



SIENNA SENIOR LIVING INC.

**ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2020**

March 5, 2021

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GENERAL MATTERS

The information contained in this Annual Information Form (“AIF”) is stated as at March 5, 2021, unless otherwise indicated.

All references in this AIF to “Sienna” and “Company”, unless the context otherwise requires, means Sienna Senior Living Inc. (“SSLI”) and its direct and indirect subsidiary entities.

Market data and other statistical information used in this AIF are based on independent sector publications, government publications, reports by market research firms, or other published independent sources, including the Ontario Ministry of Long-term Care (“MLTC”), Canada Mortgage and Housing Corporation, CBRE Limited, Ontario’s Local Health Integration Networks, Statistics Canada, etc. Some data is also based on the Company’s good faith estimates that are derived from its review of internal data and information, as well as independent sources, including those listed above. Although the Company believes these sources are reliable, the Company has not independently verified the information and cannot guarantee its accuracy or completeness.

All dollar amounts in this AIF are expressed in Canadian dollars and references to “\$” are to Canadian dollars, unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

Certain statements in this AIF may be considered “forward-looking information” as defined under applicable securities laws (“**forward-looking statements**”), that reflects management’s current expectations, estimates and projections about the future results, performance, achievements, prospects or opportunities for the Company, the seniors’ living sector and government funding as of the date of this AIF. Forward-looking statements are based upon a number of assumptions and involve significant known and unknown risks and uncertainties, many of which are beyond the Company’s control, including the impact of the COVID-19 pandemic on the Company’s operations and financial condition, the seniors’ living sector, the potential efficacy and availability of COVID-19 vaccines, 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 and refer to, without limitation, possible events, statements with respect to possible events, expected capital expenditures, capital requirements, government regulation of the seniors’ living sector, the Company’s objectives and profile within the sector and its relationship with its employees. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budgets”, “scheduled”, “projects”, “estimates”, “forecasts”, “intends”, “continues”, “anticipates”, “believes” or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “should”, “would”, “might” or “will” “be taken”, “occur”, “continue” or “be achieved”.

Forward-looking statements in this AIF include, but are not limited to statements made in the sections of this AIF entitled: “General Development of the Business”, “Sector Overview”, “Business of the Company”, “Risk Factors”, “Dividend Policy”, “Description of Capital Structure” and “Indebtedness”. These forward-looking statements reflect the current expectations of the Company’s management regarding future events and operating performance, and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, but are not limited to:

- the ongoing impact and development of the COVID-19 global pandemic and related vaccines,
- actual future market conditions being different than anticipated by the Company’s management,

- material changes to governmental policy or regulations affecting the Company’s operations,
- material shifts in demographic or economic trends, and
- the risks described under “Risk Factors” and those risks discussed from time to time in the Company’s other public filings on SEDAR, accessible at www.sedar.com.

Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Material estimates or assumptions that were applied in drawing a conclusion, which may prove to be incorrect, include, but are not limited to, the following:

- management’s views regarding current and anticipated market conditions and the competitive landscape,
- management’s views as to demographic trends,
- expected government priorities and spending,
- an absence of material or substantive changes to financial markets and to governmental and/or environmental policy or regulations affecting the Company’s operations,
- the Company’s ability to recruit and retain qualified personnel and maintain good relationships with its employees, including its unionized employees,
- the Company’s ability to successfully execute on its strategic priorities, including the renewal of maturing debt in due course, and
- the financial and operating attributes of the Company as at the date hereof.

Readers are cautioned that the preceding list of material factors or assumptions is not exhaustive. **Although forward-looking statements contained in this AIF are based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Accordingly, readers should not place undue reliance on forward-looking statements.** The forward-looking statements in this AIF speak only as of the date of this AIF. Except as required by applicable securities laws, the Company does not undertake, and specifically disclaims, any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by applicable law.

NON-IFRS PERFORMANCE MEASURES

In this AIF, the Company uses certain supplemental measures of key performance that are not measures recognized under International Financial Reporting Standards (“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 (“EBITDA”), maintenance capital expenditures (“**maintenance capital expenditures**”), pandemic expenses and pandemic capital expenditures (collectively with NOI, FFO, OFFO, AFFO and EBITDA, the “**Non-IFRS Measures**”).

“NOI” is defined as property revenue and government assistance related to the pandemic net of property operating expenses.

“**FFO**” is defined as NOI less certain adjustments including finance charges and current income taxes. FFO is a recognized earnings measure that is widely used by public real estate entities, particularly by those entities that own and/or operate income-producing properties. The use of FFO, combined with the required IFRS presentations, has been included for the purpose of improving the understanding of the Company’s operating results. The IFRS measure most directly comparable to FFO is “net income”. Please refer to the “Business Performance” section of the Management’s Discussion and Analysis for the Company dated as of February 18, 2021 (“**MD&A**”) for a reconciliation of net income to FFO.

“**OFFO**” is FFO adjusted for non-recurring items, which includes restructuring costs, and presents 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.

“**AFFO**” is defined as OFFO plus the principal portion of construction funding received and amounts received for revenue guarantees, less actual maintenance and unfunded pandemic capital expenditures. Management of the Company believes AFFO is a cash flow measure, which is relevant in understanding the Company’s ability to earn cash and pay dividends to shareholders. The IFRS measure most directly comparable to AFFO is “cash flow from operating activities”. Please refer to the “Business Performance” section of the MD&A for a reconciliation of cash flow from operating activities to AFFO.

“**EBITDA**” is defined as net income excluding interest, taxes, depreciation and amortization. EBITDA is relevant in understanding the Company’s ability to service its debt, finance capital expenditures and pay dividends to its shareholders.

“**Adjusted EBITDA**” is defined as EBITDA, adjusted for construction funding proceeds and non-recurring items.

“**Maintenance capital expenditures**” are defined as capital investments made to sustain or maintain the Company’s residences to meet residents’ needs and enhance residents’ experience. These expenditures include building improvements, mechanical and electrical spend, suite renovations, common area upgrades, communications and information systems, furniture, fixtures and equipment. Please refer to the “Maintenance Capital Expenditures” section of the MD&A for additional financial information.

“**Pandemic expenses**” are defined as extraordinary operating expenses incurred in relation to the prevention and containment of COVID-19.

“**Pandemic capital expenditures**” are defined as capital investments directly contributing to improved infection prevention and control (“**IPAC**”) practices to manage the pandemic.

The 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.

SIENNA

The Company and its predecessors have been operating since 1972. The Company is one of Canada’s leading seniors’ living providers 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 December 31, 2020, 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/AL and funded LTC (including the Company's partial ownership in two residences in British Columbia). The Company provides management services to an additional 13 seniors' living residences in the Provinces of British Columbia and Ontario.

CORPORATE STRUCTURE

Incorporation and Name Change

Sienna Senior Living Inc. was incorporated under the *Business Corporations Act* (Ontario) as Leisureworld Senior Care Corporation on February 10, 2010 and was subsequently continued under the *Business Corporations Act* (British Columbia) (the "BCBCA") on March 18, 2010. The Company closed the initial public offering (the "IPO") of its common shares ("Common Shares") on March 23, 2010. In connection with a Company-wide rebranding initiative that took effect on May 1, 2015, the Company changed its name from Leisureworld Senior Care Corporation to Sienna Senior Living Inc., pursuant to the filing of a Notice of Alteration with the British Columbia Registry Services on April 23, 2015. In connection with the name change to Sienna Senior Living Inc., the Company's Common Shares commenced trading on the Toronto Stock Exchange ("TSX") under the symbol "SIA".

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 25th Floor, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3.

The Company's business is carried on through a number of wholly owned limited partnerships formed under the laws of the Province of Ontario, except for Nicola Lodge and Glenmore Lodge, two private-pay and funded IL seniors' living residences in which the Company has options to acquire up to a 100% interest from its partners. Nicola Lodge and Glenmore Lodge are owned through joint ventures between the Company and each of WVJ II General Partnership and WVJ Properties (Nicola) Ltd. (each an affiliate of Pacific Seniors Management Investments Ltd.).

Intercorporate Relationships

The following chart illustrates, in simplified form, the structure of the Company and its material subsidiaries as at March 5, 2021 (including jurisdiction of establishment/incorporation of various entities):

Name	Jurisdiction	Shareholder	Holdings
Sienna Senior Living Inc.	British Columbia	Public	100%
Leisureworld Senior Care LP	Ontario	Sienna Senior Living Inc.	100%
The Royale LP	Ontario	Sienna Senior Living Inc.	100%
The Royale West Coast LP	Ontario	Sienna Senior Living Inc.	100%
The Royale Development LP	Ontario	Sienna Senior Living Inc.	100%
2371281 Investment LP	Ontario	Sienna Senior Living Inc.	100%
Sienna Baltic LP	Ontario	Sienna Senior Living Inc.	100%
Sienna Baltic Development LP	Ontario	Sienna Senior Living Inc.	100%
Sienna Ontario RH 2017 LP	Ontario	Sienna Senior Living Inc.	100%
Vigour Limited Partnership	Ontario	Leisureworld Senior Care LP	100%
2063412 Investment LP	Ontario	Leisureworld Senior Care LP	100%
2063414 Investment LP	Ontario	Leisureworld Senior Care LP	100%
2063415 Investment LP	Ontario	Leisureworld Senior Care LP	100%
2067475 Investment LP	Ontario	Leisureworld Senior Care LP	100%

GENERAL DEVELOPMENT OF THE BUSINESS

The general development of the Company's business over the past three fiscal years, including key acquisitions, is summarized below.

2018

On February 9, 2018, the Company completed a bought deal public offering of 9,066,000 Common Shares at a price of \$17.65 per Common Share, on a bought deal basis, for gross proceeds of approximately \$160 million. The syndicate of underwriters elected, pursuant to the terms of the underwriting agreement in respect of the offering, to exercise its over-allotment option in full, resulting in the issuance of an additional 1,359,900 Common Shares for additional gross proceeds of approximately \$24 million, or total gross proceeds of approximately \$184 million.

On March 28, 2018, the Company completed the acquisition of a portfolio of ten seniors' living residences in Ontario (the "**Acquisition**"), consisting of high-quality private-pay independent supportive living and assisted living retirement residences (the "**Acquired Properties**"), for an aggregate purchase price of approximately \$305 million (net of approximately \$77 million of assumed debt), excluding customary closing adjustments. The Acquired Properties consist of 1,245 private-pay suites located in the Greater Toronto and Greater Ottawa areas. The Acquisition and related transaction costs were financed through a combination of: (i) a \$115 million acquisition term loan facility, which was fully repaid in Q3 2018; (ii) net proceeds from the Company's February 9, 2018 bought deal offering of Common Shares (described above); and (iii) increased borrowings of \$6 million on a property-level mortgage and a \$7 million draw under a non-revolving credit facility.

On May 1, 2018, the Company acquired an additional 16% interest in Glenmore Lodge, increasing the Company's interest in Glenmore Lodge from 61% to 77%. This additional interest was purchased for \$2.8 million (net of \$3.4 million of assumed debt), prior to closing costs and customary closing adjustments. The purchase price was financed through the Company's available cash.

On May 23, 2018, the Company exercised its right to redeem all of its outstanding 4.65% extendible convertible unsecured subordinated debentures due June 30, 2018 (the "**Convertible Debentures**"). The Convertible Debentures were redeemed at a redemption price equal to \$1,000 per \$1,000 principal amount of Convertible Debentures plus \$18.22, representing accrued and unpaid interest up to but excluding the redemption date, for a total redemption amount of \$1,018.22 per \$1,000 principal amount of Convertible Debentures. Holders of Convertible Debentures that did not deliver a conversion notice were entitled to have their Convertible Debentures redeemed in cash. Accordingly, on the redemption date, \$13 million of Convertible Debentures were redeemed by the Company in cash.

On August 8, 2018, the Company's Board of Directors (the "**Board**") approved a 2.0% increase in Sienna's monthly dividend from \$0.075 per Common Share to \$0.0765 per Common Share (\$0.918 per share annualized). The increase commenced on September 14, 2018, payable to shareholders of record on August 31, 2018.

2019

On August 14, 2019, the Board approved a 2.0% increase in Sienna's monthly dividend from \$0.0765 per Common Share to \$0.078 per Common Share (\$0.936 per share annualized). The increase commenced on September 13, 2019, payable to shareholders of record on August 30, 2019.

In November 2019, the Company was assigned an issuer rating of "BBB" with a "Stable" trend by DBRS Limited ("**DBRS**").

On November 4, 2019, the Company completed an inaugural private placement offering of \$150 million aggregate principal amount of 3.109% Series A Senior Unsecured Debentures due November 4, 2024 (the "**Series A**").

Unsecured Debentures”). The net proceeds from the issuance of the Series A Unsecured Debentures were used to repay a portion of the Company’s existing indebtedness and for general corporate purposes.

On November 27, 2019, the Company purchased for cancellation a portion equal to \$35 million of the outstanding \$322 million of aggregate principal amount of 3.474% Series B Senior Secured Debentures due February 3, 2021 (the “**Series B Secured Debentures**”) of Leisureworld Senior Care LP (“**LSCLP**”), a wholly-owned subsidiary of the Company, by way of private purchase for a settlement amount of \$35.551 million.

2020

On March 9, 2020, the Company received approval from the TSX of its notice of intention to make a normal course issuer bid (“**NCIB**”) to acquire up to a maximum of 3,348,341 Common Shares or approximately 5% of its issued and outstanding Shares as of March 2, 2020, for cancellation over the next 12 months. As at March 5, 2021, the Company had not purchased any of its Common Shares under the NCIB. The Company intends to renew its NCIB during the first quarter of 2021.

On March 18, 2020, the Company temporarily suspended its Dividend Reinvestment Plan (“**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. At such time as the Company elects to reinstate the DRIP, shareholders that were enrolled in the DRIP at the time of suspension and remain enrolled at the time of reinstatement will automatically resume participation in the DRIP. The DRIP is subject to reinstatement at the discretion of the Board of the Company.

On March 19, 2020, the Company entered into a credit agreement with a syndicate of lenders led by a Canadian chartered bank for a \$200 million senior unsecured revolving credit facility (the “**Unsecured Revolving Credit Facility**”). This facility will mature on March 19, 2025 and may be extended for additional one-year terms, subject to certain conditions. The capacity of this facility may be increased by up to \$50 million during the term of the facility, subject to certain conditions (see “Indebtedness – Credit Facilities – Revolving Credit Facilities” section of this AIF).

On June 11, 2020, Nitin Jain was appointed as President, Chief Executive Officer and a member of the Board following Lois Cormack’s resignation as President, Chief Executive Officer and a member of the Board.

On October 2, 2020, the Company issued \$175 million aggregate principal amount of series B senior unsecured debentures (the “**Series B Unsecured Debentures**”). The Series B Unsecured Debentures bear interest at a rate of 3.45% per annum, payable semi-annually in February and August of each year, and will mature on February 27, 2026. The Series B Unsecured Debentures may be redeemed in whole or in part at the option of the Company at any time, as long as the Company provides not less than 10 days’ and not more than 60 days’ notice to the holders of the Series B Unsecured Debentures (see “Indebtedness – Senior Unsecured Debentures – Series B Unsecured Debentures” section of this AIF).

On October 2, 2020, the Company entered into a \$100 million secured term credit facility (the “**Secured Credit Facility**”) with a Canadian chartered bank. The Secured Credit Facility has an initial term of one year and may be extended for an additional one-year term, subject to certain conditions. This facility is secured by three Retirement Residences of the Company (see “Indebtedness – Credit Facilities – Non-Revolving Credit Facilities” section of this AIF).

On October 2, 2020, the Company redeemed all of the outstanding 3.474% Series B Secured Debentures in the amount of \$246 million, net of its principal reserve fund. The Company redeemed the Series B Secured Debentures using its principal reserve fund of \$41 million and a portion of the net proceeds from the Series B Unsecured Debentures and the Secured Credit Facility, and paid an early redemption premium of \$2.8 million. This full

redemption released the security collateralized by the assets of LSCLP, which increased the Company's pool of unencumbered assets by more than \$300 million to approximately \$840 million as at December 31, 2020 (see “Indebtedness – Senior Secured Debentures – Series B Secured Debentures” section of this AIF).

In connection with the full redemption of the Series B Secured Debentures, the Company terminated the credit agreement for a \$20 million revolving credit facility with a Canadian chartered bank for LSCLP (the “**LSCLP Credit Facility**”). The LSCLP Credit Facility had no amounts drawn on it when it was terminated on October 1, 2020.

SECTOR OVERVIEW

Some of the sector data provided in this section was prepared by third parties. Although the Company has no reason to believe such information is inaccurate or incomplete, the Company cannot guarantee the accuracy or completeness of such information.

The growing seniors’ living sector in Canada continues to be fragmented and highly regulated, with significant barriers to entry. Ownership is fragmented with most operators owning less than 1% of the market share of residences. The sector is highly regulated by provincial governments and regional health authorities, with growing and varied obligations placed on operators, including with respect to day-to-day operations, financial management reporting, and community and stakeholder engagement. LTC and RR residences require an approved licensed operator. Additionally, the sector requires an increasingly complex level of specialized expertise and a solid operating platform in order to succeed in meeting regulatory requirements and providing positive resident and family experiences. Regulation of this sector has increased during the COVID-19 global pandemic. All of these factors are contributing to the high barriers to entry in the sector.

