Consolidated Financial Statements

Q1 2021 Report to Shareholders

Condensed Interim Consolidated Financial Statements

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited):

Condensed Interim Consolidated Statements of Financial Position (Unaudited)

Thousands of Canadian dollars

	Notes	**March 31, 2021**	December 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents		**28,608**	95,677
Accounts receivable and other assets		**17,179**	18,092
Prepaid expenses and deposits		**6,821**	6,950
Government funding receivable	5	**20,563**	5,732
Construction funding receivable	5, 7	**9,313**	9,667
Interest rate swap contracts	5	**22**	—
Income taxes receivable		**4,353**	7,503
		86,859	143,621
Non-current assets			
Government funding receivable	5	**10,413**	908
Interest rate swap contracts	5	**95**	—
Restricted cash	6	**3,683**	3,411
Construction funding receivable	5, 7	**23,978**	26,331
Investment in joint venture	22	**4,779**	2,323
Property and equipment	8	**1,122,803**	1,132,071
Intangible assets	9	**196,081**	201,798
Goodwill		**167,666**	167,666
Total assets		**1,616,357**	1,678,129
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10	**119,176**	108,692
Government funding payable	5	**12,719**	18,540
Current portion of long-term debt	5, 11	**141,730**	135,707
Interest rate swap contracts	5	**1,496**	2,226
		275,121	265,165
Non-current liabilities			
Long-term debt	5, 11	**823,143**	896,917
Deferred income taxes	13	**48,707**	47,985
Government funding payable	5	**13,503**	2,671
Share-based compensation liability	16	**8,627**	9,682
Interest rate swap contracts	5	**4,882**	8,267
Total liabilities		**1,173,983**	1,230,687
EQUITY			
Shareholders' equity		**442,374**	447,442
Total equity		**442,374**	447,442
Total liabilities and equity		**1,616,357**	1,678,129

Contingencies (Note 4)

See accompanying notes.

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

"Dino Chiesa"	*"Janet Graham"*
Dino Chiesa	Janet Graham
Chair and Director	Director

Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited)

Thousands of Canadian dollars

	Notes	**Share capital**	**Contributed surplus**	**Shareholders' deficit**	**Accumulated other comprehensive income (loss)**	**Total shareholders' equity**
Balance, January 1, 2021		**878,516**	**203**	**(431,277)**	**—**	**447,442**
Issuance of shares	14	**—**	**—**	**—**	**—**	**—**
Net income		**—**	**—**	**10,143**	**—**	**10,143**
Other comprehensive loss		**—**	**—**	**—**	**—**	**—**
Long-term incentive plan	14	**151**	**—**	**—**	**—**	**151**
Share purchase loan	14	**325**	**—**	**—**	**—**	**325**
Dividends	14, 15	**—**	**—**	**(15,687)**	**—**	**(15,687)**
Balance, March 31, 2021		**878,992**	**203**	**(436,821)**	**—**	**442,374**

	Notes	Share capital	Contributed surplus	Shareholders' deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
Balance, January 1, 2020		875,051	203	(344,058)	(711)	530,485
Issuance of shares	14	3,393	—	—	—	3,393
Net loss		—	—	(2,496)	—	(2,496)
Other comprehensive income		—	—	—	152	152
Long-term incentive plan	14	12	—	—	—	12
Share purchase loan	14	7	—	—	—	7
Dividends	14, 15	—	—	(15,671)	—	(15,671)
Balance, March 31, 2020		878,463	203	(362,225)	(559)	515,882

See accompanying notes.

Condensed Interim Consolidated Statements of Operations
(Unaudited)

Thousands of Canadian dollars, except share and per share data

	Notes	Three months ended March 31, 2021	2020
Revenue	18, 21	**161,228**	165,627
Expenses			
Operating, net	4	**116,961**	129,116
Depreciation and amortization		**17,349**	19,332
Administrative	19	**8,311**	2,730
Share of net loss in joint venture	22	**8**	44
	20	**142,629**	151,222
Income before net finance charges, transaction costs and provision for (recovery of) income taxes		**18,599**	14,405
Net finance charges	12	**4,238**	16,781
Transaction costs		**516**	1,013
Total net finance charges and transaction costs		**4,754**	17,794
Income (loss) before provision for (recovery of) income taxes		**13,845**	(3,389)
Provision for (recovery of) income taxes			
Current		**2,980**	1,537
Deferred		**722**	(2,430)
	13	**3,702**	(893)
Net income (loss)		**10,143**	(2,496)
Net income (loss) per share	14	**$0.15**	($0.04)
Weighted average number of common shares outstanding	14	**67,039,123**	66,940,538

See accompanying notes.

