,659	162,003	159,438	163,302	160,699	154,172	145,933
Net income (loss)	19,729	432	2,479	4,467	(340)	(6,675)	2,513	(11,190)
Per share basic and diluted	0.270	0.006	0.034	0.061	—	(0.092)	0.034	(0.154)
OFFO	36,729	22,112	20,069	21,443	18,447	17,701	17,944	17,299
Per share basic	0.503	0.303	0.275	0.294	0.253	0.243	0.246	0.237
AFFO	35,359	17,756	19,612	19,582	18,187	17,302	16,564	17,162
Per share basic	0.485	0.243	0.269	0.268	0.249	0.237	0.227	0.236
Dividends declared	17,074	17,074	17,074	17,072	17,068	17,065	17,059	17,055
Per share	0.234	0.234	0.234	0.234	0.234	0.234	0.234	0.234
Occupancy								
Retirement - Average same property	88.1 %	88.4 %	87.1 %	86.8 %	87.8 %	88.0 %	87.5 %	86.8 %
Retirement - Acquisition, development and others - Average occupancy (2)	13.1 %	n/a	n/a	n/a	n/a	n/a	n/a	82.2 %
Retirement - Average total occupancy	86.6 %	88.4 %	87.1 %	86.8 %	87.8 %	88.0 %	87.5 %	86.6 %
LTC - Average private occupancy	91.6 %	89.1 %	89.6 %	88.6 %	85.4 %	84.6 %	84.0 %	82.4 %
LTC - Average total occupancy (3)	97.5 %	97.6 %	98.4 %	98.0 %	96.8 %	96.1 %	96.7 %	95.5 %
Debt to adjusted gross book value as at period end	44.3 %	44.6 %	44.4 %	44.0 %	44.5 %	43.9 %	43.3 %	43.4 %
Debt to Adjusted EBITDA as at period end	7.1	8.4	8.3	8.4	8.8	8.9	9.0	9.1
Interest coverage ratio	5.4	3.4	3.3	3.5	3.2	3.1	3.3	3.4
Total assets	1,700,083	1,695,343	1,681,167	1,675,614	1,681,045	1,680,428	1,736,319	1,747,872
Total debt	1,008,067	1,006,649	994,112	988,938	999,258	977,964	983,596	985,754
Weighted average shares outstanding	72,967,166	72,967,166	72,967,166	72,949,215	72,939,941	72,914,451	72,899,509	72,855,687

Note:

1. Effective January 1, 2024, the Company began classifying all active funding that started during the pandemic as revenue ("pandemic funding"), instead of presenting them as net pandemic and incremental agency expenses. The corresponding expenses are presented as part of operating expenses.
2. Includes Elgin Falls effective January 24, 2024.
3. 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 funding rate increases or additional funding, occupancy levels, timing of operating expenses and maintenance capital expenditures, seasonality of utility expenses, timing of resident co-payment increases, the timing of disposals and acquisitions, and capital market and financing activities. For the three months ended March 31, 2024, the Company's results have been impacted by the timing of additional funding including retroactive funding, share of net loss in joint ventures, occupancy rates, increased costs pertaining to labour, higher utilities and fair value adjustments on interest rate swap contracts.

A discussion of the operating results for the three months ended March 31, 2024 compared to the same period in the prior year is provided in the section "Operating Results".

Operating Results

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

	Three months ended March 31,		
Thousands of Canadian dollars	**2024**	2023	Change
Revenue	**230,950**	192,054	38,896
Expenses			
Operating expenses	**169,316**	157,591	11,725
Depreciation and amortization	**12,199**	12,368	(169)
Administrative expenses	**9,249**	8,372	877
Share of net loss in joint ventures	**3,012**	2,541	471
Net finance charges	**9,807**	10,669	(862)
Transaction costs	**410**	774	(364)
	203,993	192,315	11,678
Income before provision for income taxes	**26,957**	(261)	27,218
Provision for (recovery of) income taxes			
Current	**7,892**	1,155	6,737
Deferred	**(664)**	(1,076)	412
	7,228	79	7,149
Net income (loss)	**19,729**	(340)	20,069
Total assets	**1,700,083**	1,681,045	19,038
Total debt	**1,008,067**	999,258	8,809

Retirement

The Company's Retirement portfolio consists of 40 Retirement Residences as of March 31, 2024, four of which are located in British Columbia, five are located in Saskatchewan, and 31 are located in Ontario. Our Retirement portfolio operates in well located markets and generated approximately 28% of the Company's total NOI for Q1 2024. Excluding one-time and retroactive funding amounts of $23.7 million related to prior years, the retirement portfolio would have contributed approximately 45% to the Company's total NOI.

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 72% to the Company's total NOI for Q1 2024. Excluding one-time and retroactive funding amounts of $23.7 million related to prior years, the LTC portfolio would have contributed approximately 55% to the Company's total NOI.

Joint Arrangement

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

The following table summarizes the classification of properties which are owned through the Company's joint arrangements, or which are partially owned as at March 31, 2024:

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

Notes:

1. 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 March 31,		
	2024	2023	Change
Revenue	**230,950**	192,054	38,896
Share of revenue from Equity-Accounted Joint Ventures	**8,434**	7,557	877
Adjusted Revenue	**239,384**	199,611	39,773
Operating Expenses	**169,316**	157,591	11,725
Share of expenses from Equity-Accounted Joint Ventures	**6,579**	5,711	868
Adjusted Operating Expenses, net	**175,895**	163,302	12,593
NOI	**61,634**	34,463	27,171
Share of NOI from Equity-Accounted Joint Ventures	**1,855**	1,846	9
Adjusted NOI	**63,489**	36,309	27,180

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 March 31:

	Three months ended March 31,		
Thousands of Canadian dollars	**2024**	2023	Change
Revenue			
Same property [1]	**239,222**	199,611	39,611
Acquisition, development and other [2]	**162**	—	162
Total Adjusted Revenue	**239,384**	199,611	39,773
Operating Expenses, net			
Same property [1]	**175,342**	162,952	12,390
Net pandemic and incremental agency expenses [3]	**—**	350	(350)
Acquisition, development and other [2]	**553**	—	553
Total Adjusted Operating Expenses, net	**175,895**	163,302	12,593
NOI			
Same property [1]	**63,880**	36,309	27,571
Acquisition, development and other [2]	**(391)**	—	(391)
Total NOI	**63,489**	36,309	27,180

Notes:

1. Effective January 1, 2024, the results of Woods Park were reclassified from "acquisitions" to "same property".
2. Includes Elgin Falls, effective January 24, 2024, which is currently in the process of being leased.
3. For the three months ended March 31, 2023, includes government funding related to the pandemic of $9,629 and incremental pandemic related and agency expenses of $9,979, resulting in net pandemic and incremental agency expenses of $350. Effective January 1, 2024, the Company began classifying all active funding that started during the pandemic as revenue ("pandemic funding"), instead of presenting them as net pandemic and incremental agency expenses. The corresponding expenses are presented as part of operating expenses.

First Quarter 2024 Operating Results

The Company's total same property revenues for Q1 2024 increased by $39,611 to $239,222, compared to Q1 2023. Retirement's same property revenues for Q1 2024 increased by $3,668 to $53,089, compared to Q1 2023, primarily due to annual rental rate increases in line with market conditions, occupancy increases and higher care and ancillary revenue. LTC's same property revenues for Q1 2024 increased by $35,943 to $186,133, compared to Q1 2023, primarily due to one-time funding from MLTC of $13,419 of which $10,064 relates to 2023 and $3,355 relates to Q1 2024, retroactive funding of $13,591, timing of flow-through funding, annual inflationary funding increases, and higher preferred accommodation revenue.

The Company's total same property operating expenses for Q1 2024 increased by $12,390 to $175,342, compared to Q1 2023. Retirement's same property operating expenses for Q1 2024 increased by $2,986 to $34,948, compared to Q1 2023, primarily due to higher labour costs. LTC's operating expenses for Q1 2024 increased by $9,404 to $140,394, compared to Q1 2023, mainly due to higher expenses related to an increase in direct care and other labour.

In Q1 2024, the LTC segment recognized one-time funding from MLTC of $13,419, of which $10,064 relates to 2023 and $3,355 relates to Q1 2024. The LTC segment also recognized retroactive funding of $13,591 from the Government of British Columbia, of which $9,913 relates to 2022 and $3,690 relates to 2021. In Q1 2023, the LTC segment recognized retroactive funding of $2,979 related to 2022.

The Company's total same property NOI for Q1 2024 increased by $27,571 to $63,880, compared to Q1 2023. Retirement's same property NOI for Q1 2024 increased by $526 to $18,141. LTC's same property NOI for Q1 2024 increased by $27,045 to $45,739 compared to Q1 2023.