Demand for seniors’ living accommodation is driven by an aging population, with seniors in Canada over the age of 85 expected to more than double over the next 20 years to approximately 2 million. With the growing demand, governments are increasingly looking for solutions to meet the fast-growing demand for seniors’ living. New development and redevelopment of seniors’ living communities are key components to meet this increasing demand, notwithstanding the high level of regulation and significant barriers to entry.

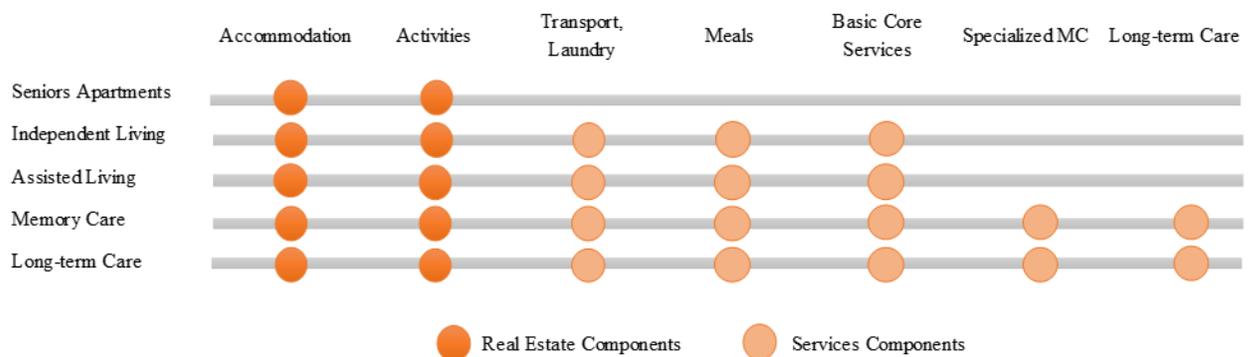
Seniors’ Living Continuum

Seniors’ living residences provide a range of services and programs based on an individual’s needs and level of independence. Seniors who enjoy a high level of independence and require little assistance with activities of daily living may choose to live in seniors’ apartments or condominiums with minimal or no assistance or with the option of care and services on an as-needed basis (such residences being RRs having IL, ISL or AL services and, in some cases, MC); while those who require extensive assistance with activities of daily living, health care needs and access to 24-hour nursing care support are best suited to LTC.

A general and broad description of the services that can be provided in seniors’ living residences is detailed below:

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

- **Independent Supportive Living:** ISL is designed for seniors who pay for services such as 24-hour response, housekeeping, laundry, meals, transportation and accommodation as part of a total monthly private-pay fee or rental rate. These residents require little or no assistance with daily living activities but benefit from the social setting and meal preparation. Some residences include a minimum amount of daily care but primarily this level of accommodation is for the senior who can live more independently with the option of additional care and services available on an as needed basis. Accommodation is studio, one or two bedroom units with kitchenettes.
- **Assisted Living:** AL is intended for frail seniors who need assistance with daily living activities but do not require skilled nursing care. While most of AL is provided as private-pay, some communities deliver AL services through private-pay or government funded home care services.
- **Memory Care:** MC serves seniors with memory impairment, Alzheimer’s or other forms of dementia. Mild cases of dementia are typically suitably addressed within secure AL accommodation suites in a dedicated area within the residence, or more broadly throughout the residence. Moderate to severe cases require dedicated accommodation suites and specialized and more intensive care.
- **Long-term Care:** LTC is for those who are not able to live independently, require assistance with activities of daily living and care, including skilled nursing care on a daily basis. Eligibility for access to a LTC home is based on a person’s assessed care requirements and is determined and arranged through government agencies. The resident pays for the accommodation at a rate set by the government and the government typically pays for care, programs and supplies. In most provinces there is a waiting period for access to LTC accommodations. In some provinces, there are also private LTC homes providing entirely private accommodations and subject to the same regulatory oversight.



Source: CBRA Limited, Valuation & Advisory Services. (2017). Seniors Housing & Healthcare.

Retirement Residences

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

The RR sector requires that a residence and operator must be licensed to operate. RRs are regulated by the *Retirement Homes Act, 2010* (Ontario) (the “**RHA**”) in the Province of Ontario and the *Community Care and Assisted Living Act* (British Columbia) (the “**CCALA**”) in the Province of British Columbia. In Ontario, the Retirement Home Regulatory Authority (the “**RHRA**”), a regulatory body created by the RHA, provides consumer protection and regulation, but not funding, for the provision of care and services in RRs in the province. RRs are

required to be licensed by the RHRA in order to operate in Ontario and are inspected regularly by RHRA inspectors. In British Columbia, the CCALA provides consumer protection and regulation of RRs in the province, such that all levels of seniors' living residences providing personal support in British Columbia must be registered with the Assisted Living Registry.

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

Long-term Care

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

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

- **Provision of an essential service:** LTC residences provide essential health services in the form of 24-hour registered nursing support, and assistance with ADL and mobility, to individuals with complex physical and medical care needs who may otherwise require hospital care. These residences also provide specialized services such as dementia care, continence management, skin and wound care, palliation and end of life care. Access is controlled through governmental agencies, and regulation occurs pursuant to provincial statutes.
- **Significant barriers to entry:** Barriers to entry are both regulatory and operational. The LTC sector requires that a residence and operator be licensed by the relevant regulatory authority in order to operate. The licensing requirements are extensive and existing licenses cannot be modified, moved or transferred without regulatory approval or satisfying new licensing requirements. In addition to the regulatory barriers to entry, the successful operation of an LTC residence requires a broad range of specialized expertise, including systems and processes to comply with extensive regulation, expertise in gerontological care, chronic disease management, IPAC, health care operations, financial management and reporting, asset management, community and stakeholder engagement, labour relations and government relations.

LTC Financial Model

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

Province of Ontario

Licensed operators of Ontario LTC residences are entitled to operational funding for care services to residents, as well as various other payments from the MLTC. Operational funding of LTC residences is used to fund certain

eligible care services and is currently paid monthly in what is known as flow-through “envelopes”. Generally, a licensed LTC operator is funded the ‘level-of-care’ per diem for every licensed or approved bed in the residence.

Funding received for flow-through envelopes in excess of the amounts spent by the operator must be returned to the MLTC during an annual reconciliation process, and any subsequent reimbursements may result in current year adjustments known as “prior period adjustments”. Funding provided pursuant to flow-through envelopes may only be applied to certain eligible expenses.

Additional funds are provided for structural compliance and capital funding as part of capital renewal initiatives for LTC residences according to three structural classification types - Classes A, B and C. The Class designations are made by reference to whether or not the residence meets or exceeds certain structural design guidelines.

Effective April 1, 2020, the Government of Ontario's LTC minor capital funding replaced the structural compliance funding, which ended March 31, 2020. The new LTC minor capital funding program will be phased in over the next three years with modest increases during this period.

In addition, funds are provided for accreditation of LTC residences, care and support programs and pay equity obligations based on specified criteria. In addition to regulation and inspection, the mandate of certain provincial health regulators also includes the authorization to determine the co-payment fees that residents pay to LTC residences for both basic and preferred (private and semi-private) accommodation. In Ontario, these LTC accommodation costs are set by the MLTC annually to account for inflationary increases and are standard in all LTC residences across the Province of Ontario. Qualifying residents who are not able to afford basic LTC accommodation costs may also be eligible for a government subsidy through the Long-Term Care Home Rate Reduction Program, provided they are already receiving all of the applicable federal and provincial benefits for which they are eligible (such as Old Age Security, Guaranteed Income Supplement and Guaranteed Annual Income System).

Province of British Columbia

Funded Long-term Care Beds

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

Private-Pay Long-term Care Beds

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

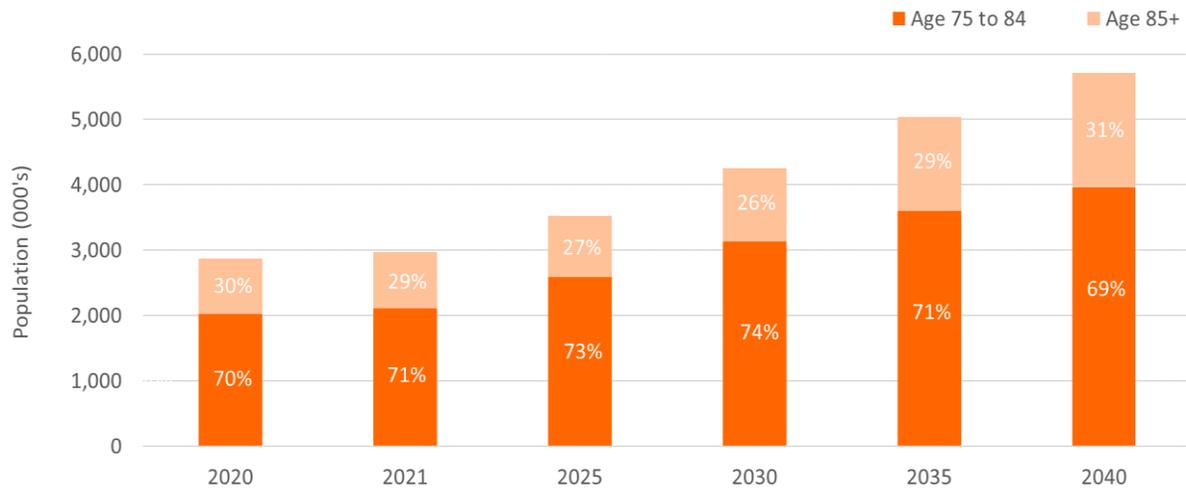
Demand for Seniors’ Living

The demand for seniors’ living residences and programs continues to grow in Canada. Management of the Company believes the aging demographic, increasing life expectancy, increasing seniors’ affluence and changing

family dynamics will continue to increase demand for LTC and RR accommodation and services. The primary factors driving demand, among others, are described below:

- Aging demographic:** The primary demographic group living in LTC residences and RRs is comprised of seniors who are older than 85 years of age. According to Statistics Canada, the 75-plus and 85-plus age cohorts in Canada are anticipated to be among the fastest growing population groups. Canada's 85-plus age cohort is projected to grow over 107% between 2020 and 2040.

Estimated Population in Canada's 75 to 84 and 85+ Age Cohorts



Source: Statistics Canada, Table: 17-10-0057-01.

- Recession stability:** The LTC sector has historically been insulated from economic cycles. This can be attributed to several factors, including: (i) demand for LTC is not discretionary but driven by need, which does not fluctuate during economic cycles; (ii) stability of tenure, since seniors are generally unable to move to alternative accommodation once they have taken up residence in a facility; and (iii) the continual increase in the demand for, and inadequate supply of, LTC; for example, the current wait list for access to LTC in the Province of Ontario is over 38,500 people.

Certain of the same factors that support the recession stability of LTC also apply to the Retirement sector: (i) seniors are generally retired and receiving stable, fixed and predictable income from private and public pensions, Registered Retirement Savings Plans and other fixed income investment securities; and (ii) stability of tenure, as seniors, once having moved into a retirement residence are reluctant or are unable to move to alternative accommodation until they require the level of care that makes them eligible for LTC.

- Sustainable competitive advantage:** LTC residences have a sustainable competitive advantage over other seniors' living segments due to their affordability (on the basis that ability to pay is not a barrier to entry) and the provision of 24 hours a day, 7 days a week care. Residents of LTC residences are directly charged a co-payment for accommodation, which is annually set by the applicable health authority.

BUSINESS OF THE COMPANY

The Company and its predecessors have been operating since 1972. Since inception, the Company has expanded through strategic acquisitions and development as well as organically to become one of Canada's largest providers of seniors' living in the Provinces of British Columbia and Ontario. As a leading Canadian seniors' living provider serving the continuum of care, the Company owns and operates a total of 70 seniors' living communities and also provides internal and third party management services to seniors' living communities in the Provinces of Ontario and British Columbia. Except where indicated, the information presented below is in respect of the year ended December 31, 2020.

Impact of COVID-19 on the Company

Since the onset of the COVID-19 pandemic, the Company has been singularly focused on the health and safety of its residents and employees, navigating through the first wave, learning from it, and taking all necessary steps to minimize the impact of new outbreaks during the second wave while providing the best quality care for its residents.

With the learnings from the first wave and its devastating impact across the seniors' living sector, the Company took additional critical steps to prepare for new challenges, particularly with respect to the second wave of the pandemic. The Company enhanced its healthcare expertise, established a Quality Committee that includes members of the Board, secured a robust supply of personal protective equipment ("PPE"), reinforced its IPAC practices, put in place a pandemic staffing strategy and increased frontline staffing, joined the Seniors Quality Leap Initiative ("SQLI") to benchmark best practices in the sector and strengthened communications with its key stakeholders. These initiatives made the Company better prepared in its ongoing fight against the pandemic. However, the rapidly increasing community spread in the fourth quarter of 2020 once again created unprecedented challenges for seniors' living operators, in particular for those located in communities with high transmission rates and older LTC residences.

The arrival of vaccines is expected to provide an impactful defense in the fight against COVID-19, while the Company continues to have stringent IPAC precautions in place at all of its residences.

The impact of the pandemic is reflected in the Company's financial results for 2020, which include the extraordinary expenses incurred to manage the pandemic in excess of the government funding received. The Company has made investments in additional staffing, PPE and property infrastructure, obtained expert support from hospitals and added senior healthcare expertise to help navigate the effects of the COVID-19 pandemic. The Company expects this elevated level of expense to continue in the foreseeable future, with expenses to gradually decline as the pandemic subsides.

Changes in operations in response to COVID-19 will continue to materially impact the financial results of the Company. As the Company is unable to predict with certainty the duration and scope of the pandemic, it is not possible to reliably estimate the length and severity of COVID-19 related impacts on the financial results and operations of the Company. Please refer to the "Risk Factors" section of this AIF for more information.

COVID-19 Cases During and Subsequent to the Year Ended December 31, 2020

During and subsequent to the year ended December 31, 2020, COVID-19 cases started to rise significantly throughout Canada, in particular in some of the most densely populated regions, including the Greater Toronto Area ("GTA") where over half of the Company's long-term care portfolio is located. The rise in community spread has posed serious challenges, in particular in hotspots like the GTA.

With a high vaccination rate at its residences, the Company is encouraged that the number of outbreaks across its portfolio is decreasing. As of March 4, 2021, 10 residences of the Company's 83 owned or managed residences are in outbreak with active COVID-19 cases, including three retirement and seven long-term care residences. From the beginning of 2021, active COVID-19 cases among the Company's residents declined by approximately 98% and currently impact less than 0.06% of the Company's total resident population.

The impact of COVID-19 on the Company's operations and the Company's response to dealing with the pandemic has differed significantly between the Company's long-term care portfolio and its retirement portfolio. Key factors for this difference are the generally vulnerable health of residents in LTC as well as the design of older Class B/C LTC residences.

Vaccinations

Employees, residents and family caregivers in LTC and retirement homes are at the top of the priority list for vaccines in Canada.

Vaccination Roll-Out at the Company

Since mid-December 2020, the Company's vaccination task force has been supporting the roll-out of vaccines across all of its residences in Ontario and British Columbia, with logistical and resource planning, consent collection, and employee and resident education through townhalls, webinars and e-newsletters. These efforts have ensured readiness amid a rapidly evolving vaccination process.

As of March 3, 2021, approximately 93% of residents and 64% of employees at the Company's long-term care residences have been vaccinated with the first dose of the vaccine. While the vaccination roll-out across long-term care residences remains a government priority, approximately 70% of residents and 41% of employees at the Company's RRs have received their first dose of the vaccine as of March 3, 2021. Administration of the second vaccine dose is also underway at its residences as of the date hereof.

Vaccination Efficacy

The Company strongly believes that the COVID-19 vaccines used to date will protect and provide residents, employees and the overall population with the best line of defense against this pandemic. Ultimately, its overall effectiveness will depend on numerous factors, including vaccination rates across the wider community, the effectiveness of the vaccines with respect to new variants of the virus, and waning of immunity, to name a few.

Vigilant IPAC measures and protocols will remain in place across the Company's residences for the foreseeable future.

Quality of Care

Measures put in place during the pandemic have been largely focused on adding additional healthcare expertise and accelerating the hiring and retention of frontline employees. They also include enhanced training and re-education of the Company's team and implementing improvements to the way the Company engages and communicates with its residents and their families.

To further strengthen clinical quality and resident safety measures across the Company's platform, the Board established a Quality Committee in November 2020 to enhance its oversight of key resident quality and risk indicators. These indicators include resident care, resident and employee satisfaction, safety and many other initiatives directed toward improving the overall quality of resident life.

The Company is now also a member of SQLI as part of an ongoing commitment to improve clinical quality and safety for seniors. This initiative helps the Company to benchmark quality indicators against other members of the SQLI consortium and international standards and to participate in the sharing of best practices.