Condensed Interim Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

Thousands of Canadian dollars

		Three months ended March 31,	
	Notes	**2021**	2020
Net income (loss)		**10,143**	(2,496)
Other comprehensive income			
Items that may be subsequently reclassified to the consolidated statements of operations:			
Amortization of loss on bond forward contracts, net of tax		—	152
Total comprehensive income (loss)		**10,143**	(2,344)

See accompanying notes.

Thousands of Canadian dollars

	Notes	Three months ended March 31, 2021	2020
OPERATING ACTIVITIES			
Net income (loss)		**10,143**	(2,496)
Add (deduct) items not affecting cash			
Depreciation of property and equipment	8	**11,437**	10,950
Amortization of intangible assets	9	**5,912**	8,382
Current income tax expense		**2,980**	1,537
Deferred income tax expense (recovery)		**722**	(2,430)
Share of net loss in joint venture	22	**8**	44
Share-based compensation expense (recovery)	16	**306**	(3,001)
Net finance charges	12	**4,238**	16,781
Gain on disposal of property and equipment	8	**—**	(102)
		35,746	29,665
Non-cash changes in working capital			
Accounts receivable and other assets		**1,436**	(1,466)
Prepaid expenses and deposits		**129**	(1,105)
Accounts payable and accrued liabilities		**8,806**	(4,816)
Government funding, net		**(44,944)**	1,114
		(34,573)	(6,273)
Interest paid on long-term debt		**(7,366)**	(10,241)
Net settlement payment on interest rate swap contracts		**(704)**	(83)
Income taxes refunded (paid)		**169**	(1,800)
Government assistance related to pandemic expenses	4	**25,619**	2,550
Cash provided by operating activities		**18,891**	13,818
INVESTING ACTIVITIES			
Purchase of property and equipment	4, 8	**(11,174)**	(2,281)
Government assistance related to pandemic capital expenditures	8	**9,005**	—
Proceeds from disposal of property and equipment	8	**—**	861
Purchase of intangible assets	9	**(195)**	(111)
Amounts received from construction funding	7	**3,060**	3,158
Interest received from cash	12	**246**	199
Investment in joint venture	22	**(2,464)**	(2,405)
Change in restricted cash	6	**(272)**	(61)
Cash used in investing activities		**(1,794)**	(640)
FINANCING ACTIVITIES			
Repayment of long-term debt	11	**(68,442)**	(62,301)
Proceeds from long-term debt	11	**—**	104,112
Deferred financing costs		**(37)**	(803)
Change in principal reserve fund		**—**	(1,716)
Dividends paid	15	**(15,687)**	(12,264)
Cash (used in) provided by financing activities		**(84,166)**	27,028
(Decrease) increase in cash and cash equivalents during the period		**(67,069)**	40,206
Cash and cash equivalents, beginning of period		**95,677**	20,776
Cash and cash equivalents, end of period		**28,608**	60,982

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 and Ontario. As at March 31, 2021, the Company owns and operates a total of 70 seniors' living residences: 27 retirement residences ("**RRs**" or "**Retirement Residences**"); 35 LTC residences; and eight seniors' living residences providing both private-pay IL and AL and funded LTC (including the Company's joint ownership in two residences in British Columbia). The Company also provides management services to 13 seniors' living residences in British Columbia and Ontario.

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

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

As at March 31, 2021, the Company had outstanding 67,039,123 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, 2020, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

The interim consolidated financial statements were approved by the Board of Directors on May 12, 2021.

3 Summary of significant accounting policies, judgments and estimation uncertainty

In preparing these interim consolidated financial statements, the accounting policies utilized are consistent with those utilized in the preparation of the annual audited consolidated financial statements for the year ended December 31, 2020.

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

4 Impact of COVID-19 on the Company

For over a year, we have taken critical steps to fight the pandemic while providing the best quality of care for our seniors and preparing for new and evolving challenges.