Net Operating Income by Segment

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

Retirement

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

	Three months ended March 31,		
Thousands of Canadian dollars	**2024**	2023	Change
Retirement Revenue			
Same property [1]	**53,089**	49,421	3,668
Acquisition, development and other [2]	**162**	—	162
Total Adjusted Retirement Revenue	**53,251**	49,421	3,830
Retirement Expenses, net			
Same property [1]	**34,948**	31,962	2,986
Net pandemic and incremental agency expenses [3]	—	(156)	156
Acquisition, development and other [2]	**553**	—	553
Total Adjusted Retirement Expenses, net	**35,501**	31,806	3,695
Retirement NOI			
Same property [1]	**18,141**	17,615	526
Acquisition, development and other [2]	**(391)**	—	(391)
Total Adjusted Retirement NOI	**17,750**	17,615	135

Notes:

1. Effective January 1, 2024, the results of Woods Park were reclassified from "acquisitions" to "same property".
2. Includes Elgin Falls, effective January 24, 2024, which is currently in the process of being leased.
3. For the three months ended March 31, 2023, includes government funding related to the pandemic of $591 and incremental pandemic related and agency expenses of $435, resulting in net pandemic and incremental agency expenses of $(156). Effective January 1, 2024, the Company began classifying all funding that started during the pandemic and continued to-date as revenue ("pandemic funding"), instead of presenting them as net pandemic and incremental agency expenses. The corresponding expenses are presented as part of operating expenses. For the three months ended March 31, 2024, the Company included pandemic funding of $349 in revenue.

First Quarter 2024 Retirement Results

Retirement's same property revenues for Q1 2024 increased by $3,668 to $53,089, compared to Q1 2023, 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 for Q1 2024 increased by $2,986 to $34,948 compared to Q1 2023, primarily due to higher labour costs.

Retirement's same property NOI for Q1 2024 increased by $526 to $18,141, compared to Q1 2023.

Long-term Care

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

	Three months ended March 31,		
Thousands of Canadian dollars	**2024**	2023	Change
Long-term Care Revenue			
Same property [1]	**186,133**	150,190	35,943
Total Long-term Care Revenue	**186,133**	150,190	35,943
Long-term Care Expenses, net			
Same property [1]	**140,394**	130,990	9,404
Net pandemic and incremental agency expenses [2]	**—**	506	(506)
Total Long-term Care Expenses, net	**140,394**	131,496	8,898
Long-term Care NOI			
Same property [1]	**45,739**	18,694	27,045
Total Long-term Care NOI	**45,739**	18,694	27,045

Notes:

1. Effective January 1, 2024, the results of Woods Park were reclassified from "acquisitions" to "same property".
2. For the three months ended March 31, 2023, includes government funding related to the pandemic of $9,038 and incremental pandemic related and agency expenses of $9,544, resulting in net pandemic and incremental agency expenses of $506. Effective January 1, 2024, the Company began classifying all funding that started during the pandemic and continued to-date as revenue ("pandemic funding"), instead of presenting them as net pandemic and incremental agency expenses. The corresponding expenses are presented as part of operating expenses. For the three months ended March 31, 2024, the Company included pandemic funding of $2,786 in revenue.

First Quarter 2024 Long-term Care Results

LTC's same property revenues for Q1 2024 increased by $35,943 to $186,133, compared to Q1 2023, primarily due to one-time funding from MLTC of $13,419, retroactive funding from the Government of British Columbia of $13,591, timing of flow-through funding, annual inflationary funding increases, higher preferred accommodation revenue and change in classification of pandemic funding.

LTC's same property operating expenses for Q1 2024 increased by $9,404 to $140,394, compared to Q1 2023, mainly due to higher expenses related to an increase in direct care and other labour.

In Q1 2024, the LTC segment recognized one-time funding from MLTC of $13,419, of which $10,064 relates to 2023 and $3,355 relates to Q1 2024. The LTC segment also recognized retroactive funding of $13,591 from the Government of British Columbia, of which $9,913 relates to 2022 and $3,690 relates to 2021. In Q1 2023, the LTC segment recognized retroactive funding of $2,979 related to 2022.

LTC's same property NOI for Q1 2024 increased by $27,045 to $45,739, compared to Q1 2023.

Depreciation and Amortization

First Quarter 2024

Depreciation and amortization for Q1 2024 decreased by $169 to $12,199 primarily due to lower depreciation on computer hardware compared to Q1 2023.

Administrative Expenses

	Three months ended March 31,		
Thousands of Canadian dollars	**2024**	2023	Change
General and administrative expenses	**7,913**	6,969	944
Restructuring costs (1)	**—**	592	(592)
Share-based compensation	**1,336**	791	545
Pandemic related expenses	**—**	20	(20)
Total administrative expenses	**9,249**	**8,372**	**877**

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

First Quarter 2024

Administrative expenses for Q1 2024 increased by $877 to $9,249, compared to Q1 2023, primarily due to increase in share-based compensation, and severance costs, partially offset by restructuring costs.

Share of Net Loss in Joint Ventures (JV)

First Quarter 2024

The Company's share of net loss in joint ventures of $3,012 (2023 - $2,541), was related to Sienna-Sabra LP and Sienna-RSH Niagara Falls LP. This balance is comprised of NOI of $1,855, less depreciation and amortization of $4,370, less finance costs of $497.

Net Finance Charges

Thousands of Canadian dollars	Three months ended March 31, 2024	2023	Change
Finance costs			
Interest expense on mortgages	**6,051**	5,071	980
Interest expense on debentures	**3,544**	3,508	36
Interest on unsecured term loan	**—**	789	(789)
Interest expense on credit facilities	**735**	686	49
Interest expense on right-of-use assets	**38**	27	11
Amortization of financing charges and fair value adjustments on acquired debt	**941**	793	148
Net settlement receipt on interest rate swap contracts	**(699)**	(770)	71
(Gain) loss on interest rate swap contracts	**(307)**	1,087	(1,394)
	10,303	11,191	(888)
Finance income			
Interest income on construction funding receivable	**78**	146	(68)
Other interest income	**418**	376	42
	496	522	(26)
Net finance charges	**9,807**	10,669	(862)

First Quarter 2024

Net finance charges for Q1 2024 decreased by $862 to $9,807, compared to Q1 2023, primarily due to a fair value gain on interest rate swap contracts and lower interest expense on unsecured term loan repaid in Q1 2023, offset by higher interest expense on mortgages.

Transaction Costs

First Quarter 2024

Transaction costs for Q1 2024 decreased by $364 to $410 compared to Q1 2023 primarily attributable to timing of pre-development activities

Income Taxes

First Quarter 2024

Income tax expense for Q1 2024 increased by $7,149 resulting in an income tax expense of $7,228 (current tax expense of $7,892 and deferred tax recovery of $664), compared to Q1 2023 income tax expense of $79 (current tax expense of $1,155 and deferred tax recovery of $1,076). The increase in taxes is primarily due to higher NOI including the $27,010 One-Time & Retroactive Funding, and mark to market adjustments on share-based compensation.

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 March 31. The reconciliation from FFO to AFFO is provided as supplementary information.

Thousands of Canadian dollars, except share and per share data	Three months ended March 31, 2024	2023	Change
Adjusted revenue	**239,384**	199,611	39,773
Adjusted operating expense, net of government assistance	**(175,895)**	(163,302)	(12,593)
NOI	**63,489**	36,309	27,180
Depreciation and amortization	**(12,199)**	(12,368)	169
Administrative expenses	**(9,249)**	(8,372)	(877)
Share of net loss in equity accounted joint ventures	**(3,012)**	(2,541)	(471)
Share of NOI in equity accounted joint ventures	**(1,855)**	(1,846)	(9)
Net finance charges	**(9,807)**	(10,669)	862
Transaction costs	**(410)**	(774)	364
Recovery of income taxes	**(7,228)**	(79)	(7,149)
Net income (loss)	**19,729**	(340)	20,069
Deferred income tax recovery	**(664)**	(1,076)	412
Depreciation and amortization	**11,354**	11,006	348
Transaction costs, net of tax	**410**	774	(364)
Net settlement payment on interest rate swap contracts	**(699)**	(770)	71
Fair value (gain) loss on interest rate swap contracts	**(307)**	1,087	(1,394)
Equity-Accounted Joint Ventures: Depreciation and amortization	**4,370**	4,159	211
Transaction cost	**—**	38	(38)
Funds from operations (FFO)	**34,193**	14,878	19,315
Depreciation and amortization - corporate	**845**	1,362	(517)
Amortization of financing charges and fair value adjustments on assumed debt [1]	**992**	845	147
Net settlement receipt on interest rate swap contracts	**699**	770	(71)
Restructuring costs, including tax	**—**	592	(592)
Operating funds from operations (OFFO)	**36,729**	18,447	18,282
Construction funding	**811**	1,952	(1,141)
Maintenance capital expenditure [2]	**(2,181)**	(2,212)	31
Adjusted funds from operations (AFFO)	**35,359**	18,187	17,172
Adjusted funds from operations (AFFO)	**35,359**	18,187	17,172
Dividends declared	**(17,074)**	(17,068)	(6)
AFFO retained	**18,285**	1,119	17,166
Basic and Diluted FFO per share	**0.469**	0.204	0.265
Basic and Diluted OFFO per share	**0.503**	0.253	0.250
Basic and Diluted AFFO per share	**0.485**	0.249	0.236
Weighted average common shares outstanding	**72,967,166**	72,939,941	