The Company has made significant additions to its leadership and healthcare expertise to better prepare for the second wave and to strengthen the care it provides to its residents. These experts have been advising the Company on its COVID-19 response, helping evaluate and reinforce the Company's protocols and procedures, and enhancing engagement with residents, caregivers and their families on an ongoing basis.

Addition of senior healthcare expertise

In October 2020, Dr. Andrea Moser, who supported the Company in an advisory capacity beginning in July 2020, joined the Company's leadership team permanently as Chief Medical Officer. Dr. Moser is a family physician with deep experience in the care of the elderly and long-term care. She co-developed the Long-Term Care Medical Director Curriculum for Ontario and has a particular interest in quality improvement. Dr. Moser's role as Chief Medical Officer is focused on leading and implementing all aspects of medical services across the Company's long-term care and retirement operations, and enhancements to the resident quality platform at the Company.

In addition, the Company continues to receive advice from the following experts:

- Joseph Mapa, the former President & CEO of Sinai Health System and former President and CEO of Mount Sinai Hospital, as Executive Advisor to the Board; and
- Dr. Allison McGeer, one of Canada's premier infection prevention & control specialists, and Professor in the Department of Laboratory Medicine and Pathobiology and Public Health Sciences at the University of Toronto, as Chief Infection Prevention and Control Consultant.

The Company also receives support from its hospital partners and regional health network. Working with them, the Company has implemented additional measures, processes, and protocols in line with provincial and public health directives and requirements, to care for and protect its residents and employees.

Virtual care

In line with the Company's focus on improving clinical quality and resident safety measures, the Company is investing in virtual care to enhance medical care at the residents' bedside in addition to increasing in-person visits. Through the use of technology such as video conferencing, its residents can be assessed remotely without leaving the residence by external specialists and the Company's own medical teams, who can quickly respond to urgent care needs from anywhere.

Training and education

Learning and development are one of the top priorities at the Company. As a result of the pandemic, additional emphasis has been placed on wellness programs, including mental health and well-being, sensitivity training and re-education.

Reinforcing and adapting IPAC practices as a result of learnings from the pandemic is another focus of employee training. The Company has developed a standardized COVID-19 management guide based on Public Health Agency of Canada LTC guidelines, aimed at providing further guidance on IPAC measures to its employees. Weekly training seminars are held at all residences, along with webinars to address site-specific needs.

Enhanced communication and outreach

Maintaining open lines of communication with the Company's residents, their families and its employees is very important to the Company. In 2020, the Company hosted hundreds of virtual townhalls at its communities and issued numerous e-newsletters across its communities to ensure its residents and their families stay informed of relevant developments, programs and initiatives.

The Company's CEO and members of the senior leadership team visited many residences across Ontario throughout the pandemic to connect with frontline employees, residents and their families. The Company's centralized call centre further supports proactive and enhanced communications with residents and their families. In addition to the call centre, the Company has launched a family well-being and support program.

With respect to internal communications, the Company launched an employee mobile app in September 2020, improving the ability to reach out to thousands of its employees in different locations quickly and directly with new information.

Management of COVID-19 - Long-term Care

As at February 16, 2021, the Company's LTC portfolio accounted for approximately 91% of the cumulative resident COVID-19 cases at the Company. 55% of the Company's LTC beds are located in the Greater Toronto Area, the most densely populated and one of the most severely affected regions in Canada. Approximately 45% of the Company's LTC beds in the Greater Toronto Area are in Class B/C residences.

In the year ended December 31, 2020, the Company's long-term care portfolio contributed approximately 54% to the Company's overall NOI, and included 6,868 beds in Ontario and British Columbia.

Government Funding

The Governments of Ontario and British Columbia have provided funding for incremental COVID-19 costs in addition to the ongoing long-term care funding for nursing and personal care, programming, food and accommodation. Except for accommodation, all government funding, including COVID-19 pandemic related funding, is required to be spent entirely on resident care and is subject to a periodic reconciliation process set by the applicable regulatory authorities. Any excess funding amounts not spent directly on resident care or pandemic expenses have to be returned to the government.

As outlined in detail in the MD&A, certain pandemic expenses are not funded or exceed the funding provided by the various governments and have been reflected in the Company's net pandemic expenses. Please refer to the "Fourth Quarter 2020 Summary" section of the MD&A for additional financial information.

On January 5, 2021, the Government of Ontario announced an additional \$398 million in funding for costs related to enhanced staff and visitor testing requirements and continued COVID-19 prevention and containment efforts, increasing total funding announced to date to over \$1.3 billion. The Company has received approximately \$14 million in connection with this new funding announcement subsequent to year-end.

As at February 16, 2021, approximately \$747 million of the total funding announced by the Government of Ontario has been allocated to the long-term care sector, excluding amounts related to occupancy support during the pandemic. Of this amount, approximately \$47 million has been allocated to the Company.

Of the major funding components announced by the Government of Ontario up to December 31, 2020, the following amounts have been allocated:

- \$761 million for infection prevention, staffing and PPE, and \$50 million of emergency funding, of which \$512 million has been allocated to the sector, including \$39 million to the Company;
- \$61 million for IPAC capital upgrades, which has been fully allocated to the sector, including \$4 million to the Company; and
- \$136 million for flow-through temporary wage enhancement for personal support workers, \$130 million to build surge capacity, \$128 million to support homes impacted by changes in occupancy due to COVID-19, \$42 million to support surveillance and testing requirements, and \$30 million to hire and train more IPAC staff.

The Government of British Columbia has also provided funding of approximately \$197 million for the LTC and retirement sector to support costs in connection with additional screening and staffing, IPAC measures and social visitations. As at December 31, 2020, the funds have been fully allocated to the sector, including \$3 million to the Company's LTC portfolio in British Columbia.

For LTC residences in both Ontario and British Columbia, the Company is receiving full funding for vacancies caused by the temporary closure of admissions due to an outbreak, including COVID-19. Furthermore, the Government of Ontario extended its occupancy protection funding for vacancies and multi-bed rooms with capacity limitations to a maximum of two residents per room until March 31, 2021. Approximately 320 of the 700 beds in such rooms across the Company's LTC portfolio are currently being kept vacant.

The current funding protection does not compensate for the loss of preferred accommodation premiums from private and semi-private room vacancies. The impact of the loss of preferred accommodation revenues was \$1.7 million for the year ended December 31, 2020. Given the long waiting list of over 38,500 for LTC beds across Ontario, the Company anticipates that occupancy in preferred accommodation will return to pre-pandemic levels once the pandemic subsidies end and as residences open for admittance of new residents.

Redesigned Funding Model for the Development of Long-Term Care in Ontario

On July 15, 2020, the Government of Ontario announced the redesign of their funding model for the development of long-term care residences. The model is expected to help accelerate the much needed construction and redevelopment of long-term care homes across the province. The Company has long advocated for a revised model that caters to regional development needs.

The Government of Ontario's investment, which includes building new homes and redeveloping existing homes, is tailored to account for regional differences in land and other construction costs. Development grants of 10% to 17%, depending on geographic location and home size, will further help cover upfront costs.

Redevelopment of the Company's Class B/C Long-Term Care Portfolio

The Company has submitted applications with the MLTC for the development/re-development of a number of its Class B/C long-term care residences in Ontario. The Company's current portfolio comprises over 5,700 long-term care beds in Ontario, of which approximately 2,200 beds are located in 15 older Class B/C residences. The Company's development plans include over \$600 million in capital investments to redevelop its Ontario Class C long-term care portfolio through new and upgraded facilities over the next five to seven years. This is a major opportunity for the Company and its shareholders to invest with purpose to enhance the lives of the seniors the Company serves and enrich the work environment for its employees.

The Company's development plans include the active pursuit of a partnership between the Company and Scarborough Health Network ("SHN") to develop a new long-term care campus in Toronto which would provide

integrated care for the growing needs of the local Scarborough community. The parties are exploring the opportunity to develop the Company's Altamont Care Community ("**Altamont**") into a campus-style community.

In addition to the potential partnership with SHN at Altamont, a number of development projects in Ontario are in advanced stages of planning and approval with regulatory and local authorities. Two of these projects, which the Company has prioritized based on the needs identified in these communities, are expected to proceed to the construction phase in 2021, including a redevelopment in North Bay.

Management Agreements with Hospitals

The Company entered into voluntary management agreements with hospital partners to provide expertise and resources in mitigating the impact of COVID-19 in a number of LTC residences. As of the date of this AIF, the Company had 3 voluntary agreements in place. Hospital management fees were approximately \$2.2 million for the year ended December 31, 2020. The Company plans to engage actively with its hospital partners regularly to provide enhanced integrated care for its residents.

Working with the hospitals, the Company has implemented additional measures, processes, and protocols in line with provincial and public health directives and requirements, to care for and protect its residents and employees.

Ontario's Long-term Care COVID-19 Commission's Interim Recommendations

On October 23, 2020, Ontario's Long-Term Care COVID-19 Commission ("**Commission**"), an independent commission investigating the pandemic in Ontario's long-term care system, issued recommendations in relation to increased staffing, stronger healthcare sector partnerships and collaboration and improved IPAC measures. On December 4, 2020, the Commission issued further recommendations, including effective leadership and accountability at all levels of the long-term care sector, the use of performance indicators for infection prevention and focused inspections. The Commission is expected to deliver its final report by the end of April 2021.

The Company was able to share its experience and observations during the pandemic with the Commission and is encouraged by the Commission's recommendations to the Ontario government, which are expected to help shape and strengthen the future of long-term care.

Management of COVID-19 - Retirement

While COVID-19 impacted the Company's Retirement operations, its impact on the Company has been less severe across its retirement portfolio than its LTC portfolio.

The Company's retirement portfolio, which comprises 3,287 suites across Ontario and British Columbia, contributed approximately 46% to the Company's NOI in the year ended December 31, 2020. As at March 4, 2021, it accounted for approximately 9% of the cumulative resident COVID-19 cases at the Company.

Retirement Operations Update

During and subsequent to the year ended December 31, 2020, the Company's sales and marketing teams continued with intensified sales activities across its retirement portfolio, connecting with thousands of prospective residents. The Company has also been focused on continued process improvements with respect to its marketing and sales platform to increase efficiency and productivity.

The Company made significant investments in online lead generation by increasing its social media visibility and driving more qualified online traffic to the Company's website. These efforts have resulted in a substantial increase of the Company's online lead database. During the year ended December 31, 2020, online leads have increased by over 80% compared to the year ended December 31, 2019 and have remained well above the prior year level

subsequent to the end of 2020. Initiatives to support occupancy also include a professional referral program in each of the Company's RRs, redesigned sales incentive programs and an enhanced outreach strategy to thousands of prospective residents. Marketing and sales initiatives have been further supported by the use of virtual tours of the Company's residences, enabling prospective residents to experience its communities amid renewed access restrictions.

In addition, the Company made improvements to its new centralized call centre, including extending hours of operation and enhancing its marketing and sales function to support its Retirement operations. This call centre, which is run by dedicated employees who understand the sector and the business of the Company, is enhancing the Company's communications and marketing efforts with current and prospective residents and their families.

Given the ongoing global pandemic, access restrictions impacted occupancy during 2020, resulting in an occupancy decline in the Company's retirement portfolio to 79.7% at the year ended December 31, 2020 from 85.8% in the prior year.

Government Funding

Both the Governments of Ontario and British Columbia have provided funding for the retirement sector to support costs in connection with social visitations, single work sites, additional screening and staffing, and IPAC measures. The Company has been allocated approximately \$3.5 million in pandemic funding for its Retirement operations up to December 31, 2020.

On November 5, 2020, the Government of Ontario committed to provide an additional \$10.9 million to ensure retirement residences have access to PPE and critical supplies to protect residents and staff, with \$0.4 million allocated to the Company.

Staffing Update

The staffing challenges experienced by the seniors' living sector prior to the COVID-19 pandemic have been exacerbated over the past year.

The Company enhanced its pandemic staffing strategy to support its employees and ensure continuity of care for its residents. Staffing needs are met internally through regionally focused, centralized talent acquisition teams and are further supported by external agencies who provide short-term, ready-to-deploy qualified personnel.

Single site directives, which limit healthcare workers to working at a single location to help prevent the spread of COVID-19, were a key factor for increased staffing needs. From March to December 2020, the Company hired approximately 1,500 full-time and 1,800 part-time employees, contributing to a net increase of approximately 1,200 employees across the Company's workforce, with related incremental costs included in pandemic expenses. In addition, through net hires and conversion of existing part-time employees to full-time, the Company increased the total pool of full-time employees by approximately 16% since the beginning of March 2020, to approximately two thirds of the Company's workforce. The Company believes that maintaining a high level of full-time employees benefits its residents and its operations, by providing more stability to its staffing.

As a result of recommendations issued by the Commission, the Government of Ontario announced on November 2, 2020, that it will increase the hours of direct care for each LTC resident to an average of four hours per day, which is expected to be fully implemented by 2024/25. This represents a significant increase compared to the approximately 2.8 hours of direct care currently mandated.

Pandemic Pay

Effective October 1, 2020, the Government of Ontario committed support for personal support workers through a temporary wage increase of \$3/hour until March 31, 2021, which helps recognize their extraordinary efforts and stabilize staffing during the second wave of the pandemic. The Company implemented this temporary pay increase in early November 2020, which included retroactive payments for October 2020.

In April 2020, the Governments of Ontario and British Columbia announced temporary pandemic pay for front-line workers fighting COVID-19, which included individuals working in long-term care and retirement residences in Ontario and British Columbia. The additional compensation of \$4/hour applied to both Ontario's long-term care and retirement residences' frontline staff, and British Columbia's long-term care residences' frontline staff for a period of 16 weeks that ended in August 2020. An additional lump-sum payment of \$250/month for four months applied to eligible workers in Ontario's long-term care and retirement residences to recognize the extraordinary work being done to care for and safeguard residents.

For the year ended December 31, 2020, the temporary pandemic pay for front-line staff in Ontario and British Columbia amounted to \$28.5 million for the Company's LTC residences and \$4.2 million for the Company's RRs, which was fully funded by the Governments of Ontario and British Columbia.

In addition, the Company introduced a pandemic pay program for employees who have worked during this pandemic but are not covered under any government sponsored temporary pandemic pay program. For the year ended December 31, 2020, the Company recorded one-time pandemic pay expenses for this program for employees in Ontario and British Columbia of \$1.0 million for LTC and \$0.5 million for Retirement.

Personal Protective Equipment Procurement

Since the onset of the pandemic, the Company has sourced over 6 million pieces of PPE, costing approximately \$7.6 million, for use at its residences. The Company centralized the ordering of critical PPE on behalf of its communities and increased the level of PPE reserve on-site at each residence and in the Company's regional warehouses to approximately four weeks of supply, ensuring a robust supply of PPE at all times.

The Company co-founded the Canadian Alliance to Protect and Equip Seniors Living (“**CAPES**”) during the first wave of the pandemic and helped procure and distribute more than 15 million pieces of PPE to nearly 200 smaller retirement and long-term care home operators across Canada. The program was designed to procure sufficient PPE for the entire senior living sector at times when local supplies of PPE were inadequate or inaccessible.

CaRES Fund

Inspired by the dedication and extraordinary efforts of staff members in the seniors' living sector, the Company, together with Chartwell Retirement Residences, Revera Inc. and Extencicare Inc., initiated the CaRES Fund.

The CaRES Fund aims to provide one-time financial grants of up to \$10 thousand to eligible employees of LTC and retirement operators in Canada facing extraordinary circumstances amid the COVID-19 crisis.

In addition to the Company's \$0.5 million corporate contribution to the CaRES Fund, the Board has forfeited a portion of their 2020 compensation for a total of \$62 thousand to assist the Company in making additional contributions.

By the end of 2020, the CaRES Fund has awarded approximately 700 individuals over \$2.3 million in emergency financial assistance.

Six-Point Action Plan

On June 3, 2020, the Company announced an action plan (“**Six-Point Action Plan**”) with measures largely focused on adding additional healthcare expertise and accelerating the hiring and retention of frontline employees. It also includes enhanced training and re-education of the Company’s team and improvements to the way the Company engages and communicate with residents and their families.

The Company established a committee of its Board to oversee all of the initiatives outlined in the Six-Point Action Plan and has made good progress in implementing these initiatives.

Paul Boniferro, former Deputy Attorney General of Ontario, was retained to conduct a Company-wide review into the policies, practices and culture at the Company. Findings in his report, which was concluded in August 2020, include proposed enhancements in areas such as staffing, labour relations and workplace culture, and the Company has actively implemented the recommendations of his report.

To further strengthen clinical quality and resident safety measures across the Company’s platform, the Board established a Quality Committee in 2020 to enhance its oversight of key resident quality and risk indicators. These indicators include resident care, resident and employee satisfaction, safety and many other initiatives directed toward improving the quality of resident life.

Core Business Operations

Retirement

The Company’s Retirement segment consists of 27 RRs, five of which are located in the Province of British Columbia and 22 of which are located in the Province of Ontario. As of December 31, 2020, the Company’s Retirement segment contributed 22.6% of the Company’s revenues and generated 45.7% of its NOI in 2020.