We enhanced our healthcare expertise, established a Quality Committee that includes members of Sienna's Board of Directors, secured a robust supply of personal protective equipment and reinforced our infection prevention and control practices. We also put in place a pandemic staffing strategy and increased frontline staffing, joined the Seniors Quality Leap Initiative to benchmark best practices in the sector and strengthened communications with our key stakeholders. In addition, our vaccination task force has been supporting the roll-out of vaccines across all of our residences in Ontario and British Columbia.

Sienna continues to incur an increased level of expenses to support the costs of fighting the pandemic and minimizing the impact of outbreaks. The following table summarizes the government assistance and expenses related to the COVID-19 pandemic in the Retirement and LTC business segments, which are recognized net in the Company's operating expenses, in its interim consolidated statement of operations. Other corporate pandemic expenses are recognized in administrative expenses in the interim consolidated statement of operations.

	Three months ended March 31, 2021				Three months ended March 31, 2020
Thousands of Canadian dollars	**Retirement**	**LTC**	**Administrative**	**Total**	Total
Government assistance - temporary pandemic pay	521	4,824	—	5,345	—
Government assistance	1,438	35,285	—	36,723	810
Total government assistance	**1,959**	**40,109**	**—**	**42,068**	810
Pandemic labour - temporary pandemic pay	521	4,824	—	5,345	—
Pandemic labour	1,592	19,260	—	20,852	547
Personal protective equipment	377	1,704	—	2,081	280
Other	201	2,562	1,120	3,883	118
Total pandemic expenses	**2,691**	**28,350**	**1,120**	**32,161**	945
Total net pandemic (recovery) expenses	**732**	**(11,759)**	**1,120**	**(9,907)**	135

During the three months ended March 31, 2021, the Government of Ontario announced additional pandemic funding to support long-term care homes with infection prevention and containment efforts for the period April 1, 2020 to December 31, 2020. The Company received $15,342 as part of this funding in Q1 2021 to cover a portion of the pandemic expenses incurred in excess of available funding during the year ended December 31, 2020, which resulted in a net pandemic recovery of $11,759 in the LTC segment during the three months ended March 31, 2021.

In addition, for the three months ended March 31, 2021, the Company has recognized pandemic capital expenditures in its interim consolidated statements of financial position of $9,422 (2020 - $nil), reduced by related government assistance of $9,005 (2020 - $nil) which have not been included in the table above.

Funding for incremental COVID-19 costs is provided in addition to the ongoing long-term care funding for nursing and personal care, programming, food and accommodation, all of which are subject to annual reconciliation in Ontario. With the exception of accommodation, all funding is "flow-through" funding required to be spent entirely on residents, with any excess amounts not allocated to direct resident care or pandemic expenses required to be returned to the Ministry of Long Term Care.

Rent collections from resident payments since COVID-19 up to the month of March 2021 have remained similar to past experience, with no significant change to the Company's expected credit losses.

The Company and its consolidated subsidiaries are defendants in various actions and proceedings.

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

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

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

None of these claims have been certified as a class action. The Company is currently reviewing the proposed class actions and will respond in due course through the appropriate court process. Given the status of the proceedings, management is unable to assess the potential impact of any of these proposed class actions on the Company’s financial results, if any.

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.

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5 Financial instruments

Fair value of financial instruments

The Company uses a fair value hierarchy to categorize the type of valuation techniques from which fair values are derived. Financial instruments are valued using unadjusted quoted prices in active markets for identical assets or liabilities (Level 1), inputs that are observable for the assets or liabilities either directly or indirectly (Level 2) and inputs for assets or liabilities that are not based on observable market data (Level 3). Interest rate swap contracts and total return swap contracts are carried at fair value through profit or loss and are considered to be Level 2 instruments. The carrying value of the government funding receivables and payables approximates fair value. The fair value of the lease liability is determined by discounting the cash flows using applicable Level 3 inputs based on the Company's interest rate assumptions and the residual lease term.