Notes:

1. For the three months ended March 31, 2024, includes the Company's share of amortization of financing charges and fair value adjustments on assumed debt in Equity-Accounted Joint Ventures of $50 (2023 - $52).
2. For the three months ended March 31, 2024 includes the Company's share of maintenance capital expenditure in Equity-Accounted Joint Ventures of $112 (2023 - $165).

First Quarter 2024 Performance

For Q1 2024, FFO increased by $19,315 to $34,193, compared to Q1 2023. The increase was primarily attributable to higher NOI, including $17,365 of One-Time & Retroactive Funding of $23,655 less $6,290 of taxes relating to prior years.

For Q1 2024, OFFO increased by $18,282 to $36,729, compared to Q1 2023. The increase was primarily attributable to higher NOI including, $17,365 of One-Time & Retroactive Funding of $23,655 less $6,290 of taxes relating to prior years.

For Q1 2024, AFFO increased by $17,172 to $35,359, compared to Q1 2023. The increase was primarily related to the increase in OFFO, offset by 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 March 31, 2024, the condition for funding has been met.

The construction funding amount to reconcile from OFFO to AFFO represents the change in the construction funding receivable balance, which consists of the cash to be received, offset by the interest income on the construction funding receivable recognized in "net income". For the remainder of 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	203	1,748	1,951
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
	1,248	**7,960**	**9,208**

Notes:

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

For the three months ended March 31, 2024, interest income on construction funding of $78, (2023 - $146) was recognized, and an adjustment of $811 (2023 - $1,952) was made to AFFO for construction funding principal received.

Maintenance Capital Expenditures

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

Thousands of Canadian dollars	Three months ended March 31, 2024	2023
Building maintenance	**265**	554
Mechanical and electrical	**816**	528
Suite renovations and common area upgrades	**686**	637
Communications and information systems	**82**	173
Furniture, fixtures and equipment	**332**	320
Total maintenance capital expenditures	**2,181**	2,212
Capital Investments in Equity-Accounted Joint Ventures	112	165

Building Maintenance

Building maintenance include the costs for structures, roofing, exterior grounds, fire safety, and sprinklers. For the three months ended March 31, 2024, the decrease in building maintenance compared to the prior year is due to timing of repairs and sprinkler replacement.

Mechanical and Electrical

Mechanical and electrical expenditures include the costs for heating, air conditioning and ventilation systems, generators, boilers, pumps and building elevators. For the three months ended March 31, 2024, 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 March 31:

	Three months ended March 31,		
Thousands of Canadian dollars	**2024**	2023	Change
Cash provided by operating activities	**36,490**	17,695	18,795
Construction funding principal	**811**	1,952	(1,141)
Transaction costs	**410**	812	(402)
Maintenance capital expenditures	**(2,181)**	(2,212)	31
Net change in working capital, interest and taxes	**(3,160)**	(2,633)	(527)
Restricted share units recovery	**1,631**	363	1,268
Restructuring costs, including tax	**—**	592	(592)
FFO of Equity-Accounted Joint Ventures	**1,358**	1,618	(260)
Adjusted funds from operations (AFFO)	**35,359**	18,187	17,172

Refer to the "Cash Flow Analysis" section for details on the change from Q1 2023 to Q1 2024 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 March 31, 2024 compared to December 31, 2023:

Thousands of Canadian dollars	**2024**	2023	Change
Total assets	**1,700,083**	1,695,343	4,740
Total liabilities	**1,323,651**	1,321,572	2,079
Total equity	**376,432**	373,771	2,661

Total assets increased by $4,740 to $1,700,083 primarily due to net increase in property and equipment resulting from an increase in construction in progress, increase in cash balance offset by decrease in accounts receivable and other assets and investment in joint venture.

Total liabilities increased by $2,079 to $1,323,651 primarily due to increase in accounts payable and other liabilities partially and income tax payable offset by a decrease in liability for government funding payable.

Total equity increased by $2,661 to $376,432 primarily due to net income during the period partially offset by dividends declared during the period.

Cash Flow Analysis

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

	Three months ended March 31,		
Thousands of Canadian dollars	**2024**	2023	Change
Cash provided by (used in):			
Operating activities	**36,490**	17,695	18,795
Investing activities	**(18,761)**	(18,363)	(398)
Financing activities	**(16,418)**	(6,943)	(9,475)
Increase (decrease) in cash and cash equivalents during the period	**1,311**	(7,611)	8,922
Cash and cash equivalents, end of period	**25,715**	30,439	(4,724)

First Quarter 2024

Cash inflows provided by operating activities for the three months ended March 31, 2024 increased by $18,795 to $36,490 primarily due to higher NOI and higher accrued liabilities as a result of timing of payments, offset by lower government funding net payable as a result of timing.

Cash outflows used in investing activities for the three months ended March 31, 2024 increased by $398 to $18,761 primarily due to higher spend on property and equipment related to development projects, offset by acquisition of Woods Park in 2023.

Cash outflows used in financing activities for the three months ended March 31, 2024 increased by $9,475 to $16,418 primarily due to decreased net proceeds from long term debt compared to Q1 2023 mainly due to new property level mortgages and refinancing of property level mortgages in Q1 2023.

Liquidity and Capital Resources

Liquidity

The Company's primary source of liquidity is cash flow generated from operating activities. The Company expects to meet its operating cash requirements, including required working capital, capital expenditures, and currently scheduled interest payments on debt through fiscal 2024 and beyond, from cash on hand, cash flow from operations, proceeds from refinancing its debt, its committed but unutilized borrowing capacity and, if necessary, will pursue debt or equity financing to provide the Company with additional financial flexibility.

As at March 31, 2024, the Company's liquidity was $302,626, as follows:

Thousands of Canadian dollars	**March 31, 2024**	December 31, 2023
Cash and cash equivalents	**25,715**	24,404
Available funds from credit facilities	**276,911**	282,911
Total	**302,626**	307,315

As at March 31, 2024, the Company had drawn $31,000 from its available facilities.

In addition, as at March 31, 2024, the Company's share of cash and cash equivalents held in our Equity-Accounted Joint Ventures was $3,938.

The Company had a working capital deficiency (current liabilities less current assets) of $474,990 as at March 31, 2024, including the current portion of long-term debt of $276,022. To support its working capital deficiency, the Company has available cash from operations, access to multiple sources of financing and has a history of successfully refinancing credit facilities.

The Company has an unencumbered asset pool with a fair value of approximately $1,006,200 as at March 31, 2024, representing a increase of $13,300 from $992,900 as at December 31, 2023. The increase in the unencumbered asset pool since the beginning of the year is due an addition of one property to the unencumbered asset pool.

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 $100,807 as at March 31, 2024.

The Company's total debt is comprised as follows:

Thousands of Canadian dollars	**March 31, 2024**	December 31, 2023
Series A Unsecured Debentures	**150,000**	150,000
Series B Unsecured Debentures	**175,000**	175,000
Series C Unsecured Debentures	**125,000**	125,000
Credit facilities	**31,000**	25,000
Mortgages	**537,575**	542,806
Lease liability	**3,952**	4,131
	1,022,527	1,021,937
Fair value adjustments on assumed debt	**1,800**	1,792
Less: Deferred financing costs	**(16,260)**	(17,080)
Total debt	**1,008,067**	1,006,649

The Company's total debt as at March 31, 2024 was $1,008,067 (December 31, 2023 - $1,006,649). The increase of $1,418 was primarily related to additional draws on the credit facilities.