Long-term Care

The Company’s LTC segment consists of 35 LTC residences in the Province of Ontario and eight LTC residences in the Province of British Columbia. As of December 31, 2020, the Company’s LTC segment contributed 77.4% of the Company’s revenues and generated 54.3% of its NOI. For 2020, the regulated resident co-payment per diem rate for basic accommodation in Class A, B and C homes is \$62.18 per bed per day. For new admissions to private and semi-private accommodation in Class A homes, the regulated resident co-payment per diem premiums are \$26.64 and \$12.78 per bed per day, respectively, with existing residents in such preferred accommodations being grandfathered at historical rates. For Class B and C homes, the regulated resident co-payment per diem premiums are \$19.17 and \$8.52 per bed per day for private and semi-private accommodation, respectively. The Company may continue to receive its allocated funding for vacancies in the event of a medical officer of health order or temporary closure of admissions due to infectious disease outbreak.

Summary of the Company's Beds/Suites

The table below presents a breakdown by business segment of the number of beds or suites owned and operated by the Company.

Business Segment	Residences	Retirement (Suites)	Long-term Care		Total ⁽¹⁾
		Private	Private	Funded	Beds / Suites
Retirement	27	3,291	—	—	3,291
Long-term Care ⁽²⁾	43	—	180	6,688	6,868
Total	70	3,291	180	6,688	10,159

Notes:

⁽¹⁾ 82.6% and 17.4% of total beds and suites are located in the Provinces of Ontario and British Columbia, respectively.

⁽²⁾ 5.4% of total LTC beds and suites are partially owned. As of December 31, 2020, the Company owns 40% of Nicola Lodge and 77% of Glenmore Lodge.

Summary of the Company's Residences

The table below presents the properties owned and operated by the Company as of the date of this AIF:

NAME OF COMMUNITY	LOCATION	FUNDED	PRIVATE	TOTAL BEDS/SUITES
Retirement				
Astoria Retirement Residence	Port Coquitlam, BC	—	135	135
Bearbrook Retirement Residence	Ottawa, ON	—	102	102
Carolina Retirement Residence	Perth, ON	—	140	140
Cedarvale Lodge Retirement & Care Community	Keswick, ON	—	130	130
Doon Village Retirement Residence	Kitchener, ON	—	97	97
Heatherwood Retirement Residence	St. Catharines, ON	—	167	167
Island Park Retirement Residence	Campbellford, ON	—	140	140
Island View Retirement Residence	Arnprior, ON	—	108	108
Kawartha Lakes Retirement Residence	Bobcaygeon, ON	—	93	93
Kensington Place Retirement Residence	Toronto, ON	—	101	101
Kingsmere Retirement Residence	Alliston, ON	—	97	97
Lincoln Park Retirement Residence	Grimsby, ON	—	70	70
Martindale Gardens Retirement Residence	Milton, ON	—	75	75
Mayfair Terrace Retirement Residence	Port Coquitlam, BC	—	92	92
Midland Gardens Seniors Apartments	Scarborough, ON	—	53	53
Pacifica Retirement Residence	Surrey, BC	—	137	137
Peninsula Retirement Residence	Surrey, BC	—	127	127
Quinte Gardens Retirement Residence	Belleville, ON	—	236	236
Red Oak Retirement Residence	Kanata, ON	—	157	157
Rideau Retirement Residence	Burnaby, BC	—	138	138

NAME OF COMMUNITY	LOCATION	FUNDED	PRIVATE	TOTAL BEDS/SUITES
Rosewood Retirement Residence	Kingston, ON	—	69	69
Royale Place Retirement Residence	Kingston, ON	—	136	136
Traditions of Durham Retirement Residence	Oshawa, ON	—	141	141
Trillium Retirement and Care Community	Kingston, ON	—	42	42
Villa Da Vinci Retirement Residence	Woodbridge, ON	—	124	124
Waterford Barrie Retirement Residence	Barrie, ON	—	202	202
Waterford Kingston Retirement Residence	Kingston, ON	—	182	182
<i>Total Retirement</i>		—	3,291	3,291
BC Long-term Care				
Brookside Lodge	Surrey, BC	102	14	116
Glenmore Lodge ⁽¹⁾	Kelowna, BC	100	18	118
Lake Country Lodge	Lake Country, BC	45	45	90
Lakeview Lodge	West Kelowna, BC	100	14	114
Mariposa Gardens	Osoyoos, BC	114	31	145
Nicola Lodge ⁽¹⁾	Port Coquitlam, BC	238	18	256
Ridgeview Lodge	Kamloops, BC	106	23	129
The Cascades	Chilliwack, BC	150	17	167
<i>Total BC Long-Term Care Properties</i>		955	180	1,135
ON Long-term Care				
Altamont Care Community	West Hill, ON	159	—	159
Barnswallow Place Care Community	Elmira, ON	96	—	96
Bloomington Cove Care Community	Stouffville, ON	113	—	113
Bradford Valley Care Community	Bradford, ON	246	—	246
Camilla Care Community	Mississauga, ON	236	—	236
Case Manor Care Community	Bobcaygeon, ON	96	—	96
Cedarvale Lodge Retirement & Care Community	Keswick, ON	60	—	60
Cheltenham Care Community	Toronto, ON	170	—	170
Creedan Valley Care Community ⁽²⁾	Creemore, ON	95	—	95
Deerwood Creek Care Community	Etobicoke, ON	160	—	160
Fieldstone Commons Care Community	Scarborough, ON	224	—	224
Fountain View Care Community	Toronto, ON	158	—	158
Fox Ridge Care Community	Brantford, ON	122	—	122
Granite Ridge Care Community	Stittsville, ON	224	—	224
Harmony Hills Care Community	Toronto, ON	160	—	160
Hawthorn Woods Care Community	Brampton, ON	160	—	160
Langstaff Square Care Community	Richmond Hill, ON	160	—	160
Madonna Care Community	Orleans, ON	160	—	160
Maple Grove Care Community	Brampton, ON	160	—	160

NAME OF COMMUNITY	LOCATION	FUNDED	PRIVATE	TOTAL BEDS/SUITES
Midland Gardens Care Community	Scarborough, ON	299	—	299
Muskoka Shores Care Community	Gravenhurst, ON	206	—	206
Norfinch Care Community	North York, ON	160	—	160
Owen Hill Care Community	Barrie, ON	57	—	57
Rockcliffe Care Community ⁽³⁾	Scarborough, ON	204	—	204
Secord Trails Care Community	Ingersoll, ON	80	—	80
Silverthorn Care Community	Mississauga, ON	160	—	160
Spencer House, Orillia ⁽⁴⁾	Orillia, ON	160	—	160
St. George Care Community ⁽³⁾	Toronto, ON	238	—	238
Streetsville Care Community	Mississauga, ON	118	—	118
Trillium Retirement and Care Community	Kingston, ON	190	—	190
Tullamore Care Community	Brampton, ON	159	—	159
Waters Edge Care Community	North Bay, ON	148	—	148
Weston Terrace Care Community	Toronto, ON	224	—	224
Woodbridge Vista Care Community ⁽³⁾	Woodbridge, ON	224	—	224
Woodhall Park Care Community	Brampton, ON	147	—	147
Total ON Long-term Care		5,733	—	5,733
Total BC & ON Long-term Care		6,688	180	6,868
Total Retirement and Long-term Care⁽⁵⁾		6,688	3,471	10,159

Notes:

- (1) The Company currently owns 40% of Nicola Lodge and 77% of Glenmore Lodge. The Company has the option to acquire up to a 100% interest in each of these properties.
- (2) Property being operated under a management agreement with a third party manager pursuant to a mandatory management order.
- (3) Property being operated under a voluntary management agreement with hospital partners.
- (4) Spencer House Inc., a non-profit organization, holds the licence from the MLTC to operate the LTC beds at Orillia. The Company is the appointed manager of Orillia, and is the owner of the land, buildings, furniture, fixtures and equipment used to operate and manage Orillia (which land, buildings, furniture, fixtures and equipment are leased to Spencer House Inc.).
- (5) The Company provides management services to an additional 13 seniors' living residences in the Provinces of British Columbia and Ontario.

Operational Permits

The Company holds the necessary licences and approvals required to operate its business. Management believes that each of the Company's residences and operations is in compliance, in all material respects, with applicable laws, including environmental and health and safety laws.

Employees

As at December 31, 2020, the Company employed, directly and indirectly, approximately 13,000 employees. Approximately 84% of the Company's employees are represented by unions, including the following: Service Employees International Union (SEIU), the BC Nurses' Association (BCNU), Ontario Nurses Association (ONA), the Hospital Employees' Union (HEU), Christian Labour Association of Canada (CLAC), Canadian Union of

Public Employees (CUPE), UNIFOR, British Columbia Government and Service Employees' Union (BCGEU), Healthcare, Office and Professional Employees Union (HOPE), Ontario Public Service Employees Union (OPSEU), Workers United Canada Council (WUCC) or United Food and Commercial Workers Union (UFCW). The *Hospital Labour Disputes Arbitration Act* (Ontario), which prohibits strikes and lockouts in the seniors' living sector, governs the Company's LTC homes' labour relations. The Company has comprehensive programs to continually develop the knowledge, skills and commitment of its employees, including: orientation and onboarding, online learning, management and leadership development, professional development, quality of work life initiatives, health and safety education, and awards and recognition programs. Employment engagement is evaluated annually.

Seasonality and Cyclicity

The results of the Company are subject to various factors including, but not limited to, seasonality of utility expenses, exposure to variable weather conditions, timing of co-payment changes, timing of revenue recognition to match spending under the flow-through envelopes, timing of acquisitions and capital markets and financing activities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RESPONSIBILITY

The Company's commitment to corporate social responsibility continued during the pandemic with a focus on protecting and supporting residents and staff and in particular those serving seniors across the country.

Subsequent to the end of 2020, the Company established an ESG Committee comprising senior leaders of the Company and published its first ESG Report. While this marks the beginning of a more structured and proactive approach, ESG practices across the Company's operations have long been integrated into its overall strategy and daily business practices.

For more information on the Company's ESG initiatives, including its ESG Report and ESG Committee Charter, please refer to the ESG section on Sienna's website under <https://www.siennaliving.ca/>.

RISK FACTORS

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

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

This section describes the principal risks and uncertainties that could have a material adverse effect on the Company's business and financial results. The risks and uncertainties described below may not be the only risks

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

Risks Relating to the Business

General business risks

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

COVID-19 and other outbreaks

The occurrence of a pandemic, epidemic, or other outbreak of an infectious illness or other public health crisis in areas in which the Company operates could have a material adverse effect on the business, operating results and financial condition of the Company. Federal, provincial or local regulatory authorities may, or the Company may choose to, ban, limit or suspend admissions to its LTC and RRs as a precautionary measure in a crisis to avoid the spread of a contagious illness or other public health crisis, resulting in reduced occupancy and service volumes. Even in the absence of any such ban, limit or suspension, the Company's residents may postpone or refuse services or prospective residents may delay residency in an attempt to avoid possible exposure. Also, enhanced procedures, protocols and care put in place to assist in reducing the likelihood of exposure or addressing actual illness in the Company's LTC and RRs (for example, testing of residents and employees, enhanced screening and use of PPE) would result in increased costs. In addition, a pandemic, epidemic or other outbreak may adversely impact the Company's operations by causing staffing and supply shortages. Resident satisfaction and employee engagement may also be adversely impacted during this period.

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

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

Certain vaccines against COVID-19 have been approved for use in Canada. Since the supply of vaccines is dependent on the global supply chain, doses of vaccine are being distributed in phases with vulnerable populations prioritized. There is at present no certainty when adequate supplies of vaccine will be available to vaccinate all those who wish to be vaccinated in Canada, nor certainty in regard to the long-term effectiveness of the vaccines.

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

The impact of COVID-19 on the overall economy may adversely affect credit markets, which may make it more difficult for the Company to access credit or, if able to do so, it may be at a higher cost or on less favourable terms, potentially impacting, among other things, re-financings and its development plans and timelines. Governments and central banks have attempted to stabilize economic conditions through monetary and fiscal interventions, but it is not currently known how these interventions will impact the financial markets, interest rate volatility or the economy in general.

The Company is continuing to evaluate and consider the potential impact of the COVID-19 outbreak, which could result in some or all of these negative outcomes and adversely impact the business, operating results and financial condition of the Company. There can be no assurances that a pandemic, epidemic or outbreak of a contagious illness, such as COVID-19, would not have a material adverse effect on the business, operating results and financial condition of the Company.

Liability and insurance

The businesses which are carried on, directly or indirectly, by the Company entail an inherent risk of liability, including with respect to injury to or death of its residents. From time to time the Company is subject to lawsuits as a result of the nature of its businesses, including the proposed class actions described below. The market for insurance for the senior living sector has been challenging and has resulted in increased insurance costs for the Company. The Company maintains business and property insurance policies in amounts and with such coverage and deductibles as deemed appropriate, based on the nature and risks of the businesses, historical experience, industry standards and coverage availability to the sector. There can be no assurance, however, that claims in excess of the insurance coverage or claims not covered by the insurance coverage will not arise or that the liability coverage will continue to be available on acceptable terms. There are certain types of risks, generally of a catastrophic nature, such as floods, earthquakes, power outages, war, terrorism or environmental contamination, which are either uninsurable or are not insurable on an economic basis. A successful claim against the Company not covered by, or in excess of, its insurance may have a material adverse impact on the business, operating results and financial condition of the Company. Claims against the Company, regardless of their merit or eventual outcome, also may have a material adverse impact on the ability to attract residents or expand the Company's business, and requires management of the Company to devote time to matters unrelated to the operation of the business. 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 LTC residences in Ontario during the pandemic, as well as the families of those residents, and seeks damages in the aggregate amount of \$120 million. The claim is a joint claim against the Company and another senior living operator.

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

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

None of the above 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.

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.

Labour intensive operations

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

Information technology risk

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

Government regulation

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

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

All RRs operating in Ontario are required to be licensed under the *Retirement Homes Act* (“**RHA**”) and are regulated under this statute. In British Columbia, the *Community Care and Assisted Living Act* (“**CCALA**”) provides consumer protection and regulation of independent living homes and assisted living facilities. All types of seniors' living residences providing personal support in British Columbia must be registered with the Assisted Living Registry. The Company has obtained all required licences and registrations. There can be no assurance that future regulatory changes affecting RRs would not have a material adverse impact on the business, operating results and financial condition of the Company.

The Company entered into a management agreement with a third party manager on September 29, 2020 pursuant to a mandatory management order issued under the *Long-Term Care Homes Act, 2007* (Ontario) (“**LTCHA**”) in respect of Creedan Valley Care Community. As of the date of this AIF, the Company has three voluntary management agreements in place with hospital partners to provide expertise and resources in mitigating the impact of COVID-19. The duration of each of the management agreements is anticipated to be short-term.

LTC funding

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

Funding adjustments in the current year

Reconciliations of funding versus actual expenses are performed annually, based on previous calendar years. Reconciliation of government assistance related to the pandemic and actual incremental expenses incurred related to the pandemic is to be performed for the twelve month period ending March 31, 2021. From time to time, the reconciliations will result in current year adjustments made in respect of prior years. These “prior period adjustments” can have either a favourable or unfavourable impact on NOI generally related to differences identified

in the reconciliation attributable to occupancy days, special circumstances and differences between projected and actual property tax.

Licence terms

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

Labour relations

A majority of the employees working at the Company's properties are unionized with approximately 84% of employees represented by union locals of any of the Service Employees International Union, the Ontario Nurses Association, the BC Nurses' Association, the BC Government and Service Employees' Union, the Hospital Employees' Union, the Christian Labour Association of Canada, the Canadian Union of Public Employees, Healthcare Office and Professional Employees, Unifor, Ontario Public Service Employees Union, Workers United Canada Council or United Food and Commercial Workers. While the Company has traditionally maintained positive labour relations, there can be no assurance the Company will not at any time, whether in connection with a renegotiation process or otherwise, experience strikes, labour stoppages or any other type of conflict with unions or employees, which may have a material adverse impact on the business, operating results and financial condition of the Company. Notwithstanding the foregoing, all LTC residences in Ontario are governed by the Hospital Labour Disputes Arbitration Act (Ontario), which prohibits strikes and lockouts in the seniors' living industry. Collective bargaining disputes in Ontario are more likely to be resolved through compulsory third party arbitration.

Privacy and cybersecurity risk

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

The Company takes data privacy and protection seriously and has implemented processes, procedures and controls to help mitigate these risks. Access to personal data is controlled through physical security and information technology ("IT") security measures, and employees are frequently trained in the safeguarding of sensitive information. For information stored with or processed by third parties, the Company undertakes due diligence prior to working with them and uses contractual means to ensure compliance to standards set by the Company. Additionally, the Company monitors and assesses risks surrounding collection, use, storage and protection

practices of personal data. However, these measures, as well as its increased awareness of a risk of a cybersecurity incident, do not guarantee that its financial results would not be negatively impacted by such an incident.