The following financial instruments are at amortized cost and the fair value is disclosed as follows as at March 31, 2021 and December 31, 2020:

	As at March 31, 2021		As at December 31, 2020	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets:				
Construction funding receivable	**33,291**	**34,889**	35,998	38,337
Financial Liabilities:				
Current and long-term portion of debt	**964,873**	**989,025**	1,032,624	1,064,913

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, 2021. 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, 2021, the Company had negative working capital (current liabilities less current assets) of $188,262 (December 31, 2020 - $121,544), with the increase primarily due to the $63,000 repayment of the credit facilities. 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.

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

6 Restricted cash

Restricted cash comprises the capital maintenance reserve funds required for certain property-level mortgages. As at March 31, 2021, the Company's has $3,683 in restricted cash (December 31, 2020 - $3,411).

7 Construction funding receivable

As at March 31, 2021, the Company is eligible to receive funding from the Government of Ontario of approximately $33,291 (December 31, 2020 - $35,998) 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, 2021, the condition for the funding has been met.

As at March 31, 2021, the weighted average remaining term of the construction funding is approximately 6.4 years. The fair value of the construction funding receivable is determined by discounting the expected future cash flows of the receivable using the applicable Government of Ontario bond rates.

The following table summarizes the construction funding activity:

As at January 1, 2020	46,887
Add: Interest income earned	1,710
Less: Construction funding payments received	(12,599)
As at December 31, 2020	35,998
Add: Interest income earned	353
Less: Construction funding payments received	(3,060)
As at March 31, 2021	**33,291**

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

8 Property and equipment

	Land	Buildings	Furniture and fixtures	Automobiles	Computer hardware	Circulating equipment	Construction in progress	Right-of-use building and equipment[1]	Total
Cost									
As at January 1, 2021	138,563	1,203,316	74,684	2,283	11,574	1,265	1,439	3,049	1,436,173
Additions[2]	—	1,259	678	—	232	—	—	—	2,169
As at March 31, 2021	138,563	1,204,575	75,362	2,283	11,806	1,265	1,439	3,049	1,438,342
Accumulated depreciation									
As at January 1, 2021	—	261,618	34,185	965	5,385	612	—	1,337	304,102
Charges for the period	—	8,508	2,089	82	502	104	—	152	11,437
As at March 31, 2021	—	270,126	36,274	1,047	5,887	716	—	1,489	315,539
Net book value as at March 31, 2021	**138,563**	**934,449**	**39,088**	**1,236**	**5,919**	**549**	**1,439**	**1,560**	**1,122,803**
Net book value as at December 31, 2020	138,563	941,698	40,499	1,318	6,189	653	1,439	1,712	1,132,071

(1) Includes right-of-use building and related depreciation as at and for the three months ended March 31, 2021 of $2,250 and $868, respectively (December 31, 2020 - $2,250 and $771, respectively) and the right-of-use equipment and related depreciation as at and for the three months ended March 31, 2021 of $799 and $621, respectively (December 31, 2020 - $799 and $566, respectively).
(2) Includes pandemic capital expenditures for the three months ended March 31, 2021 of $9,422 (2020 - $nil), reduced by related government assistance for the three months ended March 31, 2021 of $9,005 (2020 - $nil).

9 Intangible assets

	Licences	Resident relationships	Service contracts	Computer software	Total
Cost					
As at January 1, 2021	190,945	167,572	10,968	13,911	383,396
Additions	—	—	—	195	195
As at March 31, 2021	190,945	167,572	10,968	14,106	383,591
Accumulated amortization					
As at January 1, 2021	—	162,883	10,148	8,567	181,598
Charges for the period	—	4,689	137	1,086	5,912
As at March 31, 2021	—	167,572	10,285	9,653	187,510
Net book value as at March 31, 2021	**190,945**	**—**	**683**	**4,453**	**196,081**
Net book value as at December 31, 2020	190,945	4,689	820	5,344	201,798

10 Accounts payable and accrued liabilities

	March 31, 2021	December 31, 2020
Accounts payable and other liabilities	**45,223**	38,492
Accrued wages and benefits	**65,138**	61,539
Accrued interest payable	**3,586**	3,432
Dividends payable (Note 15)	**5,229**	5,229
Total	**119,176**	108,692