The following table summarizes the scheduled principal maturities of the Company's long-term debt commitments as at March 31, 2024:

Thousands of Canadian dollars, except interest rate						Mortgages				
Year	Series A Unsecured Debentures (1)	Series B Unsecured Debentures (2)	Series C Unsecured Debentures (3)	Credit Facilities	Capitalized Lease Principal Payments (4)	Regular Principal Repayments	Principal Due at Maturity	Weighted Average Interest Rate on Maturing Mortgages	Total	Consolidated Weighted Average Interest Rate on Maturing Debt
2024	150,000	—	—	—	561	15,460	80,172	4.91 %	**246,193**	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	31,000	856	15,481	35,115	3.31 %	**207,452**	3.49 %
2028	—	—	—	—	563	10,730	125,154	3.47 %	**136,447**	3.47 %
2029	—	—	—	—	352	6,729	—	— %	**7,081**	— %
2030	—	—	—	—	—	6,698	9,230	1.65 %	**15,928**	1.65 %
Thereafter	—	—	—	—	—	31,707	128,232	4.21 %	**159,939**	4.21 %
	150,000	**175,000**	**125,000**	**31,000**	**3,952**	**118,560**	**419,015**	**3.94 %**	**1,022,527**	3.67 %
Fair value adjustments on assumed debt									**1,800**	
Less: Deferred financing costs									**(16,260)**	
Total debt									**1,008,067**	

Notes:

1. The interest rate for the Series A Unsecured Debentures is 3.109%.
2. The interest rate for the Series B Unsecured Debentures is 3.450%.
3. The interest rate for the Series C Unsecured Debentures is 2.820%.
4. The weighted average interest rate for capitalized lease principal payments is 3.87% 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	March 31, 2024	December 31, 2023
Mortgages	**25,030**	25,262
Construction loan	**26,447**	22,705
Fair value adjustments on assumed debt	**(2,268)**	(2,318)
Less: Deferred financing costs	**(11)**	(11)
Total debt	**49,198**	45,638

Year	Regular Principal Repayments
2024	704
2025	957
2026	27,425
2027	1,000
2028	1,023
2029	1,046
2030	1,069
Thereafter	18,253
	51,477
Fair value adjustments on assumed debt	(2,268)
Less: Deferred financing costs	(11)
Total debt	49,198

Debentures

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

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

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

The balances related to the debentures are as follows:

Thousands of Canadian dollars	**March 31, 2024**	December 31, 2023
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	**(1,091)**	(1,257)
	448,909	448,743

Credit Facilities

The Company has a combined total borrowing capacity of $308,500 pursuant to its credit facilities as at March 31, 2024.

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 March 31, 2024, the Company had drawn $31,000 under the Unsecured Revolving Credit Facility (December 31, 2023 - $25,000).

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

Thousands of Canadian dollars	**March 31, 2024**	December 31, 2023
Credit facilities drawn	**31,000**	25,000
Less: Deferred financing costs	**(559)**	(637)
	30,441	24,363

Mortgages

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

The Company has low-cost mortgage financing with CMHC. As at March 31, 2024, 62% 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	**March 31, 2024**	December 31, 2023
Mortgages at fixed rates	**426,633**	430,655
Mortgages at variable rates [1]	**110,942**	112,151
Fair value adjustments on assumed debt	**1,800**	1,792
Less: Deferred financing costs	**(14,610)**	(15,122)
	524,765	529,476

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

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

	March 31, 2024			December 31, 2023
	Fixed Rate	**Variable Rate**	**Total**	Total
Weighted average interest rate [1]	3.84 %	4.33 %	**3.94 %**	3.97 %
Weighted average term to maturity (years)	6.7	2.1	**5.7**	5.9

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

Lease Liability

The lease liability as at March 31, 2024 of $3,952 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 March 31, 2024. 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.

Adjusted EBITDA, as referenced in certain ratios below, is presented in accordance with defined terms in certain covenant calculations. The following table represents the reconciliation of net income to EBITDA and Adjusted EBITDA for the periods ended March 31:

	Three months ended March 31,	
Thousands of Canadian dollars	**2024**	2023
Net income (loss) [1]	**19,729**	(340)
Depreciation and amortization [2]	**16,569**	16,527
Net finance charges [2]	**10,304**	10,860
Provision for income taxes	**7,228**	79
Transaction costs [2]	**410**	811
EBITDA	**54,240**	27,937
Proceeds from construction funding	**889**	2,098
Restructuring costs	**—**	592
Adjusted EBITDA	**55,129**	30,627

Notes:

1. For the three months ended March 31, 2024, includes the One-Time & Retroactive Funding of $23,655 relating to prior years..
2. Includes the Company's proportionate share of Equity-Accounted Joint Ventures.

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. The interest coverage ratio is calculated as follows for the periods ended March 31:

Thousands of Canadian dollars, except ratio	Three months ended March 31, 2024	2023
Net finance charges	**9,807**	10,669
Add (deduct):		
Amortization of financing charges and fair value adjustments on acquired debt	**(941)**	(793)
Interest income on construction funding receivable	**78**	146
Interest expenses from Equity-Accounted Joint Ventures	**460**	145
Other interest income[1]	**431**	376
Fair value gain (loss) on interest rate swap contracts	**307**	(1,087)
Net finance charges, adjusted	**10,142**	9,456
Adjusted EBITDA [2]	**55,129**	30,627
Interest coverage ratio	**5.4**	3.2

Note:

1. Includes the Company's proportionate share of Equity-Accounted Joint Ventures.
2. For the three months ended March 31, 2024, includes the One-Time & Retroactive Funding of $23,655 relating to prior years.

Debt Service Coverage Ratio

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

Thousands of Canadian dollars, except ratio	Three months ended March 31, 2024	2023
Net finance charges, adjusted [1]	**10,142**	9,456
Principal repayments [1][2]	**5,462**	4,912
Total debt service [1]	**15,604**	14,368
Adjusted EBITDA [3]	**55,129**	30,627
Deduct:		
Maintenance capital expenditures	**(2,181)**	(2,212)
Cash income tax paid	**(552)**	(2,911)
Adjusted EBITDA (for covenant calculations)	**52,396**	25,504
Debt service coverage ratio	**3.4**	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.
3. For the three months ended March 31, 2024, includes the One-Time & Retroactive Funding of $23,655 relating to prior years.

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.

Thousands of Canadian dollars, except ratio	As at March 31, 2024	2023
Series A Unsecured Debentures	150,000	150,000
Series B Unsecured Debentures	175,000	175,000
Series C Unsecured Debentures	125,000	125,000
Unsecured Term Loan	—	50,000
Credit facilities	31,000	31,000
Mortgages	537,575	474,884
Mortgages related to Equity-Accounted Joint Ventures	25,030	25,950
Construction loan related to Equity-Accounted Joint Venture	26,447	—
Lease liability [1]	3,959	2,748
Total indebtedness	**1,074,011**	1,034,582
Adjusted EBITDA [2]	**151,479**	117,061
Debt to Adjusted EBITDA	**7.1**	8.8

Note:
1. Includes the Company's proportionate share of Equity-Accounted Joint Ventures.
2. For the trailing 12 months

Debt to Adjusted Gross Book Value

Debt to Adjusted 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 March 31, 2024	2023
Total indebtedness		
Series A Unsecured Debentures	**150,000**	150,000
Series B Unsecured Debentures	**175,000**	175,000
Series C Unsecured Debentures	**125,000**	125,000
Unsecured Term Loan	**—**	50,000
Credit facilities	**31,000**	31,000
Mortgages	**537,575**	474,884
Mortgages related to Equity-Accounted Joint Ventures	**25,030**	25,950
Construction loan related to Equity-Accounted Joint Venture	**26,447**	—
Lease liability [1]	**3,959**	2,748
Total indebtedness	**1,074,011**	1,034,582
Total assets [1]	**1,754,490**	1,707,418
Accumulated depreciation on property and equipment [1]	**457,237**	416,245
Accumulated amortization on intangible assets [1] [2]	**211,349**	199,931
Adjusted Gross Book Value [1]	**2,423,076**	2,323,594
Debt to Adjusted Gross Book Value	**44.3 %**	44.5 %

Note:
1. Includes the Company's proportionate share of Equity-Accounted Joint Ventures.
2. Includes fully amortized assets of $170,871 as at March 31, 2024 (December 31, 2023 - $170,871).

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, 2023	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
Long-term incentive plan, net of loans receivable	—	6
Balance, March 31, 2024	72,967,166	964,849

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 March 31:

	Three months ended March 31,		
Thousands of Canadian dollars	**2024**	2023	Change
Cash flows from operating activities	**36,490**	17,695	18,795
AFFO	**35,359**	18,187	17,172
Dividends declared	**(17,074)**	(17,068)	(6)
Cash flows from operating activities in excess of dividends declared	**19,416**	627	18,789
AFFO retained	**18,285**	1,119	17,166

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 five 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 condensed interim consolidated financial statements for the three months ended March 31, 2024. Please refer to those condensed interim financial statements for further details.