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

Capital intensive industry

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

Real property ownership

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

Damage to administrative operations or properties

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

Environmental liabilities

The Company is subject to various environmental laws and regulations under which it could become liable for the costs of removing or remediating certain hazardous, toxic or regulated substances released on or in the properties it owns or manages, or disposed of at other locations, in some cases regardless of whether or not the Company knew of or was responsible for their presence. The failure to address such issues may adversely affect the Company's ability to sell properties or to borrow using properties as collateral and/or could potentially result in claims against the Company. Notwithstanding the above, management of the Company is not aware of any material non-compliance, liability or other claim in connection with any of the Company's owned properties or those it manages. It is the Company's operating policy to obtain a Phase I environmental site assessment, conducted by an independent and experienced environmental consultant, prior to acquiring or financing any property, or to otherwise obtain applicable reliance letters in respect thereof. Where Phase I environmental site assessments identify sufficient environmental concerns or recommend further assessments, Phase II or Phase III environmental site assessments are conducted.

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

Acquisitions, dispositions and development

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

The Company is pursuing development activities with partners. These activities create development-specific risks, including liens, constructions delays, increasing costs, labour disputes, delays in obtaining municipal and regional approvals and disputes with development partners.

Redevelopment of Class B and C residences

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

Joint venture interests

The Company has entered into several joint-venture arrangements in respect of certain of the Company's seniors' housing operations and continues to seek more such opportunities. Joint-venture arrangements have the benefit of sharing the risks associated with ownership and management of properties, including those risks described elsewhere in this section. However, if joint venture arrangements or partnerships do not perform as expected or default on financial obligations, the Company has an associated risk. The Company aims to reduce this risk by seeking to negotiate contractual rights upon default, by entering into agreements with financially stable partners and by working with partners who have a successful record of operating and completing development projects.

Financing risk

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

The Company is in compliance with its financial covenants as at December 31, 2020. However, there can be no assurance that future covenant requirements will be met. The Company's bank lines and other debt may be affected by its ability to remain in compliance with their respective terms. If the Company does not remain in compliance with its financial covenants, its ability to amend the covenants or refinance its debt may be affected.

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

Credit ratings

The credit ratings assigned to the Company are an assessment of the Company's ability to pay its obligations. The Company received a BBB investment grade credit rating with a Stable trend from DBRS Limited. DBRS Limited has also assigned a rating of BBB, with a Stable trend, to the Company's Series A Unsecured Debentures and Series B Unsecured Debentures. There is no assurance the Company will continue to receive such credit ratings. Thus, real or anticipated changes in the Company's credit ratings may affect its capital structure.

Reliance on key personnel

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

Competition

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

Geographic concentration

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

Tax rules and regulations

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

Risks Relating to a Public Company and Common Shares

Volatile market price for securities of the Company

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

- actual or anticipated fluctuations in the Company's quarterly results of operations;
- changes in estimates of future results of operations of the Company or securities research analysts;
- changes in the economic performance or market valuations of other companies that investors deem comparable to the Company;
- additions to or departures of, the Company's senior management and other key personnel;
- imposition or removal of re-sale restrictions on Common Shares issued pursuant to exemptions under applicable securities laws;
- sales or anticipated sales of additional securities, including Common Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; and
- news reports relating to trends, concerns or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets may experience price and volume fluctuations that affect the market prices of equity securities of companies and that are unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the securities of the Company may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of the Company's environmental, social and governance practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in limited or no investment in the securities of the Company by those institutions, which in turn may adversely affect the market price of the Company's securities, including the Common Shares. There can be no assurance that fluctuations in price and volume will not occur due to these and other factors.

Sienna Senior Living Inc. is a holding company

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

Dividend policy

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

Compliance with financial reporting and other requirements as a public company

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

Management of the Company does not expect the Company's disclosure controls and procedures and internal controls over financial reporting will prevent all error and all fraud. A control system, no matter how well designed

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

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

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

Conflicts of interest

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

Dilution and future sales of the Company's securities

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

DIVIDEND POLICY

The Company's dividend policy is at the discretion of the Board.

The chart below sets out the amount of cash dividends paid by the Company for each of the three most recently completed fiscal years.

Year-Ended December 31	Cash Dividend per Common Share
2018	\$0.908 ⁽¹⁾
2019	\$0.926 ⁽²⁾
2020	\$0.936 ⁽³⁾

Notes:

- (1) Based on a monthly distribution of \$0.0750 per Common Share for the months of January – July 2018 and \$0.0765 for the months of August – December 2018
- (2) Based on a monthly distribution of \$0.0765 per Common Share for the months of January – July 2019 and \$0.078 for the months of August – December 2019
- (3) Based on a monthly distribution of \$0.0780 per Common Share for the months of January – December 2020

Future dividends, if any, will depend on the operations and assets of the Company and will be subject to various factors, including, without limitation, the Company’s financial performance, fluctuations in its working capital, the sustainability of its margins, its capital expenditure requirements, obligations under its credit facilities, provisions of applicable law (including satisfying the dividend solvency test applicable to BCBCA companies) and other factors that the Board may deem relevant from time to time. There can be no guarantee that the Company will maintain its current dividend policy. See “Risk Factors”.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital of the Company consists of: (a) one special share; (b) an unlimited number of Common Shares; and (c) an unlimited number of Preferred Shares, issuable in series. The special share was issued on the formation of SSLI and was redeemed, for nominal consideration, immediately following closing of the IPO and no further special shares may be issued. As at the close of business on March 5, 2021, the Company had 67,039,123 outstanding Common Shares and no outstanding Preferred Shares.

Common Shares

Holders of Common Shares are entitled to receive notice of and to attend and vote at all meetings of shareholders of the Company, except meetings of holders of another class of shares. Each Common Share entitles the holder thereof to one vote.

Subject to the preferences accorded to holders of any other shares of the Company ranking senior to the Common Shares from time to time with respect to the payment of dividends, holders of Common Shares are entitled to receive, if, as and when declared by the Board, such dividends as may be declared thereon by the Board from time to time in equal amounts per share on the Common Shares at the time outstanding, without preference or priority.

In the event of the voluntary or involuntary liquidation, dissolution or winding-up of the Company, or any other distribution of its assets among its shareholders for the purpose of winding-up its affairs (a “**Distribution**”), holders of Common Shares are entitled, after payment of debts and other liabilities, in each case subject to the preferences accorded to the holders of any other shares of the Company ranking senior to the Common Shares from time to time with respect to payment on a Distribution, to share equally, share for share, in the remaining property of the Company.

Preferred Shares

The preferred shares in the capital of the Company are issuable at any time and from time to time in one or more series. The Board is authorized to fix before issue the number of, the consideration per share of, the designation

of, and the provisions attaching to, the Preferred Shares of each series, which may include voting rights, the whole subject to the issue of a certificate of amendment setting forth the designation and provisions attaching to the Preferred Shares or shares of the series. The Preferred Shares of each series will rank on par with the Preferred Shares of every other series and will be entitled to preference over the Common Shares and any other shares ranking junior to the Preferred Shares with respect to payment of dividends and on a Distribution. If any cumulative dividends (whether or not declared), non-cumulative dividends declared or amounts payable on a return of capital are not paid in full, the Preferred Shares of all series will participate rateably in accordance with the amounts that would be payable on such Preferred Shares if all such dividends were declared and paid in full or the sums that would be payable on such shares on the return of capital were paid in full, as the case may be.

Second Amended and Restated Shareholders' Rights Plan

Background

On March 23, 2010, following the Company's IPO, the Board adopted the original shareholder rights plan of the Company (the "**2010 Rights Plan**"). The 2010 Rights Plan was amended and restated to reflect certain amendments and reconfirmed by shareholders at the Company's annual and special meeting of shareholders on April 24, 2013, and further amended and restated to reflect certain amendments and reconfirmed by shareholders at the annual and special meeting of shareholders held on April 19, 2016, and further amended and restated to reflect certain amendments and reconfirmed by the shareholders at the annual and special meeting of the shareholders held on May 22, 2019 (the "**Rights Plan**").

Summary

The following is a summary of certain material provisions of the Rights Plan, a copy of which is available on SEDAR (accessible at www.sedar.com) or on the Company's website at www.siennaliving.ca. This summary does not purport to be complete and is qualified entirely by the Rights Plan. Capitalized terms used in this summary and not otherwise defined have the meaning ascribed thereto in the text of the Rights Plan.

Pursuant to the Rights Plan, the Company has issued one right (a "**Right**") for each Common Share that is currently outstanding and will issue one Right for each Common Share issued during the currency of the Rights Plan.

The Rights Plan utilizes the mechanism of the "**Permitted Bid**" (as described below) to require all potential bidders for the Company to comply with the conditions specified in the Permitted Bid provisions or else be subject to the dilutive features of the Rights Plan. The Rights Plan is designed to make it impractical for any person to acquire more than 20% of the outstanding Common Shares without the approval of the Directors except pursuant to the Permitted Bid procedures or pursuant to certain other exempt transactions outlined below.

Separation Time

The Rights will separate and trade separately from the Common Shares after the Separation Time (as defined below). Following the Separation Time, separate certificates evidencing the Rights ("**Rights Certificates**") will be provided for shareholders as of the Separation Time and each separate Rights Certificate alone will evidence the Rights. Registration of interests in and transfer of the Rights will be made only through a book entry system administered by CDS Clearing and Depository Services Inc.

The "**Separation Time**" is the close of business on the 10th Business Day following the earliest of:

- (a) the date of the first public announcement made by the Company or an Acquiring Person that a person has become an Acquiring Person;

- (b) the date of the commencement of a take-over bid by any person (an “**Offeror**”) for the Common Shares;
- (c) the date upon which a Permitted Bid ceased to be a Permitted Bid; or
- (d) such later date as may be determined by the Board.

If any take-over bid triggering the Separation Time expires or is cancelled, terminated or otherwise withdrawn prior to the Separation Time, the bid shall be deemed, for the purposes of determining the Separation Time, never to have been made.

Exercise Price of Rights

The initial exercise price established under the Rights Plan is \$100 per Common Share. After the Separation Time and prior to the occurrence of a Flip-In Event (as defined below), each Right entitles the registered holder to purchase one Common Share at the exercise price of \$100 per Common Share, subject to certain anti-dilution adjustments and other rights as will be set out in the Rights Plan. The terms of the Rights adjust significantly upon the occurrence of a “Flip-In Event”, as described below.

Flip-In Event

A “**Flip-In Event**” is triggered when a person becomes an Acquiring Person. Upon the occurrence of a Flip-in Event, the Company must take such action as shall be necessary to ensure that each Right (except for Rights beneficially owned by the persons specified below) shall thereafter constitute the right to purchase from the Company upon exercise thereof in accordance with the terms of the Rights Plan that number of Common Shares having an aggregate market price on the date of the consummation or occurrence of such Flip-In Event equal to twice the exercise price, for an amount in cash equal to the exercise price. By way of example, if at the time of such announcement the exercise price of the Rights is \$100 and the Common Shares have a market price of \$10 per Common Share, the holder of each Right would be entitled to purchase the number of Common Shares that has in the aggregate a market price of \$200 (i.e., 20 Common Shares in this example) for a price of \$100, that is, at a 50% discount.

The Rights Plan provides that Rights that are beneficially owned by:

- (a) an Acquiring Person, any affiliate or associate of an Acquiring Person, any person acting jointly or in concert with an Acquiring Person, or any affiliate or associate of such Acquiring Person; or
- (b) a transferee, direct or indirect, of Rights from any of the foregoing,

shall in certain circumstances become null and void without any further action and any holder of such Rights (including transferees) shall not have any rights whatsoever to exercise such Rights under any provision of the Rights Plan.

Acquiring Person

An “**Acquiring Person**” is a person who beneficially owns 20% or more of the outstanding Common Shares. An Acquiring Person does not, however, include:

- (a) the Company or any other affiliate controlled by the Company;
- (b) any person who owns, directly or indirectly, 20% or more of the securities of SSLI on closing of the IPO (a “**Grandfathered Person**”), provided, however, that this exemption shall not be, and

shall cease to be, applicable to a Grandfathered Person in the event that such Grandfathered Person shall, after closing of the IPO, become the owner, directly or indirectly, of an additional 1% of the outstanding Common Shares, other than pursuant to certain exempt transactions described below; or

- (c) any person who becomes the beneficial owner of 20% or more of the Common Shares as a result of certain exempt transactions.

Where a Person is deemed to beneficially own the Common Shares issuable under that Person's Convertible Securities, those Common Shares will be considered to be outstanding for purposes of calculating the number and percentage of Common Shares beneficially owned by that Person.

Exempt transactions include:

- (a) specified acquisitions or redemptions of Common Shares;
- (b) acquisitions pursuant to a Permitted Bid (which may include a Competing Permitted Bid), as described below; or
- (c) acquisitions of Common Shares in exchange for additional properties being acquired by the Company.

Permitted Bids and Competing Permitted Bids

A "**Permitted Bid**" means a bid which is made by an Offeror by means of a take-over bid circular and which also complies with the following additional provisions:

- (a) the bid is made to all holders of Common Shares, other than the Offeror, as registered on the books of the Company;
- (b) the bid contains, and the take-up and payment for securities tendered or deposited thereunder is subject to, irrevocable and unqualified conditions that (A) no Common Shares shall be taken up or paid for pursuant to the bid prior to the close of business on the date which is not less than 105 days following the date of the bid and (B) no Common Shares shall be taken up or paid for pursuant to the bid unless, at the date referred to in (A) above, more than 50% of the Common Shares held by independent shareholders shall have been deposited or tendered pursuant to the bid and not withdrawn;
- (c) the bid contains an irrevocable and unqualified provision that, unless the bid is withdrawn, Common Shares may be deposited pursuant to such bid at any time prior to the close of business on the date of first take-up or payment for Common Shares and that any Common Shares deposited pursuant to the bid may be withdrawn until taken up and paid for; and
- (d) the bid contains an irrevocable and unqualified provision that if, on the date on which Common Shares may be taken up or paid for, more than 50% of the Common Shares held by independent shareholders shall have been deposited or tendered pursuant to the bid and not withdrawn, the Offeror will make a public announcement of that fact and the bid will remain open for deposits and tenders of Common Shares for not less than 10 days from the date of such public announcement;

provided that if a bid constitutes a Competing Permitted Bid, the term "Permitted Bid" shall also mean the Competing Permitted Bid.

A “**Competing Permitted Bid**” means a bid that:

- (a) is made after a Permitted Bid or another Competing Permitted Bid has been made and prior to the expiry of the Permitted Bid or other Competing Permitted Bid;
- (b) satisfies all components of the definition of a Permitted Bid other than the requirements set out in paragraph (b)(A) of such description above; and
- (c) contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified condition that no Common Shares will be taken up or paid for pursuant to the bid prior to the close of business on a date that is no earlier than the later of (A) the last day on which the bid must be open for acceptance after the date of such bid under applicable Canadian securities legislation and (B) the earliest date on which securities may be taken up or paid for under any prior bid.

Neither a Permitted Bid nor a Competing Permitted Bid is required to be approved by the Board and such bids may be made directly to shareholders. Acquisitions of Common Shares made pursuant to a Permitted Bid or a Competing Permitted Bid do not give rise to a Flip-In Event.

Redemption and Waiver

The Board, with the consent of the holders of voting securities of the Company, may, at any time prior to the occurrence of a Flip-In Event, elect to redeem all but not less than all of the Rights at a redemption price of \$0.0001 per Right (the “**Redemption Price**”). Rights will be deemed to immediately be redeemed at the Redemption Price where a person acquires Common Shares pursuant to a Permitted Bid or Competing Permitted Bid. If the Board elects or is deemed to have elected to redeem the Rights, the right to exercise the Rights will terminate and each Right will after redemption be null and void and the only right thereafter of the holders of Rights shall be to receive the Redemption Price.

The Board, with the consent of the holders of voting securities of the Company, may waive application of the Rights Plan to a take-over bid prior to the occurrence of a Flip-In Event that would occur as a result of an acquisition of Common Shares otherwise than pursuant to a take-over bid made by way of take-over bid circular sent to all holders of voting securities of the Company. In such event, the Board shall extend the Separation Time to a date at least 10 business days subsequent to the meeting of shareholders called to approve such waiver.

The Board, in its discretion, may waive application of the Rights Plan to a take-over bid prior to the occurrence of a Flip-In Event that would occur as a result of a take-over bid made by way of take-over bid circular sent to all holders of voting securities of the Company. Once the Board has exercised its discretion to waive application of the Rights Plan in respect of any particular take-over bid and another take-over bid is made, the Board shall be deemed to have waived the application of the Rights Plan to such other take-over bid provided that such other take-over bid is made by way of a formal take-over bid circular to all holders of Common Shares prior to the expiry of the take-over bid in respect of which the waiver has been granted. In such event, the Board shall extend the Separation Time to a date at least 10 days following the meeting of shareholders called to approve such waiver.

Reconfirmation and Amendment

In order to remain effective, the Rights Plan must be reconfirmed by shareholders at every third annual meeting of the Company. The Rights Plan was reconfirmed by shareholders at the Company’s annual and special meeting of shareholders held on May 22, 2019.

INDEBTEDNESS

Debt Strategy and Maturity Schedule

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 Canada Mortgage and Housing Corporation property-level secured mortgages and unsecured and secured credit facilities and loans.