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

11 Long-term debt

	Interest rate	Maturity date	March 31, 2021	December 31, 2020
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
Credit facilities	Floating	2021-2025	**124,000**	187,000
Mortgages at fixed rates	1.65% - 5.80%	2021-2041	**370,521**	374,248
Mortgages at variable rates	Floating	2021-2029	**153,681**	155,244
Lease liability	3.87%	2021-2024	**1,665**	1,817
			974,867	1,043,309
Fair value adjustments on acquired debt			**3,053**	3,177
Less: Deferred financing costs			**(13,047)**	(13,862)
Total debt			**964,873**	1,032,624
Less: Current portion			**141,730**	135,707
			823,143	896,917

Credit facilities

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

	March 31, 2021	December 31, 2020
Credit facilities available	**208,500**	208,500
Amounts drawn under credit facilities	**24,000**	87,000
Remaining available balance under credit facilities	**184,500**	121,500

Subsequent to March 31, 2021, the Company repaid $4,000 of its unsecured credit facilities.

The Company also has a credit agreement for a $100,000 secured credit facility which has been fully drawn as at March 31, 2021 and December 31, 2020.

Mortgages

The following table summarizes the scheduled maturities of the Company's property-level mortgages as at March 31, 2021:

	Mortgages			
Year	Regular principal payments	Principal due at maturity	Total	% of Total
2021	15,854	16,339	**32,193**	6.2%
2022	19,605	28,169	**47,774**	9.1%
2023	17,837	60,824	**78,661**	15.0%
2024	16,049	50,104	**66,153**	12.6%
2025	12,511	41,065	**53,576**	10.2%
2026	12,544	—	**12,544**	2.4%
2027	11,844	35,115	**46,959**	9.0%
2028	6,809	115,703	**122,512**	23.4%
2029	2,379	5,477	**7,856**	1.5%
2030	1,410	9,230	**10,640**	2.0%
Thereafter	11,921	33,413	**45,334**	8.6%
	128,763	395,439	**524,202**	100.0%

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

12 Net finance charges

	Three months ended March 31,	
	2021	2020
Finance costs		
Interest expense on mortgages	**3,986**	4,659
Interest expense on debentures	**2,588**	3,645
Interest expense on credit facilities	**929**	283
Interest expense on right-of-use assets	**17**	23
Amortization of financing charges and fair value adjustments on acquired debt	**728**	524
Amortization of loss on bond forward contract	**—**	217
Fair value (gain) loss on interest rate swap contracts(1)	**(3,411)**	8,400
	4,837	17,751
Finance income		
Interest income on construction funding receivable	**353**	468
Other interest income	**246**	502
	599	970
Net finance charges	**4,238**	16,781

(1) In Q1 2020, the Bank of Canada decreased the overnight rate to support the Canadian economy as a result of the COVID-19 pandemic. As the country continues to navigate through the pandemic, interest rates have begun to increase. The resulting increase in interest rates had a positive fair value impact on the valuation of the Company's interest rate swap contracts during the three months ended March 31, 2021.

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

13 Income taxes

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

	Three months ended March 31,	
	2021	2020
Income (loss) before provision for (recovery of) income taxes	**13,845**	(3,389)
Canadian combined income tax rate	**26.57 %**	26.57 %
Income tax expense (recovery)	**3,679**	(900)
Adjustments to income tax provision (recovery):		
Non-deductible items	**24**	3
Other items charged to equity	**(1)**	4
Provision for (recovery of) income taxes	**3,702**	(893)

The following are the deferred tax assets (liabilities) recognized by the Company and movements thereon during the three months ended March 31, 2021:

	Depreciable tangible and intangible assets	**Share issuance**	**Construction funding interest**	**Other**	**Total**
As at January 1, 2020	(58,621)	2,156	1,837	2,606	(52,022)
Credit (charge) to net income	4,626	(1,016)	(601)	1,031	4,040
Book to filing adjustment	545	4	—	(299)	250
Charge to other comprehensive income	—	—	—	(253)	(253)
As at December 31, 2020	(53,450)	1,144	1,236	3,085	(47,985)
Credit (charge) to net income	1,038	(175)	(94)	(1,491)	(722)
As at March 31, 2021	**(52,412)**	**969**	**1,142**	**1,594**	**(48,707)**