Significant Judgments and Estimates

The critical accounting estimates used by management in applying the Company's accounting policies and the key sources of estimation uncertainty are identified in Note 3 of the Company's annual audited consolidated financial statements for the year ended December 31, 2023. Changes in significant judgments and estimates are identified in Note 3 of the Company's condensed interim consolidated financial statements for the three months ended March 31, 2024. Please refer to those condensed interim consolidated financial statements for further details.

Risk Factors

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

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.

On January 21, 2022, the Superior Court of Justice (the “Court”) made an order consolidating six proposed class actions in the form ordered by the Court. The aggregate amount of damages claimed in the consolidated claim against the Company is $260,000.

On March 7, 2024, the Court issued its decision certifying the consolidated claim against the Company on the terms set out in the decision, namely only in respect of the Ontario long term care homes owned by the Company and with a gross negligence cause of action.

The Company intends to continue to vigorously defend itself against the consolidated claim. As of the date hereof, the Company is seeking leave to appeal certain terms of the certification decision from the Court.

Given the status of the proceedings, management is unable to assess the potential impact of 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.

Controls and Procedures

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

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

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

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

Forward-Looking Statements

This MD&A, and the documents incorporated by reference herein, contain forward-looking information that reflects management's current expectations, estimates and projections about the future results, performance, achievements, prospects or opportunities for the Company, the 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

Q1 2024 Sienna Senior Living Inc.

Cultivating happiness in daily life

Sienna
Senior Living

Condensed Interim Consolidated Financial Statements

Condensed Interim Consolidated Statements of Financial Position (Unaudited)

Thousands of Canadian dollars

	Notes	**March 31, 2024**	December 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents		**25,715**	24,404
Accounts receivable and other receivables		**14,027**	16,111
Prepaid expenses and deposits		**11,088**	10,677
Government funding receivable		**6,108**	5,076
Construction funding receivable	4, 5	**2,080**	2,559
Derivative assets		**1,790**	1,588
Income taxes recoverable		**—**	283
		60,808	60,698
Non-current assets			
Derivative assets		**1,781**	1,676
Restricted cash		**2,599**	2,541
Construction funding receivable	4, 5	**5,880**	6,212
Investment in joint ventures	20	**141,819**	145,664
Property and equipment	6	**1,124,919**	1,116,449
Intangible assets	7	**197,374**	197,200
Goodwill		**164,903**	164,903
Total assets		**1,700,083**	1,695,343
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	8	**146,297**	136,627
Government funding payable		**105,822**	121,539
Current portion of long-term debt	4, 9	**276,022**	248,496
Income taxes payable		**7,057**	—
Derivative liabilities		**600**	1,797
		535,798	508,459
Non-current liabilities			
Long-term debt	4, 9	**732,045**	758,153
Deferred income taxes	11	**48,651**	49,315
Share-based compensation liability	14	**7,157**	5,645
Total liabilities		**1,323,651**	1,321,572
EQUITY			
Shareholders' equity		**376,432**	373,771
Total equity		**376,432**	373,771
Total liabilities and equity		**1,700,083**	1,695,343

Commitments and contingencies (Note 21)

See accompanying notes

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

"Shelly Jamieson"
Shelly Jamieson
Chair and Director

"Stephen Sender"
Stephen Sender
Director

Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited)

Thousands of Canadian dollars

	Notes	Share capital	Contributed surplus	Shareholders' deficit	Total shareholders' equity
Balance, January 1, 2024		**964,843**	**203**	**(591,275)**	**373,771**
Net income		**—**	**—**	**19,729**	**19,729**
Long-term incentive plan	12	**6**	**—**	**—**	**6**
Dividends	13	**—**	**—**	**(17,074)**	**(17,074)**
Balance, March 31, 2024		**964,849**	**203**	**(588,620)**	**376,432**

	Notes	Share capital	Contributed surplus	Shareholders' deficit	Total shareholders' equity
Balance, January 1, 2023		964,514	203	(530,025)	434,692
Net loss		—	—	(340)	(340)
Long-term incentive plan	12	6	—	—	6
Dividends	13	—	—	(17,068)	(17,068)
Balance, March 31, 2023		964,520	203	(547,433)	417,290

See accompanying notes.

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

Thousands of Canadian dollars, except share and per share data

	Notes	Three months ended March 31, 2024	2023
Revenue	16, 19	**230,950**	192,054
Expenses and other items			
Operating expenses, net of government assistance		**169,316**	157,591
Depreciation and amortization	6, 7	**12,199**	12,368
Administrative	17	**9,249**	8,372
Share of net loss in joint ventures	20	**3,012**	2,541
Net finance charges	10	**9,807**	10,669
Transaction costs		**410**	774
	18	**203,993**	192,315
Income (loss) before provision for (recovery of) income taxes		**26,957**	(261)
Provision for (recovery of) income taxes			
Current		**7,892**	1,155
Deferred		**(664)**	(1,076)
	11	**7,228**	79
Net income (loss) and comprehensive income		**19,729**	(340)
Net income per share (basic and diluted)	12	**$0.27**	$0.00
Weighted average number of common shares outstanding	12	**72,967,166**	72,939,941

See accompanying notes.

Thousands of Canadian dollars

	Notes	Three months ended March 31, 2024	2023
OPERATING ACTIVITIES			
Net income (loss)		**19,729**	(340)
Add (deduct) items not affecting cash			
Depreciation of property and equipment	6	**11,838**	11,952
Amortization of intangible assets	7	**361**	416
Current income tax expense		**7,892**	1,155
Deferred income tax recovery		**(664)**	(1,076)
Share of net loss in joint ventures	20	**3,012**	2,541
Share-based compensation expense	14	**1,336**	791
Net finance charges	10	**9,807**	10,669
Restructuring costs expense	17	**—**	592
		53,311	26,700
Non-cash changes in working capital			
Accounts receivable and other receivables		**2,079**	1,793
Prepaid expenses and deposits		**(411)**	655
Accounts payable and other liabilities		**9,481**	(2,591)
Government funding, net		**(16,749)**	973
		(5,600)	830
Interest paid on long-term debt		**(11,368)**	(11,247)
Net settlement recovery on interest rate swap contracts		**699**	770
Income taxes paid		**(552)**	(2,911)
Government assistance related to pandemic expenses		**—**	3,553
Cash provided by operating activities		**36,490**	17,695
INVESTING ACTIVITIES			
Purchase of property and equipment		**(28,226)**	(10,024)
Government assistance related to capital expenditures	6	**7,918**	3,936
Acquisition of Woods Park		**—**	(14,711)
Purchase of intangible assets	7	**(535)**	(497)
Amounts received from construction funding	5	**889**	2,098
Interest received	10	**418**	376
Investment in joint ventures	20	**(917)**	—
Distributions received from joint ventures	20	**1,750**	500
Change in restricted cash		**(58)**	(41)
Cash used in investing activities		**(18,761)**	(18,363)
FINANCING ACTIVITIES			
Repayment of long-term debt	9	**(5,231)**	(44,685)
Proceeds from long-term debt	9	**6,000**	57,083
Deferred financing costs		**(113)**	(2,273)
Dividends paid	12	**(17,074)**	(17,068)
Cash used in financing activities		**(16,418)**	(6,943)
Increase (decrease) in cash and cash equivalents during the period		**1,311**	(7,611)
Cash and cash equivalents, beginning of period		**24,404**	38,050
Cash and cash equivalents, end of period		**25,715**	30,439

See accompanying notes.

1 Organization

Sienna Senior Living Inc. (the "**Company**") and its predecessors have been operating since 1972. The Company is a seniors' living provider serving the continuum of independent living ("**IL**"), independent supportive living ("**ISL**"), assisted living ("**AL**"), memory care ("**MC**") and long-term care ("**LTC**" or "**Long-term Care**") through the ownership and operation of seniors' living residences in the Provinces of British Columbia, Saskatchewan, and Ontario. As at March 31, 2024, the Company owns and operates a total of 82 seniors' living residences: 40 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 March 31, 2024, the Company had outstanding 72,967,166 common shares.

2 Basis of preparation

These unaudited condensed interim consolidated financial statements ("**interim consolidated financial statements**") have been prepared in accordance with International Accounting Standard ("**IAS**") 34, *Interim Financial Reporting*. The interim consolidated financial statements should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended December 31, 2023, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

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

Restatement of prior period figures in Note 7 Intangible Assets

The Company retrospectively derecognized certain fully amortized resident relationships and service contracts that no longer have future economic benefits as at December 31, 2023. The derecognition reduced each of cost and accumulated amortization by $170,871, with no impact to net book value of intangible assets. The restatement is limited to Note 7, and has no impact elsewhere on these interim consolidated financial statements.