As at December 31, 2020, the Company's debt to gross book value increased by 220 basis points ("bps") to 48.2% from 46.0% as at December 31, 2019 primarily due to the drawdown of \$87,000 from the Unsecured Revolving Credit Facility (defined in the "Indebtedness – Credit Facilities – Revolving Credit Facilities" section of this AIF) of which \$40,000 has been invested in short-term investments, to provide the Company financial flexibility. Subsequent to December 31, 2020, the Company repaid \$63,000 of its credit facilities. The pro forma debt to gross book value including this subsequent repayment was 46.7% as at December 31, 2020. The debt to gross book value indicates the leverage applied against the Company's total original cost of assets and is measured to ensure compliance with certain of its financial covenants.

The Company has adopted interest coverage guidelines which are consistent with the coverage covenants contained in its bank credit facility agreements. The Company's interest coverage ratio decreased to 3.1 times for the year ended December 31, 2020 from 3.9 times in the prior year. Excluding net pandemic expenses, the Company's interest coverage ratio was 3.9 times for the year ended December 31, 2020, in line with the prior year. The interest coverage ratio is a measure used to assess the Company's ability to service its debt obligations. This calculation may be defined differently depending on the lender.

The Company also monitors its debt to Adjusted EBITDA¹ ratio to determine the approximate number of years required for current cash flows to repay all indebtedness. The Adjusted EBITDA excludes maintenance capital expenditures² and cash income taxes. As at December 31, 2020, the debt to Adjusted EBITDA ratio was 9.4 years, representing an increase from 6.7 years in the prior year. Excluding net pandemic expenses, the Company's debt to Adjusted EBITDA ratio was 7.5 years.

The Company measures its liquidity as the available funds from existing credit facilities plus available cash and cash equivalents, which was \$217 million as at December 31, 2020, representing an increase of \$73.1 million or 50.8% compared to December 31, 2019.

The following table summarizes the Company's long-term debt commitments by maturity date (all amounts are expressed in thousands of Canadian dollars):

¹ See "Non-IFRS Measures" for definition of Adjusted EBITDA.

² See "Non-IFRS Measures" for definition of maintenance capital expenditures.

Thousands of Canadian dollars,
except interest rate

Year	Mortgages							Total	Consolidated Weighted Average Interest Rate on Maturing Debt
	Series A Unsecured Debentures ⁽¹⁾	Series B Unsecured Debentures ⁽²⁾	Credit Facilities and Loans ⁽³⁾	Capitalized Lease Principal Payments ⁽⁴⁾	Regular Principal Repayments	Principal Due at Maturity	Weighted Average Interest Rate on Maturing Mortgages		
2021	—	—	100,000	525	21,144	16,339	2.96%	138,008	2.54%
2022	—	—	—	494	19,605	28,169	3.90%	48,268	3.90%
2023	—	—	—	435	17,837	60,824	3.38%	79,096	3.38%
2024	150,000	—	—	363	16,049	50,104	4.10%	216,516	3.40%
2025	—	—	87,000	—	12,511	41,065	3.78%	140,576	2.59%
2026	—	175,000	—	—	12,544	—	—%	187,544	3.45%
2027	—	—	—	—	11,844	35,115	3.29%	46,959	3.29%
2028	—	—	—	—	6,809	115,703	3.36%	122,512	3.36%
2029	—	—	—	—	2,379	5,477	3.13%	7,856	3.13%
2030	—	—	—	—	1,410	9,230	1.65%	10,640	1.65%
Thereafter	—	—	—	—	11,921	33,413	5.00%	45,334	5.00%
	150,000	175,000	187,000	1,817	134,053	395,439	3.56%	1,043,309	3.24%
								3,177	
								(13,862)	
								1,032,624	

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 3.45%.
3. The weighted average interest rate for credit facilities and loans is 1.92%
4. The weighted average interest rate for capitalized lease principal payments is 3.87% for each year.

Senior Unsecured Debentures

Series A Unsecured Debentures

On November 4, 2019, the Company issued the Series A Unsecured Debentures. The net proceeds from the issuance were used to repay a portion of the Company's existing indebtedness and for general corporate purposes.

The Series A Unsecured Debentures were issued pursuant to a first supplemental indenture dated November 4, 2019 to the master trust indenture dated as of November 4, 2019 between the Company and BNY Trust Company of Canada (collectively, the "**Series A Unsecured Trust Indenture**"). Interest on the Series A Unsecured Debentures, at 3.109% per annum, is payable in equal semi-annual instalments in arrears in May and November of each year. The Series A Unsecured Debentures are redeemable in whole or in part at the option of Company at any time, upon not less than 10 days' and not more than 60 days' notice to the holders of the Series A Unsecured Debentures, at a redemption price equal to: (A) prior to October 4, 2024 (the "**Series A Par Call Date**"), the greater of (i) the face amount of such notes and (ii) the Canada Yield Price, as defined in the Series A Unsecured Trust Indenture on the business day preceding the date notice of redemption is given, in each case together with accrued and unpaid interest, and (B) following the Series A Par Call Date, the face amount of such notes, together with accrued and unpaid interest. The Series A Unsecured Debentures may be purchased for cancellation at any time, in whole or in part, in the market or by tender or private contract at any price.

The Series A Unsecured Trust Indenture includes customary restrictions on the business of the Company and its subsidiary entities. These include restrictions on consolidation and mergers, and incurrence of additional indebtedness which, among other things, is based on the Company not exceeding a specified indebtedness percentage. In addition, the Series A Trust Indenture includes customary events of default, including failure to meet covenants with respect to ratios for interest expense and maintenance of unencumbered assets, respectively. The Series A Unsecured Debentures are a direct senior unsecured obligations of the Company and rank equally and rateably in right of payment with all other present and future unsecured and unsubordinated indebtedness of the Company.

Series B Unsecured Debentures

On October 2, 2020, the Company issued the Series B Unsecured Debentures. A portion of the net proceeds from the issuance was used to repay all of the outstanding Series B Secured Debentures.

The Series B Unsecured Debentures were issued pursuant to a second supplemental indenture dated October 2, 2020 to the master trust indenture dated as of November 4, 2019 between the Company and BNY Trust Company of Canada (collectively, the “**Series B Unsecured Trust Indenture**”). Interest on the Series B Unsecured Debentures, at 3.45% per annum, is payable in equal semi-annual instalments in arrears in February and August of each year. The Series B Unsecured Debentures are redeemable in whole or in part at the option of Company at any time, upon not less than 10 days’ and not more than 60 days’ notice to the holders of the Series B Unsecured Debentures, at a redemption price equal to: (A) prior to January 27, 2026 (the “**Series B Par Call Date**”), the greater of (i) the face amount of such notes and (ii) the Canada Yield Price, as defined in the Series B Unsecured Trust Indenture on the business day preceding the date notice of redemption is given, in each case together with accrued and unpaid interest, and (B) following the Series B Par Call Date, the face amount of such notes, together with accrued and unpaid interest. The Series B Unsecured Debentures may be purchased for cancellation at any time, in whole or in part, in the market or by tender or private contract at any price.

The Series B Unsecured Trust Indenture includes customary restrictions on the business of the Company and its subsidiary entities. These include restrictions on consolidation and mergers, and incurrence of additional indebtedness which, among other things, is based on the Company not exceeding a specified indebtedness percentage. In addition, the Series B Trust Indenture includes customary events of default, including failure to meet covenants with respect to ratios for interest expense and maintenance of unencumbered assets, respectively. The Series B Unsecured Debentures are a direct senior unsecured obligations of the Company and rank equally and rateably in right of payment with all other present and future unsecured and unsubordinated indebtedness of the Company.

The foregoing summaries are qualified in their entirety by reference to the Series A Unsecured Trust Indenture and the Series B Unsecured Trust Indenture and their governing terms.

Senior Secured Debentures

Series B Secured Debentures

On February 3, 2014, LSCLP, a wholly-owned subsidiary of the Company, issued the Series B Secured Debentures. The proceeds from the issuance of the Series B Secured Debentures were used to redeem all of the outstanding 4.814% Series A Senior Secured Debentures of LSCLP on February 24, 2014, and to pay all associated fees and expenses.

The Series B Secured Debentures were issued pursuant to a fourth supplemental indenture dated February 3, 2014 to the amended and restated master trust indenture dated as of November 21, 2005 between LSCLP and BNY Trust Company of Canada (collectively, the “**Secured Trust Indenture**”). The Series B Secured Debentures are

collateralized by the assets of LSCLP and its subsidiary entities and guaranteed by those subsidiary entities. Interest on the Series B Secured Debentures, at 3.474% per annum, is payable in equal semi-annual installments in arrears in February and August of each year. The Series B Secured Debentures are redeemable in whole or in part at the option of LSCLP at any time, upon not less than 15 days' and not more than 30 days' notice to the holders of the Series B Secured Debentures, at a redemption price equal to the greater of (i) the face amount of such notes and (ii) the Canada Yield Price, as defined in the Secured Trust Indenture on the business day preceding the date notice of redemption is given, in each case together with accrued and unpaid interest. The Series B Secured Debentures may be purchased for cancellation at any time, in whole or in part, in the market or by tender or private contract at a price not to exceed the redemption price therefore plus any reasonable costs of purchase.

The Secured Trust Indenture includes customary restrictions on the business of LSCLP and its subsidiary entities. These include restrictions on distributions, sales of assets and incurrence of additional indebtedness which, among other things, are based on LSCLP's maintaining specified debt service coverage ratios. In addition, the Secured Trust Indenture includes customary events of default. LSCLP's covenants in respect of the Series B Secured Debentures include the maintenance of a principal reserve fund to be used for debenture repayment. The principal reserve fund will be funded by LSCLP at least semi-annually to a predetermined minimum balance of \$40.6 million to be available for principal repayment by the maturity date of the Series B Secured Debentures.

On October 2, 2020, the Company redeemed all of the outstanding Series B Secured Debentures with a maturity date of February 3, 2021 using its principal reserve fund of \$41 million and a portion of the net proceeds from the Series B Unsecured Debentures and the Secured Credit Facility, and paid an early redemption premium of \$2.8 million, all in accordance with the Secured Trust Indenture. This full redemption released the security collateralized by the assets of LSCLP, which increased the Company's pool of unencumbered assets by more than \$300 million from \$540 million as at September 30, 2020 to approximately \$840 million as at October 2, 2020.

The foregoing summary is qualified in its entirety by reference to the Secured Trust Indenture and its governing terms.

Credit Ratings

On September 14, 2020, the Company confirmed its "BBB" investment grade credit rating with a "Stable" trend from DBRS for the Company and its Series A Unsecured Debentures. On October 2, 2020, DBRS issued a "BBB" investment grade credit rating with a "Stable" trend for the Series B Unsecured Debentures. The following information relating to DBRS credit ratings is based on information made available to the public by DBRS.

A credit rating of "BBB" by DBRS is the fourth highest of 10 categories and is assigned to debt that is considered to be of adequate credit quality, where the capacity for payment of financial obligations is considered acceptable but the issuing entity may be vulnerable to future events. The assignment of a "(high)" or "(low)" modifier within each rating category indicates relative standing within such category. The absence of either a "(high)" or "(low)" designation indicates that the rating is in the middle of the category. The assignment of a "Positive", "Stable" or "Negative" trend modifier provides guidance in respect of DBRS' opinion regarding the outlook for the rating. The rating trend indicates the direction in which DBRS considers the rating may move if present circumstances continue, or in certain cases, unless challenges are addressed by the issuer; a "Positive" or "Negative" trend does not necessarily indicate that a rating change is imminent.

There can be no assurance that a rating will remain in effect for any given period of time or that a rating will not be lowered, withdrawn or revised by either or both rating agencies if in its judgment circumstances so warrant. The rating of any debt securities is not a recommendation to buy, sell or hold such securities, inasmuch as such rating does not comment as to market price or suitability for a particular investor.

Credit Facilities

Revolving Credit Facilities

The Company's subsidiary, The Royale LP, had a revolving credit facility in the amount of \$105 million (the "**Royale Credit Facility**"). The Royale Credit Facility matured on March 31, 2020. This facility was intended to be used for general corporate purposes, including the short-term financing of future acquisitions. Borrowings under the Royale Credit Facility could take place by way of loans (at prime rate plus 75 bps per annum), bankers' acceptances (at 175 bps per annum over the floating bankers' acceptance ("**BA**") rate published by the Bank of Canada) and letters of credit (at prime rate plus 175 bps per annum). The Royale Credit Facility was secured by The Royale LP's 100% interest in three retirement residences and guaranteed by the Company, and was subject to certain customary financial and non-financial covenants, including restrictions on the pledging of assets and the maintenance of various financial covenants.

LSCLP was a party to the LSCLP Credit Facility which could be accessed for general working capital purposes. This facility was secured by the assets of LSCLP and its subsidiary partnerships and guaranteed by the subsidiary partnerships. Borrowings could take place by way of loans at an interest rate of prime plus 50 bps per annum, BAs at a rate of 150 bps per annum over the BA rate (30, 60 or 90 days), and/or letters of credit at 150 bps per annum. As at September 30, 2020, the Company had no amounts drawn on this facility when it was terminated on October 1, 2020.

On March 19, 2020, the Company entered into the Unsecured Revolving Credit Facility. This facility will mature on March 19, 2025 and may be extended for additional one-year terms, subject to certain conditions. The capacity of this facility may be increased by up to \$50 million during the term of the facility, subject to certain conditions.

The Company has other property-level credit facilities totaling \$2.5 million that can be accessed for general working capital purposes. Borrowings pursuant to these facilities are available by way of loans at an interest rate of prime plus 50 bps per annum.

Non-Revolution Credit Facilities

On October 2, 2020, the Company entered into the Secured Credit Facility. This facility has an initial term of one year and may be extended for an additional one-year term, subject to certain conditions. This facility is secured by three retirement residences of the Company.

Further, the Company has a non-revolving acquisition loan facility in the amount of \$6 million that matures on June 6, 2025. Borrowings under this facility are available by way of loans at an interest rate of prime plus 75 bps per annum and/or BAs at the BA rate plus 175 bps per annum.

MARKET FOR SECURITIES

The outstanding Common Shares of the Company trade on the TSX under the symbol "SIA". The following table sets out the reported high and low prices and the volume traded of the Common Shares on the TSX for each month during 2020:

Month	Toronto Stock Exchange		
	High	Low	Volume
January.....	\$19.57	\$18.00	3,042,000
February.....	\$19.72	\$16.58	5,546,700
March.....	\$17.85	\$9.00	10,938,000

Month	Toronto Stock Exchange		
	High	Low	Volume
April.....	\$13.97	\$10.40	10,842,000
May.....	\$13.06	\$9.12	11,328,900
June.....	\$11.49	\$9.00	12,844,400
July	\$10.43	\$8.85	7,427,300
August	\$11.34	\$10.07	7,321,300
September.....	\$12.23	\$10.68	6,247,700
October	\$12.35	\$10.99	5,528,900
November	\$14.06	\$11.66	9,468,500
December.....	\$14.56	\$13.20	5,695,400

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets out, as of the date hereof, for each of the directors and executive officers of the Company, the person's name, municipality of residence, positions with the Company (i.e., directorship) and principal occupation. Ms. Jourdain Coleman, Mr. Sender, Mr. Johnston and Mr. Jain were appointed to the Board on February 5, 2014, May 23, 2017, May 22, 2019 and June 11, 2020, respectively. Each of the other directors has been a director since the closing of the IPO in March 2010. The term of office for each of the directors will expire at the time of the next annual meeting of the shareholders of the Company.

As at the close of business on March 5, 2021, the directors and executive officers of the Company collectively beneficially own, directly or indirectly, or exercise control and direction over 450,910 Common Shares (representing in the aggregate approximately 0.67% of the issued and outstanding Common Shares as at such date).

<u>Name and Municipality of Residence</u>	<u>Position with the Company</u>	<u>Date on which became a Director and Principal Occupation if Different from Position Held</u>
<u>Directors</u>		
Dino Chiesa ^{(1),(2),(3)} Toronto, Ontario	Director Board Chair	Independent Director since March 2010; Principal of Chiesa Group
Janet Graham ^{(1),(2),(3)} Toronto, Ontario	Director Chair of Audit Committee	Independent Director since March 2010; Managing Director of IQ Alliance Incorporated and Corporate Director
Nitin Jain ⁽⁴⁾⁽⁵⁾ Toronto, Ontario	Director, President and Chief Executive Officer	Director since June 11 2020
Brian Johnston ^{(1),(2),(3)} Toronto, Ontario	Director	Independent Director since May 2019; Corporate Director

Name and Municipality of Residence	Position with the Company	Date on which became a Director and Principal Occupation if Different from Position Held
Paula Jourdain Coleman ^{(1),(2),(3),(5)} Oakville, Ontario	Director Chair of Quality Committee	Independent Director since February 2014; President, Lakebridge Investments Inc.
Jack MacDonald ^{(1),(2),(3),(5)} Halifax, Nova Scotia	Director	Independent Director since March 2010; Corporate Director
Stephen Sender ^{(1),(2),(3)} Thornhill, Ontario	Director Chair of Compensation, Governance and Nominating Committee	Independent Director since May 2017; Corporate Director
<u>Officers</u>		
Nitin Jain Toronto, Ontario	See above	See above
Karen Hon ⁽⁶⁾ Markham, Ontario	Chief Financial Officer and Senior Vice President	N/A
Olga Giovanniello ⁽⁷⁾ Toronto Ontario	Chief Human Resources Officer and Executive Vice President	N/A
Mark Lugowski ⁽⁸⁾ Dundas, Ontario	Executive Vice President, Operations	N/A
David Hung ⁽⁹⁾ Richmond Hill, Ontario	Senior Vice President, Corporate Services	N/A
Dr. Andrea Moser ⁽¹⁰⁾ Toronto, Ontario	Chief Medical Officer and Senior Vice President	N/A
Nancy Webb ⁽¹¹⁾ Richmond Hill, Ontario	Senior Vice President, Public Affairs and Marketing	N/A
Adam Walsh ⁽¹²⁾ Toronto, Ontario	General Counsel, Senior Vice President and Corporate Secretary	N/A
Stephen Roy ⁽¹³⁾ Oakville, Ontario	Senior Vice President, Real Estate Development and Construction	N/A

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation, Governance and Nominating Committee.
- (3) Independent member of the Board.
- (4) Mr. Jain was appointed President and Chief Executive Officer on June 11, 2020. Previously, Mr. Jain was the Chief Financial Officer and Chief Investment Officer of the Company.