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

14 Share capital

Authorized

Unlimited number of common shares, without nominal or par value

Unlimited number of preferred shares, without nominal or par value

Issued and outstanding

Common shares

	Common shares	Amount
Balance, January 1, 2020	66,839,013	875,051
Dividend reinvestment plan	200,110	3,393
Long-term incentive plan, net of loans receivable	—	46
Share-based compensation	—	26
Balance, December 31, 2020	67,039,123	878,516
Long-term incentive plan, net of loans receivable	—	151
Share-based compensation	—	325
Balance, March 31, 2021	**67,039,123**	**878,992**

Dividend reinvestment plan

The Company has established a dividend reinvestment plan ("**DRIP**") for eligible holders of common shares, which allows participants to reinvest cash dividends paid in respect of their common shares in additional common shares at a 3% discount. On March 18, 2020, the Company temporarily suspended the DRIP until further notice. Shareholders enrolled in the DRIP received dividend payments in cash, instead of common shares, starting with the dividend payable to shareholders of record as at March 31, 2020. The DRIP is subject to reinstatement at the discretion of the Board of Directors of the Company.

Normal course issuer bid

On March 31, 2021, the Company received approval from the TSX to renew its notice of intention to make a 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 3,351,956 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 88,089 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 may begin to purchase shares on April 5, 2021 and the NCIB will terminate on April 4, 2022, or such earlier time as the Company completes its purchases pursuant to the NCIB or provides notice of intention.

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

Net income (loss) per share

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

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

15 Dividends

For the three months ended March 31, 2021, the Company paid monthly dividends of $0.078 per common share totaling $15,687 (2020 - $12,264). Dividends payable of $5,229 are included in accounts payable and accrued liabilities as at March 31, 2021 (December 31, 2020 - $5,229). Subsequent to March 31, 2021, the Board of Directors declared dividends of $0.078 per common share for April and May totaling $10,458.

16 Share-based compensation

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

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

During the three months ended March 31, 2021, 52,485 restricted share units ("**RSUs**") (2020 - 9,839) were granted pursuant to the RSUP. Total expenses related to the RSUP for the three months ended March 31, 2021 were $64 (2020 - $47), including mark-to-market adjustments, which were recognized in administrative expenses. During the three months ended March 31, 2021, 9,712 RSUs vested and were settled in cash, resulting in a decrease of $135 in the share-based compensation liability. The total liability recorded as part of the share-based compensation liability as at March 31, 2021 was $280 (December 31, 2020 - $351).

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

	Number of RSUs
Outstanding, January 1, 2020	23,159
Granted	19,551
Dividend equivalents	2,151
Settled in cash	(1,318)
Outstanding, December 31, 2020	43,543
Granted	52,485
Dividend equivalents	808
Settled in cash	(9,712)
Outstanding, March 31, 2021	87,124

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

During the three months ended March 31, 2021, 10,196 deferred share units ("**DSUs**") (2020 - 12,861) were granted pursuant to the DSUP. Total expenses (recoveries) related to the DSUP for the three months ended March 31, 2021 were $312 (2020 - $(1,662)), including mark-to-market adjustments, which were recognized in administrative expenses. The total liability recorded related to the DSUP as a part of the share-based compensation liability as at March 31, 2021 was $5,770 (December 31, 2020 - $5,458). The value of each deferred share unit is measured at each reporting date and is equivalent to the fair value of a common share at the reporting date.

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

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

	Number of DSUs
Outstanding, January 1, 2020	310,892
Granted	49,190
Dividends reinvested	25,918
Outstanding, December 31, 2020	386,000
Granted	10,196
Dividends reinvested	6,771
Outstanding, March 31, 2021	**402,967**

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

During the three months ended March 31, 2021, 30,672 (2020 - 83,530) executive deferred share units ("**EDSUs**") were granted. Total expenses (recoveries) related to the EDSUP for the three months ended March 31, 2021 were $94 (2020 - $(1,292)), including mark-to-market adjustments, which were recognized in administrative expenses. During the three months ended March 31, 2021, 103,948 EDSUs vested and were settled in cash, resulting in a decrease of $1,390 in the share-based compensation liability. The total liability recorded related to the EDSUP as a part of the share-based compensation liability as at March 31, 2021 was $2,577 (December 31, 2020 - $3,873). The value of each vested EDSU 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 EDSUs granted is as follows:

	Number of EDSUs
Outstanding, January 1, 2020	256,103
Granted	88,796
Forfeited	(1,858)
Dividends reinvested	11,836
Settled in cash	(48,283)
Outstanding, December 31, 2020	306,594
Granted	30,672
Dividends reinvested	942
Settled in cash	(103,948)
Outstanding, March 31, 2021	**234,260**

17 Key management compensation

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

	Three months ended March 31,	
	2021	2020
Salaries and short-term employee benefits	**1,312**	1,131
Share-based compensation expense (recovery) (Note 16)	**306**	(3,001)
	1,618	**(1,870)**

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

18 Economic dependence

The Company holds licences related to each of its LTC residences and receives funding from the applicable health authorities related to those licences, which are included in revenues. In addition, the Company has received government assistance to support pandemic related expenses for LTC and Retirement Residences which is recorded against operating expenses. During the three months ended March 31, 2021, the Company received approximately $142,757 (2020 - $91,307) in respect of these licences and pandemic related funding.

19 Administrative expenses

	Three months ended March 31,	
	2021	2020
General and administrative expenses	**6,885**	5,700
Pandemic related expenses	**1,120**	31
Share-based compensation expense (recovery) [1]	**306**	(3,001)
Total administrative expenses	**8,311**	2,730

[1] Includes total return swap net (gain) of $(164) (2020 - $nil), and mark-to-market adjustments on share-based compensation for the three months ended March 31, 2021 of $340 (2020 - $(3,459)).

20 Expenses by category

	Three months ended March 31,	
	2021	2020
Salaries, benefits and other people costs	**99,409**	100,104
Depreciation and amortization	**17,349**	19,332
Food	**7,048**	7,670
Purchased services and non-medical supplies	**5,791**	6,022
Utilities	**5,206**	4,753
Property taxes	**3,876**	3,796
Other	**13,857**	9,410
Total expenses before net pandemic (recovery) expenses	**152,536**	151,087
Pandemic labour	**26,197**	548
Personal protective equipment	**2,081**	280
Other pandemic related expenses[1]	**3,883**	118
Government assistance[2]	**(42,068)**	(811)
Net pandemic (recovery) expenses	**(9,907)**	135
Total expenses	**142,629**	151,222

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

[2] There are various programs and financial assistance provided by the government to support COVID-19 related expenses. For the three months ended March 31, 2021, the LTC segment received retroactive pandemic funding of $15,342 related to pandemic expenses incurred in excess of available funding during the year ended December 31, 2020.

21 Segmented information

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

The Company is comprised of the following main business segments:

- Retirement - this segment consists of 27 RRs, five of which are located in the British Columbia and 22 of which are located in the Ontario, and the RR management services business;
- LTC - this segment consists of 35 LTC residences located in Ontario, eight seniors' living residences located in British Columbia and the LTC management services business; and
- Corporate, Eliminations and Other - this segment represents the results of head office, intercompany eliminations and other items that are not allocable 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, 2021			
	Retirement[1]	**LTC**	**Corporate, eliminations and other**	**Total**
Gross revenue	**36,056**	**129,388**	**15,886**	**181,330**
Less: Internal revenue	**—**	**4,216**	**15,886**	**20,102**
Net revenue	**36,056**	**125,172**	**—**	**161,228**
Operating expense, net [2]	**23,097**	**93,864**	**—**	**116,961**
Depreciation and amortization	**10,730**	**6,124**	**495**	**17,349**
Administrative expense [2]	**—**	**—**	**8,311**	**8,311**
Share of net loss in joint venture	**—**	**—**	**8**	**8**
Income (loss) before net finance charges, transaction costs and provision for income taxes	**2,229**	**25,184**	**(8,814)**	**18,599**
Finance costs	**(367)**	**1,261**	**3,943**	**4,837**
Finance income	**—**	**(392)**	**(207)**	**(599)**
Transaction costs	**—**	**—**	**516**	**516**
Provision for income taxes	**—**	**—**	**3,702**	**3,702**
Net income (loss)	**2,596**	**24,315**	**(16,768)**	**10,143**
Purchase of property and equipment [3]	**816**	**1,124**	**229**	**2,169**
Purchase of intangible assets	**1**	**2**	**192**	**195**

(1) For the three months ended March 31, 2021, the Retirement segment recognized accommodation revenues of $17,667 and service revenues of $18,389.