The interim consolidated financial statements were approved by the Board of Directors for issuance on May 9, 2024.

3 Summary of material accounting policy information and significant judgments and estimates

In preparing these condensed interim consolidated financial statements, the accounting policies utilized are consistent with those utilized in the preparation of the annual audited consolidated financial statements for the year ended December 31, 2023, except for the amendments described in the rest of Note 3.

Adoption of new and amended accounting pronouncements

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2024. Effective January 1, 2024, the Company adopted these requirements. The application of this amendment did not have a material impact on the Company's condensed interim consolidated financial statements.

Amendments to IAS 1 Presentation of Financial Statements— Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

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

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2024. Effective January 1, 2024, the Company adopted these requirements. The application of this amendment did not have a material impact on the Company's condensed interim consolidated financial statements.

4 Financial instruments

The following financial instruments are measured at amortized cost and the corresponding fair values as at March 31, 2024 and December 31, 2023 are disclosed in the table below:

	As at March 31, 2024		As at December 31, 2023	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Current and long-term portion of construction funding receivable	**7,960**	**7,481**	8,771	8,364
Financial Liabilities				
Current and long-term portion of debt	**1,008,067**	**984,179**	1,006,649	971,609

Liquidity risk

Liquidity risk is the risk the Company may encounter difficulties in meeting its obligations associated with financial liabilities and commitments. The Company has credit agreements in place related to its long-term debt. These credit agreements contain a number of standard financial and other covenants. The Company was in compliance with all covenants on its borrowings as at March 31, 2024. A failure by the Company to comply with the obligations in these credit agreements could result in a default that, if not rectified or waived, could permit acceleration of the relevant indebtedness.

As at March 31, 2024, the Company had negative working capital (current assets less current liabilities) of $474,990 (December 31, 2023 - $447,761), which is primarily related to the principal amount of maturing debt of $276,022. To support the Company's working capital deficiency, the Company has available cash from operations, access to multiple sources of financing, and a history of successfully refinancing debt.

5 Construction funding receivable

As at March 31, 2024, the Company is eligible to receive funding from the Government of Ontario of approximately $7,960 (December 31, 2023 - $8,771) related to the costs of developing or redeveloping eligible LTC residences. The receipt of this funding is subject to the condition that the residences continue to operate as long-term care residences for the period for which the residences are entitled to the construction funding. As at March 31, 2024, the condition for the funding has been met.

As at March 31, 2024, the weighted average remaining term of the construction funding is approximately 9.5 years. The fair value of the construction funding receivable is determined by discounting the expected future cash flows of the receivable using the applicable Government of Ontario bond rates.

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

The following table summarizes the construction funding activity:

As at January 1, 2023	14,662
Add: Interest income earned	432
Less: Construction funding payments received	(6,323)
As at December 31, 2023	8,771
Add: Interest income earned	78
Less: Construction funding payments received	(889)
As at March 31, 2024	**7,960**
Less: Current portion	(2,080)
Long-term receivable	5,880

6 Property and equipment

	Land	Buildings	Furniture and fixtures	Automobiles	Computer hardware	Circulating equipment	Construction in progress	Right-of-use building and equipment[1]	Total
Cost									
As at January 1, 2024	136,615	1,261,559	89,048	2,698	19,235	1,350	46,679	6,174	1,563,358
Additions [2]	—	1,104	1,700	53	326	9	17,116	—	20,308
As at March 31, 2024	136,615	1,262,663	90,748	2,751	19,561	1,359	63,795	6,174	1,583,666
Accumulated depreciation									
As at January 1, 2024	—	370,267	58,310	1,795	12,917	1,222	100	2,298	446,909
Charges for the period	—	8,821	2,294	74	443	10	—	196	11,838
As at March 31, 2024	—	379,088	60,604	1,869	13,360	1,232	100	2,494	458,747
Net Book Value									
As at December 31, 2023	136,615	891,292	30,738	903	6,318	128	46,579	3,876	1,116,449
As at March 31, 2024	**136,615**	**883,575**	**30,144**	**882**	**6,201**	**127**	**63,695**	**3,680**	**1,124,919**

(1) Includes right-of-use building and related accumulated depreciation of $4,227 and $2,037, respectively (December 31, 2023 - $4,227 and $1,939, respectively), and the right-of-use equipment and related accumulated depreciation of $1,947 and $457, respectively (December 31, 2023 - $1,947 and $359, respectively).

(2) Includes government-funded capital expenditures for the period ended March 31, 2024 of $7,918 (2023 - $6,134), reduced by related government funding for the period ended March 31, 2024 of $7,918 (2023 - $6,134). Included in the $6,134 is $2,198 of eligible capital expenditures incurred in 2022 for which government funding was applied in the three months ended March 31, 2023.

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

7 Intangible assets

	Indefinite life	Finite life			
	Licences	Resident relationships	Service contracts	Computer software	Total
Cost					
At January 1, 2023	188,569	164,393	10,968	17,445	381,375
Acquisition of Nicola	3,851	437	—	—	4,288
Derecognition [(1)]	—	(164,393)	(6,478)	—	(170,871)
Additions	—	—	—	2,327	2,327
At December 31, 2023	192,420	437	4,490	19,772	217,119
Additions	—	—	—	535	535
At March 31, 2024	**192,420**	**437**	**4,490**	**20,307**	**217,654**
Accumulated amortization					
At January 1, 2023	1,426	164,393	10,968	12,303	189,090
Derecognition [(1)]	—	(164,393)	(6,478)	—	(170,871)
Charges for the year	—	—	—	1,700	1,700
At December 31, 2023	1,426	—	4,490	14,003	19,919
Charges for the period	—	36	—	325	361
At March 31, 2024	**1,426**	**36**	**4,490**	**14,328**	**20,280**
Net book value					
At December 31, 2023	190,994	437	—	5,769	197,200
At March 31, 2024	**190,994**	**401**	**—**	**5,979**	**197,374**

[(1)] Relates to fully amortized resident relationships and service contracts as at December 31, 2023.

8 Accounts payable and other liabilities

	March 31, 2024	December 31, 2023
Accounts payable and other liabilities	**58,739**	53,325
Accrued wages and benefits	**77,602**	72,207
Accrued interest payable	**4,175**	5,224
Dividends payable (Note 13)	**5,691**	5,690
Restructuring provision [(1)]	**90**	181
Total	**146,297**	136,627

[(1)] In 2022, the Company announced the closure of one of its LTC residences and recognized a corresponding restructuring provision. During the three months ended March 31, 2024, the Company utilized $91 from the provision.

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

9 Long-term debt

	Interest rate	Maturity date	March 31, 2024	December 31, 2023
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
Credit facilities	Floating	March 19, 2027	**31,000**	25,000
Mortgages at fixed rates	1.65% - 5.80%	2023-2041	**426,633**	430,655
Mortgages at variable rates	Floating	2023-2029	**110,942**	112,151
Lease liability	2.58% - 3.83%	2023-2029	**3,952**	4,131
			1,022,527	1,021,937
Fair value adjustments on acquired debt			**1,800**	1,792
Less: Deferred financing costs			**(16,260)**	(17,080)
Total debt			**1,008,067**	1,006,649
Less: Current portion			**(276,022)**	(248,496)
			732,045	758,153

Credit facilities

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

	March 31, 2024	December 31, 2023
Credit facilities available	**308,500**	308,500
Amounts drawn under credit facilities	**(31,000)**	(25,000)
Utilized for letters of credit (Note 21)	**(589)**	(589)
Remaining available balance under credit facilities	**276,911**	282,911

Mortgages

The following table summarizes the scheduled maturities of the Company's property-level mortgages as at March 31, 2024:

	Mortgages			
Year	Regular principal payments	Principal due at maturity	Total	% of Total
2024	15,460	80,172	**95,632**	17.8 %
2025	15,727	41,112	**56,839**	10.6 %
2026	16,028	—	**16,028**	3.0 %
2027	15,481	35,115	**50,596**	9.4 %
2028	10,730	125,154	**135,884**	25.3 %
2029	6,729	—	**6,729**	1.2 %
2030	6,698	9,230	**15,928**	2.9 %
Thereafter	31,707	128,232	**159,939**	29.8 %
	118,560	419,015	**537,575**	100.0 %