- (5) Member of Quality Committee.
- (6) Ms. Hon was appointed Chief Financial Officer and Senior Vice President effective June 25, 2020. Previously, Ms. Hon was Vice President, Finance and Senior Director of Corporate Finance of the Company.
- (7) Ms. Giovanniello is the Chief Human Resources Officer and Executive Vice President of the Company. Prior to joining the Company, she was the Senior Vice President, Human Resources and Organizational Effectiveness at Canadian Tire Corporation.
- (8) Mr. Lugowski was appointed Executive Vice President, Operations on April 13, 2020. Prior to his employment at the Company, he served as Vice President, Retirement Communities for Extendicare Inc. and Vice President at Amica Seniors Lifestyles (formerly Amica Mature Lifestyles).
- (9) Mr. Hung was appointed Senior Vice President, Corporate Services on June 25, 2020. Previously, Mr. Hung was Vice President, Finance and Senior Director, Operations Finance of the Company.
- (10) Dr. Moser was appointed Chief Medical Officer and Senior Vice President on October 19, 2020. Prior to her employment at the Company, she was the Associate Medical Director and Chief Medical Information and Attending Physician at Baycrest Health Sciences and Clinical Quality Lead HQO at the Toronto Central LHIN.
- (11) Ms. Webb joined the Company on April 1, 2019 and was appointed as Senior Vice President, Public Affairs and Marketing on July 15, 2020. Prior to joining the Company, she was Vice-President, Communications and Stakeholder Relations for the Technical Standards and Safety Authority, Chief Executive Officer, Registrar (Interim) and Director of Communications and Stakeholder Relations for the Retirement Homes Regulatory Authority and Executive Director, Public Affairs for the Ontario Medical Association.
- (12) Mr. Walsh was appointed Senior Vice President, General Counsel and Corporate Secretary on November 23, 2020. Prior to his employment at the Company, he was the Vice President, General Counsel at Choice Properties REIT.
- (13) Mr. Roy was appointed Senior Vice President, Real Estate Development and Construction on January 18, 2021. Prior to his employment at the Company, he was the Head of Development at Freed Developments and Vice President of Development at Oxford Properties Group.

Biographies

The following are brief profiles of the directors of the Company. The principal occupations of each of the directors of the Company for the five years preceding the date of this AIF are set out below.

Dino Chiesa — Chair and Director

Mr. Chiesa is the principal of Chiesa Group, a commercial real estate developer and investor founded by Mr. Chiesa in 1990, and the past chair of Canada Mortgage and Housing Corporation, one of Canada's largest financial institutions.

Mr. Chiesa is a current member of the Board of Trustees of Morguard North American Residential REIT and the Board of Directors of GFL Environmental Inc. Previously, he served as Trustee and Vice-Chair of Canadian Apartment Properties Real Estate Investment Trust (CAP REIT), a TSX-listed Canadian residential real estate investment trust and as Chief Executive Officer of Residential Equities Real Estate Investment Trust, prior to its merger with CAP REIT. Mr. Chiesa is also the former Chair of the Board of CreateTO (formerly Toronto Realty Agency), a former director of Dynacare Laboratories Inc., a former member of the Board of Trustees of Sunrise Senior Living Real Estate Investment Trust, and formerly served on the board of several hospitals, including Humber River Hospital. From 1989 to 1999, Mr. Chiesa held several positions within the Government of Ontario, including Assistant Deputy Minister, Municipal Affairs and Housing and Chief Executive Officer of each of Ontario Housing Corporation and Ontario Mortgage Corporation. Mr. Chiesa is also active in the charitable sector, including in his role as Chair at Villa Charities.

Mr. Chiesa holds a Bachelor of Arts in Economics from McMaster University.

Janet Graham — Director

Ms. Graham has been a Managing Director of IQ Alliance Incorporated, a Toronto based real estate advisory services firm, since 2002. Prior to joining IQ Alliance Incorporated, Ms. Graham was an independent consultant for a number of years, delivering real estate related financial advisory services to major corporate clients. Prior to 1996, Ms. Graham held several senior positions at a Canadian chartered bank and its affiliated investment bank for 15 years, specializing in corporate finance and lending to real estate and other companies.

Ms. Graham is a former member of the boards of a number of public companies and trusts including the Board of Trustees and Chair of the Audit Committee of each of Milestone Apartments Real Estate Investment Trust and Automotive Properties Real Estate Investment Trust.

Ms. Graham holds a Bachelor of Applied Science from Guelph University, a Master of Business Administration from York University and holds a CPA, CA designation.

Nitin Jain — Director, President & Chief Executive Officer

Mr. Jain was appointed President and Chief Executive Officer and as a Director of the Company in June 2020.

Previously, Mr. Jain was the Chief Investment Officer and Chief Financial Officer of the Company and has extensive experience in strategic planning, crisis response and team transformation, and is deeply committed to the Company's mandate to help residents, our nation's seniors, live fully, every day.

Mr. Jain holds a Masters of Business Administration from the University of Notre Dame and obtained his undergraduate degree in Hotel and Hospitality Management from Widener University and the Indian Institute of Hotel Management. Mr. Jain is a graduate of the Director Education Program at Rotman School of Management at the University of Toronto and has earned his Institute of Corporate Director designation (ICD.D).

Brian Johnston — Director

Mr. Johnston is the former Chief Executive Officer of CreateTO, the City of Toronto's real estate entity with a mandate to develop City buildings and lands for municipal purposes and to deliver City-wide real estate solutions.

In addition, Mr. Johnston served as Chief Operating Officer of Mattamy Homes from 2012 to 2018. Prior to joining Mattamy, he was President of Monarch Corporation from 2000 to 2012.

Mr. Johnston, a Chartered Professional Accountant, currently serves as a Director of the C.D. Howe Institute, the Bruce Trail Conservancy, Mortgage Company of Canada and is a member of the Board of Regents at Victoria University in the University of Toronto..

Paula Jourdain Coleman — Director

Ms. Jourdain Coleman is the founder and owner of Lakebridge Investments Inc., a privately-held investment company with interests in both seniors' housing and real estate, and has been serving as its President since 1998. She has over 30 years of experience in long-term care management, facility development, government relations and financial management. Ms. Jourdain Coleman previously served in various roles at Specialty Care Inc. from 1981 to 2014, including as Chair and CEO from 1998 to 2014, where she led its transformation from four small rural homes into a vibrant organization with fourteen long-term care and retirement communities, an active consulting practice and management business. She became a Board member in February 2014 in connection with the Company's 2013 acquisition of a portfolio of Specialty Care properties and management business.

Ms. Jourdain Coleman currently serves on the Board of Directors of and is a member of the International Women's Forum. She previously served on the Board of Directors of each of St. Joseph's Health Care Centre and George Brown College Foundation, and is also a past President of the Ontario Long Term Care Association (OLTCA) and the Ontario Retirement Communities Association (ORCA).

Ms. Jourdain Coleman holds a Masters in Social Work from Wilfrid Laurier University and a Masters of Business Administration from York University.

Jack MacDonald — Director

Mr. MacDonald has been serving as the Chair of the Advisory Board of Micco Companies, a privately held company operating in Nova Scotia, since 2015. Until September 2012, Mr. MacDonald served as Chair of Compass Group Canada & ESS North America. Prior to this role, he was Chief Executive Officer of the company for the period 1996 to 2010. Compass Group Canada is a \$1.6 billion subsidiary of Compass Group PLC, a public company traded on the FTSE 100. Compass Group provides food and facilities management services in a number of sectors including healthcare, business & industry, education, leisure & recreation and remote sites. Mr. MacDonald had been an officer of Compass Group North America from June 1997 until his retirement in 2012. Prior to Compass, Mr. MacDonald was President, Communicare Division of MDS Health Group from 1991 to 1996; President, Canadian Management Services Division of Marriott Corporation from 1984 to 1991; and Vice President, Sales & Retail Operations of Clearwater Seafoods Limited from 1980 to 1984.

Mr. MacDonald's previous board roles include Honorary Chair of the Board of Directors of Toronto Zoo Campaign — "Wild for Life", Chair of the Board of Directors of Canadian Aboriginal Business Hall of Fame, member of the Province of Ontario Investment and Trade Advisory Council, Chair of the Board of Directors of Canadian Foundation for Dietetic Research, Chair of the Board of Directors of President's Advisory Council for Humber College, Director of the Colorectal Cancer Screening Initiative Foundation and Director of the Canadian Physiotherapy Association.

Mr. MacDonald was educated in Nova Scotia, completing three years at Acadia University towards a B.Sc. in mathematics and engineering. In 2007, Mr. MacDonald received a Honorary Bachelor of Applied Science degree from Humber College. He is a graduate of the Institute of Corporate Directors program at the University of Toronto's Rotman School of Management.

Stephen Sender — Director

Mr. Sender served as an investment banker for over 30 years in Canada and abroad and was Managing Director, Industry Head — Real Estate in Scotiabank's Global Banking and Markets division, representing the bank's capital markets activities in the Canadian real estate industry.

Since the early 1990s, Mr. Sender specialized in the Canadian real estate sector, providing investment banking advice to numerous public entities with respect to capital markets activities. He has been directly involved in raising equity and debt capital in a large number of transactions and has provided financial advice in numerous large transactions including mergers, takeovers and related party transactions. Mr. Sender is a trustee of Allied Properties Real Estate Investment Trust and also serves on the board of Centurion Apartment REIT. Mr. Sender has been a frequent moderator/speaker at conferences in Canada focusing on capital markets developments in the real estate sector.

Mr. Sender is a part-time instructor at York University, Schulich School of Business.

Mr. Sender holds a B.Comm. (Honours) degree from the University of Cape Town and qualified as a C.A. (S.A.) in 1984.

Directorships

Except as described above, none of the directors are currently directors of other issuers that are also reporting issuers (or the equivalent) in a territory of Canada or in a foreign territory.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

None of the directors or executive officers of the Company is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any person or company (including the Company) that was subject to one of the following orders, that was in effect for a period of more than 30 consecutive days:

- (a) a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemption under securities legislation that was issued while the director or executive officer was acting in the capacity as director or executive officer; or
- (b) a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemption under securities legislation that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

None of the directors or executive officers of the Company, or shareholders holding a sufficient number of securities of the Company to affect materially its control:

- (a) is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer of the shareholder; or
- (c) has had imposed any penalties or sanctions by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a security regulatory authority or has had imposed any penalties or sanctions by a court or a regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

CONFLICTS OF INTEREST

The directors of the Company are required by law to act honestly and in good faith with a view to the best interest of the Company and to disclose any interests which they may have in any project or opportunity of the Company. However, the Company's directors and officers may serve on the boards and/or as officers of other companies which may compete in the same sector as the Company, giving rise to potential conflicts of interest. To the extent that such other companies may participate in ventures in which the Company may participate or enter into contracts with the Company, they may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that a conflict of interest arises at a meeting of the directors

of the Company, such conflict of interest must be declared and the declaring parties must recuse themselves from the meeting and abstain from participating and voting for or against the approval of any project or opportunity in which they may have an interest. Provided such steps are followed and subject to any limitations in the Company's constating documents, a transaction would not be void or voidable because it was made between the Company and one or more of its directors or by reason of such director being present at the meeting at which such agreement or transaction was approved. The remaining directors will determine whether or not the Company will participate in any such project or opportunity.

To the best of the Company's knowledge, there are no known existing or potential conflicts of interest among the Company, directors, officers or other members of management of the Company as a result of their outside business interests.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest, and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers.

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The text of the Audit Committee's charter is attached as Schedule "A".

Composition of Audit Committee

The members of the Company's Audit Committee are:

Janet Graham (Chairperson)	Independent ⁽¹⁾	Financially literate ⁽²⁾
Dino Chiesa	Independent ⁽¹⁾	Financially literate ⁽²⁾
Brian Johnston	Independent ⁽¹⁾	Financially literate ⁽²⁾
Paula Jourdain Coleman	Independent ⁽¹⁾	Financially literate ⁽²⁾
Jack MacDonald	Independent ⁽¹⁾	Financially literate ⁽²⁾
Stephen Sender	Independent ⁽¹⁾	Financially literate ⁽²⁾

Notes:

- (1) Pursuant National Instrument 52-110 - Audit Committees, as amended, of the Canadian Securities Administrators ("NI 52-110"), a member of an audit committee is independent if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.
- (2) An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. The Board has determined that each member of the Audit Committee is financially literate, having reference to the definition contained in NI 52-110 and consideration of the relevant education and experience of each member of the Audit Committee.

Relevant Education and Experience

The Board believes that the composition of the Audit Committee reflects a high level of financial literacy. Each member of the Company's Audit Committee has education and experience (see "Directors and Executive Officers" section of this AIF) that is relevant to his or her performance as an Audit Committee member and has, in particular, education and experience that have provided the member with:

- (a) an understanding of the accounting principles used by the Company to prepare its financial statements;
- (b) the ability to assess the general application of the above noted principles in connection with estimates, accruals and reserves;
- (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements or experience actively supervising individuals engaged in such activities; and
- (d) an understanding of internal controls and procedures for financial reporting.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Sections 2.4 (De Minimis Non-audit Services), 3.2 (Initial Public Offerings), 3.3(2) (Controlled Companies), 3.4 (Events Outside Control of Members), 3.5 (Death, Disability or Resignation of Audit Committee Member), 3.6 (Temporary Exemption for Limited and Exceptional Circumstances), 3.8 (Acquisition of Financial Literacy) of NI 52-110, or an exemption from NI 52-110, in whole or in part, granted under Part 8 thereof.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year has the Audit Committee made a recommendation to nominate or compensate an external auditor not adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board to review the performance of the Company's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including a review of the range of services provided in the context of all consulting services bought by the Company. The Audit Committee is authorized to approve in writing any non-audit services or additional work which the Chair of the Audit Committee deems is necessary, and the Chair will notify the other members of the Audit Committee of such non-audit or additional work and the reasons for such non-audit work for the committee's consideration, and if thought fit, approval in writing.

External Auditor Service Fees

The fees billed by the Company's external auditors for the last three fiscal years are as follows:

Year	Audit Fees	Audit Related Fees⁽¹⁾	Tax Fees⁽²⁾	All Other Fees⁽³⁾	Total Fees
2020.....	\$595,212	\$18,000	\$nil	\$nil	\$613,212
2019.....	\$592,174	\$73,650	\$nil	\$nil	\$665,824
2018.....	\$636,281	\$191,100	\$27,485	\$nil	\$854,866

Notes:

- (1) Fees charged for assurance and related services that are reasonably related to the performance of an audit, and not included under Audit Fees.
- (2) Fees charged for tax compliance, tax advice and tax planning services.
- (3) Fees for services other than disclosed in any other column.

PROMOTERS

No person was considered a promoter of the Company for the purposes of applicable securities legislation during the last two completed fiscal years of the Company.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company's business is involved in various legal actions and proceedings which arise from time to time in the ordinary course. In view of the quantum of the amounts claimed and the insurance coverage maintained by the Company, the Company considers that the aggregate contingent liability resulting from those legal actions and proceedings is not material.

See "Risk Factors – Risks Relating to the Business of the Company – Liability and Insurance".

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as set forth below, no director, executive officer or shareholder who beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the outstanding Common Shares, or any known associate or affiliate of any such person, has or had any material interest, direct or indirect, in any transaction within the last three years or in any proposed transaction, that has materially affected or will materially affect the Company or a subsidiary entity of the Company.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare at its principal offices located in Toronto, Ontario.