(2) Includes net pandemic expense (recovery) of $732 for Retirement, $(11,759) for LTC and $1,120 for corporate, eliminations and other.

(3) Excludes pandemic capital expenditures for the three months ended March 31, 2021 of $9,422, reduced by related government assistance for the three months ended March 31, 2021 of $9,005.

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

	Three months ended March 31, 2020			
	Retirement[1]	LTC	Corporate, eliminations and other	Total
Gross revenue	37,862	131,871	16,354	186,087
Less: Internal revenue	—	4,106	16,354	20,460
Net revenue	37,862	127,765	—	165,627
Operating expense, net[2]	21,923	107,193	—	129,116
Depreciation and amortization	12,753	5,530	1,049	19,332
Share of net loss in joint venture	—	—	44	44
Administrative expense	—	—	2,730	2,730
Income (loss) before net finance charges, transaction costs and recovery of income taxes	3,186	15,042	(3,823)	14,405
Finance costs	11,242	5,182	1,327	17,751
Finance income	—	(893)	(77)	(970)
Transaction costs	—	—	1,013	1,013
Recovery of income taxes	—	—	(893)	(893)
Net (loss) income	(8,056)	10,753	(5,193)	(2,496)
Purchase of property and equipment	1,362	778	141	2,281
Purchase of intangible assets	(5)	—	116	111

(1) For the three months ended March 31, 2020, the Retirement segment recognized accommodation revenues of $17,179 and service revenues of $20,758.
(2) Includes net pandemic expense of $25 for Retirement, $79 for LTC and $31 for corporate, eliminations and other.

	As at March 31, 2021			
	Retirement	**LTC**	**Corporate, eliminations and other**	**Total**
Total assets	745,988	848,698	21,671	**1,616,357**

	As at December 31, 2020			
	Retirement	LTC	Corporate, eliminations and other	Total
Total assets	759,540	837,923	80,666	1,678,129

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

22 Joint arrangements

Joint venture

On February 7, 2020, the Company formed a joint venture with a third party for the purpose of developing a retirement residence in Niagara Falls, Ontario. The Company owns a 70% interest in this joint venture. The Company 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 the joint venture, and the Company's share of the joint venture's net loss.

Investment in Niagara Falls Joint Venture as at January 1, 2020	—
Contributions to joint venture	2,888
Share of net loss from joint venture	(565)
Investment in Niagara Falls Joint Venture as at December 31, 2020	2,323
Contributions to joint venture	2,464
Share of net loss from joint venture	(8)
Investment in Niagara Falls Joint Venture as at March 31, 2021	**4,779**

	March 31, 2021	December 31, 2020
Current assets	**222**	167
Long-term assets	**6,959**	3,448
Total assets	**7,181**	3,615
Current liabilities	**354**	297
Total liabilities	**354**	297
Net assets	**6,827**	3,318
Net investment in joint venture	**4,779**	2,323

	Three months ended March 31	
	2021	2020
Expenses	**11**	63
Net loss	**11**	63
Share of net loss	**8**	44

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

Joint operations

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

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

	March 31, 2021	December 31, 2020
Current assets	**3,156**	3,318
Long-term assets	**99,038**	99,745
Total assets	**102,194**	103,063
Current liabilities	**6,680**	6,725
Long-term liabilities	**63,300**	63,633
Total liabilities	**69,980**	70,358
Net assets	**32,214**	32,705
Share of net assets	**16,374**	16,667

As at March 31, 2021, the Company's share of net assets in Nicola Lodge and Glenmore Lodge was $9,139 and $7,235, respectively (December 31, 2020 - $9,233 and $7,434, respectively).

	Three months ended March 31,	
	2021	2020
Revenue	**7,110**	7,666
Expenses		
Operating, net[1]	**5,922**	5,628
Depreciation and amortization	**671**	664
	6,593	6,292
Income before net finance charges	**517**	1,374
Net finance charges	**720**	721
Net (loss) income	**(203)**	653
Share of net (loss) income	**(87)**	302

[1] Includes net pandemic expenses for the three months ended March 31, 2021 of $708 (2020 - $23).

For the three months ended March 31, 2021, the Company's share of net (loss) income in Nicola Lodge and Glenmore Lodge was $(75) and $(12), respectively (2020 - $218 and $84), respectively.

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