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

10 Net finance charges

	Three months ended March 31, 2024	2023
Finance costs		
Interest expense on mortgages	**6,051**	5,071
Interest expense on debentures	**3,544**	3,508
Interest on unsecured term loan	**—**	789
Interest expense on credit facilities	**735**	686
Interest expense on right-of-use assets	**38**	27
Amortization of financing charges and fair value adjustments on acquired debt	**941**	793
Net settlement receipt on interest rate swap contracts	**(699)**	(770)
Fair value (gain) loss on interest rate swap contracts	**(307)**	1,087
	10,303	11,191
Finance income		
Interest income on construction funding receivable	**78**	146
Other interest income	**418**	376
	496	522
Net finance charges	**9,807**	10,669

11 Income taxes

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

	Three months ended March 31, 2024	2023
Income (loss) before provision for (recovery of) income taxes	**26,957**	(261)
Canadian combined income tax rate	**26.59 %**	26.57 %
Income tax expense (recovery)	**7,168**	(69)
Adjustments to income tax provision:		
Non-deductible items	**60**	60
Other items	**—**	88
Provision for income taxes	**7,228**	79

The following are the deferred tax assets (liabilities) recognized by the Company and movements thereon during the three months ended March 31, 2024:

	Depreciable tangible and intangible assets	Share issuance	Construction funding interest	Other	Total
As at January 1, 2023	(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)
Credit (charge) to net income	114	(59)	(20)	629	664
As at March 31, 2024	**(51,997)**	**660**	**520**	**2,166**	**(48,651)**

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

12 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, 2023	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
Long-term incentive plan, net of loans receivable	—	6
Balance, March 31, 2024	**72,967,166**	**964,849**

For the three months ended March 31, 2024, the weighted average of total shares outstanding was 72,967,166 (2023 - 72,939,941).

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 (loss) per share

Net income (loss) per share is calculated using the weighted average number of common shares outstanding for the three months ended March 31, 2024.

13 Dividends

For the three months ended March 31, 2024, the Company paid monthly dividends of $0.078 per common share totaling $17,074 (2023 - $17,068). Dividends payable of $5,691 are included in accounts payable and other liabilities as at March 31, 2024 (December 31, 2023 - $5,690). Subsequent to March 31, 2024, the Board of Directors declared dividends of $0.078 per common share for April 2024 totaling $5,691.

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

14 Share-based compensation

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

Total expenses related to the RSUP for the three months ended March 31, 2024 were $1,631 (2023 - $358), including mark-to-market adjustments and net of forfeitures, which were recognized in administrative expenses. During the three months ended March 31, 2024, 58,252 RSUs vested (2023 - 1,324) and were settled in cash, resulting in a decrease of $719 to the share-based compensation liability (2023 - $132). The total liability recorded as part of the share-based compensation liability as at March 31, 2024 was $3,347 (December 31, 2023 - $2,435).

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

	Number of RSUs
Outstanding, January 1, 2023	269,657
Granted	235,265
Forfeited	(54,855)
Dividends reinvested & forfeiture	28,192
Settled in cash	(25,121)
Outstanding, December 31, 2023	453,138
Granted	225,471
Forfeited	(13,125)
Dividends reinvested & forfeiture	6,309
Settled in cash	(58,252)
Outstanding, March 31, 2024	**613,541**

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

Total expenses related to the DSUP for the three months ended March 31, 2024 were $504 (2023 - $157), including mark-to-market adjustments, which were recognized in administrative expenses. During the three months ended March 31, 2024, 17,691 RSUs vested (2023 - nil) and were settled in cash, resulting in a decrease of $235 to the share-based compensation liability (2023 - $nil). The total liability recorded related to the DSUP as a part of the share-based compensation liability as at March 31, 2024 was $2,321 (December 31, 2023 - $2,052). The value of each deferred share unit is measured at each reporting date and is equivalent to the fair value of a common share at the reporting date.

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

	Number of RSUs
Outstanding, January 1, 2023	461,635
Granted	46,639
Forfeited	(505)
Dividends reinvested & forfeiture	39,765
Settled in cash	(368,943)
Outstanding, December 31, 2023	178,591
Granted	8,761
Dividends reinvested & forfeiture	3,311
Settled in cash	(17,691)
Outstanding, March 31, 2024	**172,972**

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

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

Total expenses related to the EDSUP for the three months ended March 31, 2024 were $387 (2023 - $175), including mark-to-market adjustments, which were recognized in administrative expenses. During the three months ended March 31, 2024, 4,193 EDSUs vested (2023 - 19,813) and settled in cash, resulting in a decrease of $56 to share-based compensation liability (2023 - $172). The total liability recorded related to the EDSUP as a part of the share-based compensation liability as at March 31, 2024 was $1,489 (December 31, 2023 - $1,158). The value of each vested EDSU is measured at each reporting date and is equivalent to the fair value of a common share of the Company at the reporting date.

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

	Number of EDSUs
Outstanding, January 1, 2023	124,693
Granted	20,369
Forfeited	(2,092)
Dividends reinvested & forfeiture	10,229
Settled in cash	(19,813)
Outstanding, December 31, 2023	133,386
Forfeited	(662)
Dividends reinvested & forfeiture	2,139
Settled in cash	(4,193)
Outstanding, March 31, 2024	**130,670**

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

Share-based compensation expense, under Notes 15 and 17, includes a fair value (gain) loss on Total Return Swap contracts for the three months ended March 31, 2024 of $(1,186) (2023 - $101) and mark-to-market expense (recovery) on share-based compensation liability for the three months ended March 31, 2024 of $1,687 (2023 - $(114)).

15 Key management compensation

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

	Three months ended March 31,	
	2024	2023
Salaries and short-term employee benefits	**1,925**	1,217
Share-based compensation expense (Note 14)	**1,011**	662
	2,936	1,879

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

16 Economic dependence

The Company holds licences related to each of its LTC residences and receives funding from the applicable health authorities related to those licences, which are included in revenues. In addition, the Company has received government assistance to support pandemic related expenses for LTC and Retirement Residences which is recorded against operating expenses. Funding for incremental COVID-19 costs is provided in addition to ongoing long-term care funding, all of which are subject to periodic reconciliations with the regulatory authorities. Funding for incremental COVID-19 costs is required to be spent entirely on resident care, with any excess amounts not allocated to direct resident care or pandemic expenses required to be returned to the regulatory authorities. During the three months ended March 31, 2024, the Company received approximately $136,967 (2023 - $128,705) in respect of these licences and pandemic related funding.

Approximately 76% and 64% (2023 - 79% and 60%) 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.

17 Administrative expenses

	Three months ended March 31,	
	2024	2023
General and administrative expenses	**7,913**	6,969
Restructuring costs [1]	—	592
Share-based compensation expense	**1,336**	791
Pandemic related expenses	—	20
Total administrative expenses	**9,249**	8,372

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

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

18 Expenses and other items by category

	Three months ended March 31,	
	2024	2023
Salaries, benefits and people costs	**126,796**	111,310
Depreciation and amortization	**12,199**	12,368
Food	**9,011**	8,505
Purchased services and non-medical supplies	**7,934**	6,623
Property taxes	**3,456**	3,673
Utilities	**5,705**	6,206
Share of net loss in joint ventures	**3,012**	2,541
Net finance charges	**9,807**	10,669
Share-based compensation expense	**1,336**	791
Transaction costs	**410**	774
Restructuring costs	—	592
Other [1]	**24,327**	27,893
Total expenses before net pandemic expenses	**203,993**	191,945
Pandemic labour	—	8,232
Other pandemic related expenses	—	1,759
Government assistance	—	(9,621)
Net pandemic expenses [2]	—	370
Total expenses and other items	**203,993**	**192,315**

(1) Other expenses primarily relates to maintenance and equipment expenses, supplies, professional fees and insurance.

(2) Effective January 1, 2024, the Company began classifying all funding that started during the pandemic and continued to-date as revenue, instead of presenting them as net pandemic expenses. This is considering the World Health Organization has downgraded the global health emergency in 2023 and the pandemic funding is continuing based on the latest information on the government's budget. With these two points, the Company views the pandemic funding as ordinary business income and no longer temporary in nature. The corresponding expenses are included in the respective expense categories above.

19 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 Ventures**" column shows the adjustments to account for Sienna-Sabra LP and Sienna-RSH Niagara Falls 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 40 RRs, of which five retirement residences are located in Saskatchewan, four of which are located in British Columbia and 31 of which are located in Ontario, and the RR management services business;
- LTC - this segment consists of 34 LTC residences located in Ontario, eight seniors' living residences located in British Columbia and the LTC management services business; and
- Corporate, Eliminations and Other - this segment represents the results of head office, intercompany eliminations and other items that are not allocated to the segments.