MATERIAL CONTRACTS

The following are the only material contracts, other than contracts in the ordinary course of business, which have been entered into by SSLI and/or its subsidiary entities and which are still in effect:

- Series A Unsecured Trust Indenture (see “Indebtedness – Senior Unsecured Debentures” section of this AIF)
- Series B Unsecured Trust Indenture (see “Indebtedness – Senior Unsecured Debentures” section of this AIF)
- Unsecured Revolving Credit Facility (see “Indebtedness – Credit Facilities – Revolving Credit Facilities” section of this AIF)
- Secured Credit Facility (see “Indebtedness – Credit Facilities – Non-Revolving Credit Facilities” section of this AIF)
- Rights Plan (see “Description of Capital Structure – Second Amended and Restated Shareholders’ Rights Plan” section of this AIF)

INTERESTS OF EXPERTS

The Company’s auditors are PricewaterhouseCoopers LLP, Chartered Professional Accountants (“**PwC**”) who have prepared an independent auditor’s report dated February 18, 2021 in respect of the Company’s consolidated financial statements as at December 31, 2020 and December 31, 2019 and for the years then ended. PwC has advised that they are independent with respect to the Company within the meaning of the Chartered Professional Accountants of Ontario CPA code of Professional Conduct.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on the System for Electronic Document Analysis and Retrieval at www.sedar.com.

Additional information relating to the Company may also be found in the MD&A, a copy of which is available on SEDAR (accessible at www.sedar.com) or on the Company’s website at www.siennaliving.ca, incorporated by reference.

Additional information, including directors’ and officers’ remuneration and indebtedness, and principal holders of the Company’s securities will be contained in the Company’s information circular for its June 2, 2021 annual and special meeting of shareholders. Additional financial information is provided in the MD&A and the Company’s consolidated financial statements for the year ended December 31, 2020.

SCHEDULE "A"

CHARTER OF THE AUDIT COMMITTEE



Charter of the Audit Committee

302 Town Centre Blvd., Suite 300
Markham, ON L3R 0E8

1. Purpose

The Audit Committee (the “**Committee**”) is appointed by the board of directors (the “**Board**”) of Sienna Senior Living Inc. (the “**Company**”) to assist in the oversight and evaluation of:

- the quality and integrity of the financial statements and other financial information relating to the Company;
- the design and implementation of the Company’s internal controls and disclosure controls;
- the compliance by the Company with legal and regulatory requirements in respect of financial disclosure;
- the qualification, independence and performance of the Company’s independent auditor;
- the development, review and assessment of the Company’s complaints procedure with respect of the reporting of illegal or unethical behaviour;
- the oversight and monitoring of risks delegated to the Committee by the Board in connection with the Enterprise Risk Management program;
- the performance of the Company’s Chief Financial Officer; and
- any additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

In addition, the Committee provides an avenue for communication between the independent auditor, the Company’s Chief Financial Officer and other senior financial management, other employees and the Board concerning accounting, and auditing matters.

The Committee is directly responsible for the appointment, compensation, retention (and termination) and oversight of the work of the independent auditor (including oversight of the resolution of any disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing audit reports or performing other audit, review or attest services for the Company.

The Committee is not responsible for:

- planning or conducting audits,
- certifying or determining the completeness or accuracy of the Company’s financial statements or that those financial statements are in accordance with generally accepted accounting principles (“**GAAP**”) or International Financial Reporting Standards (“**IFRS**”), or
- guaranteeing the report of the Company’s independent auditor.

Each member of the Committee shall be entitled to rely in good faith upon:

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- financial statements of the Company represented to him or her by senior management of the Company or in a written report of the independent auditor to present fairly the financial position of the Company in accordance with GAAP or IFRS, as applicable; and
- any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

In this context, “**good faith reliance**” means that the Committee member has considered the relevant issues, questioned the information provided and assumptions used, and assessed whether the analysis provided by senior

management or the expert is reasonable. Generally, good faith reliance does not require that the member question the honesty, competence and integrity of senior management or the expert unless there is a reason to doubt their honesty, competency and integrity.

The fundamental responsibility for the Company’s financial statements and disclosure rests with senior management and the independent auditor is responsible for auditing those financial statements. It is not the duty of the Committee to conduct investigations, to itself resolve disagreements (if any) between senior management and the independent auditor or to ensure compliance with applicable legal and regulatory requirements.

2. Reports

The Committee shall report to the Board on a regular basis and, in any event, before the public disclosure by the Company of its quarterly and annual financial results. The reports of the Committee shall include any issues of which the Committee is aware with respect to:

- the quality or integrity of the Company’s financial statements;
- compliance by the Company with legal or regulatory requirements in respect of financial matters and disclosure;
- the performance and independence of the Company’s independent auditor;
- the effectiveness of systems of control (including risk management) established by management to safeguard the assets (real and intangible) of the Company; and
- the proper maintenance of accounting and other records.

The Committee shall also prepare, as required by applicable law, any audit committee report required for inclusion in the Company’s publicly filed documents.

3. Composition

The members of the Committee shall be three or more individuals who are appointed (and may be replaced) by the Board on the recommendation of the Company’s Compensation, Governance and Nominating Committee. The appointment of members of the Committee shall take place annually at the first meeting of the Board after a meeting of Shareholders at which Directors are elected, provided that if the appointment of members of the Committee is not so made, the directors who are then serving as members of the Committee shall continue as members of the Committee until

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their successors are appointed. The Board may appoint a member to fill a vacancy that occurs in the Committee between annual elections of Directors. Any member of the Committee may be removed from the Committee by a resolution of the Board. Unless the Chair is elected by the Board, the members of the Committee may designate a Chair by majority vote of the members of the Committee.

Each of the members of the Committee shall be independent and financially literate as defined for the purposes of in National Instrument NI 52-110 – *Audit Committees*, as it may be amended or replaced from time to time. No member of the Committee shall:

- accept (directly or indirectly) any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries¹ (other than remuneration for acting in his or her capacity as a director) or be an “affiliated person”² of the Company or any of its subsidiaries; or
- concurrently serve on the audit committee of a competitor or client without the prior approval of the Committee, the Compensation, Governance and Nominating Committee and the Board.

4. Responsibilities

It is recognized that, in fulfilling their responsibilities, members of the Committee are not full-time employees of the Company. As such, it is not the duty or responsibility of the Committee or its members to conduct “field work” or other types of auditing or accounting reviews or procedures or to determine that the Company’s financial statements are complete and accurate. Each member of the Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Company from which it receives information, and (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board).

The Committee shall have authority over, and shall be responsible for, the following specific matters:

4.1 Independent Auditor

The Committee shall:

- Recommend to the Board the independent auditor to be nominated for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attestation services for the Company.
- Establish the compensation of the independent auditor.

¹ A person or company is considered to be a subsidiary of another person or company if (a) it is controlled by (i) that other, or (ii) that other and one or more persons or companies each of which is controlled by that other, or (iii) two or more persons or companies, each of which is controlled by that other; or (b) it is a subsidiary of a person or company that is the other’s subsidiary.

² A person or company is considered to be an affiliated entity of a person or company if (a) one of them controls or is controlled by the other or if both persons or companies are controlled by the same person or company or (b) the person is an individual who (i) both a director and an employee of an affiliated entity, or (ii) an executive officer, general partner or managing member of an affiliated entity.

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- Obtain confirmation from the independent auditor that it ultimately is accountable, and will report directly, to the Committee and the Board.
- Oversee the independent auditor and, in the context thereof, require the independent auditor to report to the Committee (among other things) any disagreement between management and the independent auditor regarding financial reporting and the resolution of each such disagreement.
- Pre-approve all audit and non-audit services (subject to any restrictions on such non-audit services imposed by applicable legislation, regulatory requirements and policies of the Canadian Securities Administrators).
- Adopt such policies and procedures as it determines appropriate for the pre-approval of the retention of the independent auditor by the Company and any of its subsidiaries for any audit and permitted non-audit services, including procedures for the delegation of authority to provide such approval to one or more members of the Committee.
- At least annually, review the qualifications, performance and independence of the independent auditor. In doing so, the Committee should, among other things, undertake the measures set forth in Appendix "A" to this Charter.
- at least annually, obtain and review a report by the auditor describing: (A) the auditor's internal quality-control procedures, including the safeguarding of confidential information; and (B) any material issues raised by (i) the most recent internal quality control review or peer review of the auditor which relates to services provided to the Company or its subsidiaries by the auditor, or (ii) the review of the auditor by any independent oversight body, such as the Canadian Public Accountability Board or governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the auditor (but only where the results of such review have been made publicly available), and in the case of each of (i) and (ii), the steps taken to deal with any issues raised in any such review;

4.2 The Audit Process, Financial Statements and Related Disclosure

The Committee shall:

- Meet with senior management and/or the independent auditor to review and discuss:
 - the planning and staffing of the audit by the independent auditor;
 - before public disclosure, the Company's annual audited financial statements and quarterly unaudited financial statements, the Company's accompanying disclosure of Management's Discussion and Analysis ("MD&A") and earnings press releases and make recommendations to the Board as to the approval and dissemination of those statements and disclosure;
 - the adequacy of the procedures for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to in the immediately preceding paragraph and

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periodically assess the adequacy of those procedures and consider whether they are complete and consistent with the information known to committee members;

- financial information and any earnings guidance provided to analysts and rating agencies, recognizing that this review and discussion may be done generally (consisting of a discussion of the types of information to be disclosed and the types of presentations to be made) and need not take place in advance of the disclosure of each release or provision of guidance;
- any significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the selection or application of accounting principles, any major issues regarding auditing principles and practices, and the adequacy of internal controls that could significantly affect the Company's financial statements;
- all critical accounting policies and practices used;
- all alternative treatments of financial information within GAAP or IFRS, as applicable, that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor;
- the use of "pro forma" or "adjusted" non-GAAP or non-IFRS information;
- the effect of new regulatory and accounting pronouncements
- the effect of any material off-balance sheet structures, transactions, arrangements and obligations (contingent or otherwise), on the Company's financial statements;
- any disclosures concerning any weaknesses or any deficiencies in the design or operation of internal controls or disclosure controls made to the Committee by the Chief Executive Officer and the Chief Financial Officer during their certification process in documents filed with applicable securities regulators;
- the adequacy of the Company's internal accounting controls and management information systems and its financial, auditing and accounting organizations and personnel and any special steps adopted in light of any material control deficiencies; and
- the establishment, and periodic review, of procedures for the review of financial information extracted or derived from the Company's consolidated financial statements.
- In conducting its review of the financial statements and related management's discussion and analysis:
 - consider the quality of, and not just the acceptability of, the accounting principles, and the reasonableness of senior management's judgments, analyses and estimates made in connection with the preparation of the financial statements or that have a

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significant effect upon the financial statements, and the clarity of the disclosures in the financial statements;

- discuss the effect of off-balance sheet transactions, arrangements, obligations (including contingent liabilities) and other relationships with unconsolidated entities or other persons that may have a material current or future effect on the Company's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, and/or significant components of revenues and expenses;
- consider any proposed changes in accounting practices or policies and their impact on consolidated financial statements of the Company;
- discuss with senior management, the auditor and, if necessary, legal counsel, a report from senior management describing any litigation, claim or other contingency, including tax assessments, that could have a material effect upon the financial position of the Company and the manner in which these matters have been disclosed in the financial statements;
- discuss with senior management and the auditor any correspondence with regulators or governmental agencies, employee or other complaints or published reports that raise material issues regarding the Company's consolidated financial statements or accounting policies;
- discuss with the auditor any special audit steps taken in light of material weaknesses in internal control;
- review the results of the audit, including any reservations or qualifications in the auditor's opinion;
- discuss with senior management all significant variances between comparative reporting periods;
- discuss with the auditor any difficulties encountered in the course of the audit work, including any restrictions on the scope of their procedures and access to requested information, accounting adjustments proposed by the auditor which were not applied (because they were immaterial or otherwise) and significant disagreements with senior management and the method of resolution;
- discuss with the auditor any material issues relating to the Company's activities on which the Company's audit team consulted the auditor's national office;
- discuss with senior management and the auditor the appropriate disclosure of any transactions between the Company and its officers, directors, or other related parties; and

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- consider any other matter which in its judgment should be taken into account in reaching its recommendation to the Board concerning the approval of the financial statements.
- Review with the independent auditor:
 - the quality as well as the acceptability of the accounting principles that have been applied;
 - any problems or difficulties the independent auditor may have encountered during the provision of its audit services, including any restrictions on the scope of activities or access to requested information and any significant disagreements with management, any management letter provided by the independent auditor or other material communication (including any schedules of unadjusted differences) to management and the Company's response to that letter or communication; and
 - any changes to the Company's significant accounting principles and practices suggested by the independent auditor or members of management.
- Review with management all related party transactions and the development of policies and procedures related to those transactions.
- Following completion of the annual audit, review with each of management and the independent auditors any significant issues, concerns or difficulties encountered during the course of the audit including:
 - restrictions on the scope of work or on access to required or requested information;
 - issues or concerns that arose during the course of the audit concerning the Company's internal accounting controls, or the fair presentation, completeness or accuracy of the financial statements; and
 - analyses prepared by management or the auditors setting forth significant financial reporting issues and judgments made in connection with preparation of the financial statements (including analysis of the effects of alternative treatments under generally accepted accounting principles).
- Periodically review reports on the Company's information technology systems that support the financial reporting process.
- Receive and review reports from other Board committees with regard to matters that could affect the audit or results of operations.
- Oversee appropriate disclosure of the Charter, and other information required to be disclosed by applicable legislation in the Company's public disclosure documents, including any management information circular distributed in connection with the solicitation of proxies from the Company's security holders.

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4.3 Compliance

The Committee shall, as it determines appropriate:

- Obtain reports from senior management that the Company and its subsidiaries are in conformity with applicable legal requirements;
- Review with the Company's Chief Financial Officer, other members of management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports, which raise material issues regarding the Company's financial statements or accounting policies.
- Review senior management's written representations to the independent auditor.
- Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Corporation's Code of Business Conduct and Ethics.
- Review with the Company's General Counsel and/or external legal counsel legal matters that may have a material impact on the financial statements, the Company's compliance policies and any material reports or inquiries received from regulators or governmental agencies.
- Discuss with senior management the guidelines and policies utilized by senior management with respect to financial risk assessment and management, and the major financial risk exposures and the procedures to monitor and control such exposures in order to assist the Committee in assessing the completeness, adequacy and appropriateness of financial risk disclosure in Management's Discussion and Analysis and in the financial statements.
- Establish procedures for:
 - the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters; and
 - the confidential, anonymous submission by employees of the Company with concerns regarding any accounting or auditing matters.
- Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

4.4 Delegation

To avoid any confusion, the Committee responsibilities identified above are the sole responsibility of the Committee and may not be delegated to a different committee.

5. Meetings

The Committee shall meet in accordance with a schedule established each year by the Committee, and at other times that the Committee may determine. Quorum for all meetings shall be a majority of the Committee members or such

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greater number as the Committee shall, by resolution, determine. Minutes shall be maintained of all meetings of the Committee and copies of the minutes shall be made available to all members of the Board.

The Committee shall meet separately, periodically, with the Chief Financial Officer and other financial management, and the independent auditor and may request any member of the Company's senior management, the General Counsel or external legal counsel or independent auditor to attend meetings of the Committee or with any members of, or advisors to, the Committee.

Meeting agendas shall be developed by the Committee chair in consultation with the Company's management and the independent auditors. Committee members may propose agenda items through communication with the Chair of the Committee or the Chief Financial Officer. Agendas, together with appropriate briefing materials, shall be circulated to Committee members prior to meetings. At the discretion of the Committee, members of management and others may attend Committee meetings other than the separate sessions with the Chief Financial Officer, the independent auditor and General Counsel and/or external legal counsel.

The auditor is entitled to receive notice of every meeting of the Committee and, at the expense of the Company, to attend and be heard thereat and, if so requested by a member of the Committee, shall attend any meeting of the Committee held during the term of office of the auditor.

6. Resources and Authority

The Committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to engage and establish the compensation of, at the expense of the Company, outside advisors including experts in particular areas of accounting, legal counsel and other experts or consultants as it determines necessary to carry out its duties, without seeking approval of the Board or management. The Committee will advise the Board of any such action taken.

The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and has direct access to the independent auditor as well as anyone in the Company.

7. Annual Evaluation

At least annually, the Committee shall, in a manner it determines to be appropriate:

- Perform a review and evaluation of the performance of the Committee and its members, including the compliance of the Committee with this Charter.
- Review and assess the adequacy of its Charter (including with respect to the procedures regarding the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements) and recommend to the Board any improvements to this Charter that the Committee determines to be appropriate.

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Appendix "A"

Qualifications, Performance and Independence of Independent Auditor

- Review the experience and qualifications of the senior members of the independent auditor's team.
- Confirm with the independent auditor that it is in compliance with applicable legal, regulatory and professional standards relating to auditor independence.
- Review and approve clear policies for the hiring by the Company of employees or partners or former employees or former partners of the current and former independent auditor.
- Review annual reports from the independent auditor regarding its independence and consider whether there are any non-audit services or relationships that may affect the objectivity and independence of the independent auditor and, if so, recommend that the Board take appropriate action to satisfy itself of the independence of the independent auditor.
- Obtain and review such report(s) from the independent auditor as may be required by applicable legal and regulatory requirements.
- Conduct an evaluation (taking into account the opinions of management) of the independent auditors qualification, performance and independence and present to the Board the Committee's conclusion in such regard.
- Review, as required, the independent auditors' plans with respect to the partner rotation.