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

	Three months ended March 31, 2024				
	Retirement [1]	LTC	Corporate, eliminations and other	Adjustments for Joint Ventures [4]	Total
Gross revenue	53,251	190,083	17,866	(8,434)	252,766
Less: Internal revenue	—	(3,950)	(17,866)	—	(21,816)
Net revenue	53,251	186,133	—	(8,434)	230,950
Operating expense, net of government assistance [2]	35,501	140,394	—	(6,579)	169,316
Depreciation and amortization	9,855	5,869	845	(4,370)	12,199
Administrative expense [2]	—	—	9,249	—	9,249
Share of net loss in joint ventures	—	—	—	3,012	3,012
Finance costs	4,498	1,730	4,585	(510)	10,303
Finance income	(13)	(144)	(352)	13	(496)
Transaction costs	—	161	249	—	410
Provision for income taxes	—	—	7,228	—	7,228
Net income (loss)	3,410	38,123	(21,804)	—	19,729
Purchase of property and equipment [3]	9,265	10,823	220	—	20,308
Purchase of intangible assets	—	—	535	—	535

(1) For the three months ended March 31, 2024, the Retirement segment recognized accommodation revenues of $25,028 and service revenues of $28,223.
(2) Includes net pandemic expense of $nil.
(3) Includes government-funded capital expenditures for the three months ended March 31, 2024 of $7,918.
(4) Adjustments to present Sienna-Sabra LP and Sienna-RSH Niagara Falls LP using the equity method, as applied in the condensed interim consolidated financial statements.

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

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

(1) For the three months ended March 31, 2023, the Retirement segment recognized accommodation revenues of $24,216 and service revenues of $25,205.
(2) Includes net pandemic expense (recovery) of ($156) for Retirement, $506 for LTC and $20 for corporate, eliminations and other.
(3) Includes pandemic capital expenditures for the three months ended March 31, 2023 of $6,134, which were fully funded by government related assistance. Also includes purchase price allocation of $26,300 from the acquisition of Woods Park
(4) Adjustments to present Sienna-Sabra LP using the equity method, as applied in the condensed interim consolidated financial statements.

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

	As at March 31, 2024				
	Retirement	**LTC**	**Corporate, eliminations and other**	**Adjustments for Joint Venture [1]**	**Total**
Total assets	**899,310**	**836,456**	**24,649**	**(60,332)**	**1,700,083**

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

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

	As at March 31, 2024				
	Retirement	**LTC**	**Corporate, eliminations and other**	**Adjustments for Joint Venture [1]**	**Total**
Total liabilities	**441,420**	**372,113**	**570,450**	**(60,332)**	**1,323,651**

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

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

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

20 Joint arrangements

A joint arrangement can be a joint venture or a joint operation. In a joint venture, the parties that have joint control of the arrangement have the rights to the net assets of the arrangement. In a joint operation, the parties that have joint control of the arrangement have the rights to the assets, and obligations for the liabilities, relating to the arrangement. The following are the Company's joint arrangements as at March 31, 2024:

Joint Arrangements	Number of properties	Sienna ownership	Joint arrangement type	Accounting treatment	Investment in joint venture balance as at March 31, 2024	Share of net loss from joint venture for the three months ended March 31, 2024
Sienna-RSH Niagara Falls LP [1]	1	70%	Joint venture	Equity	5,924	(880)
Sienna-Sabra LP	12	50%	Joint venture	Equity	135,895	(2,132)
Sienna Baltic Development LP [2]	2	70%/77%	Joint operation	Proportionate	N/A	N/A
					141,819	(3,012)

[1] Sienna-RSH Niagara Falls LP owns 70% of Elgin Falls Retirement Community.

[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, which began operating in Q1 2024. 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, 2024	5,887
Contributions to joint venture	917
Share of net loss in joint venture	(880)
Investment in joint venture as at March 31, 2024	**5,924**

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

Statements of Financial Position of Joint Venture	**March 31, 2024**	December 31, 2023
Current assets	**1,538**	609
Long-term assets	**46,874**	41,832
Total assets	**48,412**	42,441
Current liabilities	**2,169**	1,595
Long-term liabilities	**37,780**	32,436
Total liabilities	**39,949**	34,031
Net assets	**8,463**	8,410
Sienna's share of net investment in joint venture (70%)	**5,924**	5,887

	Three months ended	
Statements of Net Income of Joint Venture	**March 31, 2024**	March 31, 2023
Revenue	**231**	—
Expenses and other items		
Operating expenses	**790**	—
Depreciation and amortization	**241**	—
Net finance charges	**457**	—
	1,488	
Net loss	**(1,257)**	—
Sienna's share of net loss in joint venture (70%)	**(880)**	—

*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 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, 2024	139,777
Distribution received from joint venture	(1,750)
Share of net loss in joint venture	(2,132)
Investment in joint venture as at March 31, 2024	**135,895**

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

Statements of Financial Position of Joint Venture	**March 31, 2024**	December 31, 2023
Current assets	**8,461**	8,403
Long-term assets	**316,217**	322,969
Total assets	**324,678**	331,372
Current liabilities	**8,991**	7,416
Long-term liabilities	**43,898**	44,403
Total liabilities	**52,889**	51,819
Net assets	**271,789**	279,553
Sienna's share of net investment in joint venture (50%)	**135,895**	139,777

	Three months ended	
Statements of Net Income of Joint Venture	**March 31, 2024**	March 31, 2023
Revenue	**16,545**	15,115
Expenses and other items		
Operating expenses	**12,052**	11,422
Depreciation and amortization	**8,402**	8,318
Net finance charges	**354**	382
Transaction costs	**—**	75
	20,808	20,197
Net loss	**(4,263)**	(5,082)
Sienna's share of net loss in joint venture (50%)	**(2,132)**	(2,541)

Related party transactions occur between Sienna and its joint ventures. These related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to between the related parties. Except as disclosed elsewhere in these annual consolidated financial statements, the related party balances are included in accounts receivable and payable, and in management fee revenue, as applicable. As of March 31, 2024, $1,345 (December 31, 2023 - $919) of the Company's accounts receivable related to its investments in joint ventures. For the three months ended March 31, 2024, $384 (2023 - $292) of the Company's management fees related to its investment in joint ventures.

Joint operations

Sienna Baltic Development LP

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

The following tables outline the net assets and net income for Nicola Lodge and Glenmore Lodge, and the Company's share of 70% of Nicola Lodge and 77% of Glenmore Lodge that has been recognized in the consolidated financial statements.

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

Statements of Financial Position of Joint Operation	**March 31, 2024**	December 31, 2023
Current assets	**11,509**	10,650
Long-term assets	**102,180**	103,018
Total assets	**113,689**	113,668
Current liabilities	**12,102**	13,557
Long-term liabilities	**58,131**	58,603
Total liabilities	**70,233**	72,160
Net assets	**43,456**	41,508
Sienna's share of net assets	**31,133**	29,664

As at March 31, 2024, the Company's share of net assets in Nicola Lodge and Glenmore Lodge was $23,513 and $7,620, respectively (December 31, 2023 - $23,175 and $6,489, respectively).

	Three months ended	
Statements of Net Income of Joint Operation	**March 31, 2024**	March 31, 2023
Revenue	**12,851**	10,435
Expenses and other items		
Operating, net	**8,314**	7,936
Depreciation and amortization	**912**	650
Net finance charges	**608**	657
Net income	**3,017**	1,192
Sienna's share of net income	**2,241**	604

For the three months ended March 31, 2024, the Company's share of net income in Nicola Lodge and Glenmore Lodge was $880 and $1,361, respectively (2023 - $340 and $264, 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. The second closing will be between November 2024 and March 2026, at the Company's discretion.

21 Commitments and contingencies

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

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

As at March 31, 2024, the Company was contingently liable for letters of credit in the amount of $589 (December 31, 2023 - $589).

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.

On January 21, 2022, the Superior Court of Justice (the "**Court**") made an order consolidating six proposed class actions in the form ordered by the Court. The aggregate amount of damages claimed in the consolidated claim against the Company is $260,000.

On March 7, 2024, the Court issued its decision certifying the consolidated claim against the Company on the terms set out in the decision, namely only in respect of the Ontario long term care homes owned by the Company and with a gross negligence cause of action.

The Company intends to continue to vigorously defend itself against the consolidated claim. As of the date hereof, the Company is seeking leave to appeal certain terms of the certification decision from the Court.

Given the status of the proceedings, management is unable to assess the potential impact of the consolidated claim on the Company's financial results, and accordingly no provision has been recorded in the consolidated financial statements as at March 31, 2024.

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 March 31, 2024.

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